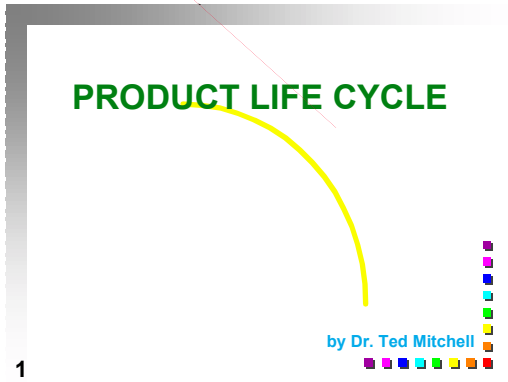
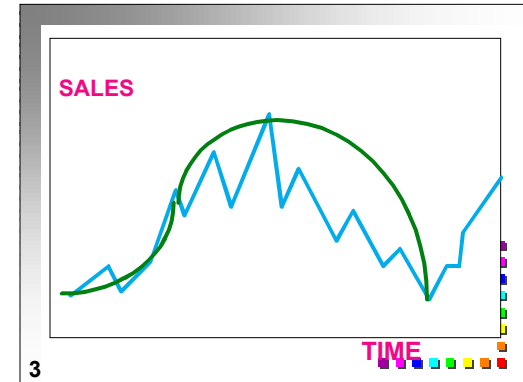
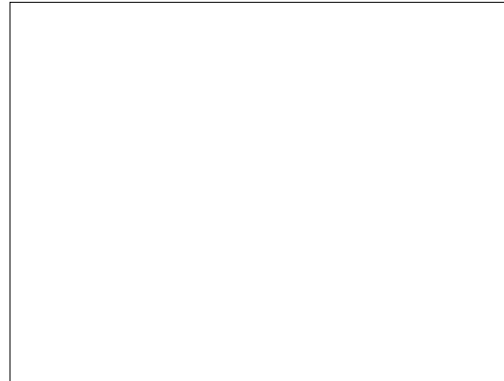


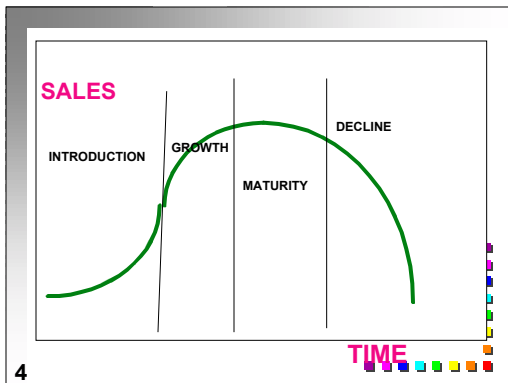
# Product Life Cycle



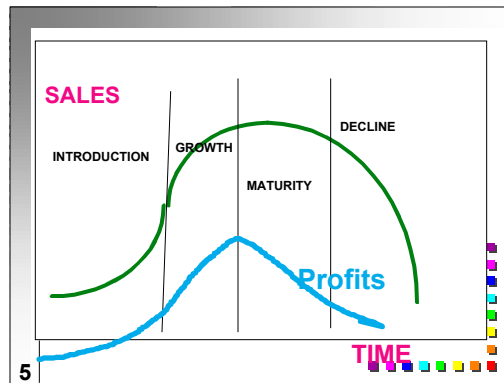
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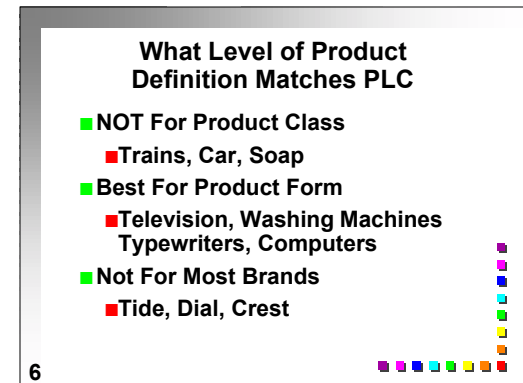
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# Product Life Cycle

**Four Assertions  
If Products Have A Life Cycle**

- Products Are Born, Live, and Must Die
- Products Go Through Distinct Seasons
- Products Must Be Managed Differently At Different Seasons
- Profits Rise and Fall According to Season

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**Operational Focus of PLC is On  
The First stages. WHY!!**

- Profits & Market Share
- Best Empirical Evidence
- Best Theoretical Support Comes from the Adoption and Diffusion Process

8

**PLC  
Normative Versus Positive  
Prescriptive Versus Descriptive**

- Normative/Prescriptive Models Identify How We Ought To Do Things.
- Descriptive/Positive Models Explain How Things Happen.

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**Descriptive  
PLC**

	Introduction	Growth	Maturity	Decline
<b>Sales</b>	Low Sales	Growth	Peak/Stable	Declining
<b>Costs per Customer</b>	High Cost per Customer	Medium	Low	Low
<b>Profits</b>	Negative	Increasing/Peak	Stable	Declining
<b>Type of Customers</b>	Innovators Early Adopters	Early Majority Late Majority	Late Majority Laggards	
<b>Competitors</b>	Few	Many	Medium	Declining

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**Normative  
PLC??**

	Introduction	Growth	Maturity	Decline
<b>Objectives</b>	Create Product Awareness	Maximize Market Share	Maximize Profit while Defending Share	Reduce Expenditure & Milk Brand
<b>Product</b>	Offer Basic product	Extensions, Augmentations	Model Diversity	Phase Out Weak Items
<b>Price</b>	Cost-Plus Skim	Penetration	Competitive Pricing	Cut Price
<b>Distribution</b>	Exclusive Selective	Build Intensive	More Intensive	Phase out Selective
<b>Advertising</b>	Target Early Adopters	Build Loyalty	Remind Differentiate	Retain Hardcore Loyals
<b>Promotions</b>	sample to trial	Trade Deals	Encourage Switching/ Coupons	Minimum

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**The Debate Continues**

**We Ought To Do This  
Because We Are In This  
Stage.**

**OR**

**We Are In This Stage  
Because We Do This.**

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# Product Life Cycle

For Example:  
**We Ought to Intensify Our Channels of Distribution Because We are In The Growth Stage.**

**Or**

**We Are In The Growth Stage Because We Intensified Our Channels Of Distribution.**


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**PROBLEMS WITH THE PLC**

- REACTION MODEL... NOT PROACTIVE
  - SELF FULFILLING PROPHECY!!
  - PETRIFIED NOT ALL PRODUCTS HAVE ONE!
  - NO GOOD THEORY FOR DECLINE
  - CYCLES
- WHAT IS A NEW PRODUCT?
  - WHAT IS THE CORE BENEFIT OR FORM?
- WHAT STAGE ARE WE IN?
  - IF WE CAN RELAUNCH THEN ARE WE IN DECLINE
- DO SERVICES, PARTS, USED GOODS HAVE PRODUCT LIFECYCLES?

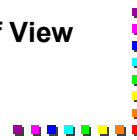
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Alternatives To The PLC

- Concept Of Product Evolution
- PLC From A Customer's Perspective
- Sales Game Point of View


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Product life cycle could be replaced by a **Product Evolution Model** built on the product definition of a core benefit!

Technology changes to deliver to core benefits in new ways.

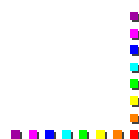
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PLC From Customer's Point Of View.

- Garden Shed Example

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**SALES ARE THE RESULT OF MARKETING EFFORT!**

- OUR SALE\$ = OUR MARKETING EFFORT
- MINUS OUR COMPETITORS EFFORTS

QUANTITY SOLD =

$f(\text{product, place, promotion, price})_{us,them}$

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