Product Life Cycle

- Product Life Cycle is a **Normative** and **Descriptive** Model for the life of products in general.
- Individual products will experience their own variation.
- Some Products may have a higher sales curve – appeal to a larger number of segments than normal.
- Some Products may have a lower sales curve – appeal to a smaller segment than normal.

- Some Products may have a longer segment **in the curve** or a longer curve over all.
- How long does it take to go from Invention to Innovation?

<table>
<thead>
<tr>
<th>Product</th>
<th>Invention</th>
<th>Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fluorescent Lamp</td>
<td>1859</td>
<td>1938</td>
</tr>
<tr>
<td>Television</td>
<td>1919</td>
<td>1941</td>
</tr>
<tr>
<td>Xerography</td>
<td>1937</td>
<td>1950</td>
</tr>
</tbody>
</table>
Some Products may have a longer segment in the curve or a longer curve over all.

The Safety Razor was invented by Gillette in 1895, the Gillette Safety Razor Company introduced the product in 1904.

Where is it now in its Product Life Cycle?

Some Products may have a shorter segment in the curve or a shorter curve over all.

Freon Refrigerants were invented in 1930 and introduced in a product – Refrigerator – in 1931.

Product Life Cycle is a Normative and Descriptive Model for the life of products in general

The PLC’s importance to marketing decision makers is to help identify appropriate strategies and tactics for presenting a product.

Each stage represents a different set of uncontrollable variables to consider in the development of product and market strategies.

Product Life Cycle

Some Products may have a shorter segment in the curve or a shorter curve over all.

Anyone know about Pokemon prior to 1998?

Where is it now in its Product Life Cycle?

“On the East Coast, retailers are discounting the newest set of collectable Pokemon trading cards in an attempt to jump-start sales.” (Sacramento Bee, June 3, 2000, p. I1)

A Short Product Life Cycle is one of the hallmarks of a FAD.
**Product Life Cycle**

- **In the Introductory Stage**
  - The Product is Unknown
  - The Price is generally high
  - The Placement is selective
  - The Promotion is generally personalized and informative

- **In the Growth Stage**
  - The Product’s capabilities are being recognized
  - The Price will begin to decline, with volume
  - The Placement becomes more wide spread
  - The Promotion is focused on the product’s need satisfying properties

- **In the Maturity Stage**
  - The Product is competing with alternatives
  - The Price reaches it’s lowest point
  - The Placement is intense
  - The Promotion is focused on the competition and repeat purchasing

- **In the Decline Stage**
  - The Product faces reduced competition
  - The Price rises as volume declines
  - The Placement tends back to being selective
  - The Promotion is focused on reminding
• The Receivers change from stage to stage and, therefore
• The Decoding changes from stage to stage
• The Receiver changes are modeled as the Adoption Curve or The Diffusion of Innovations (Winer, p. 420-1).

*Diffusion of Innovations*


• The Adoption Curve, like the PLC, is a **Normative** and **Descriptive** Model to aid decision making
• Some Receivers are Innovators, some are Laggards, and some are in between.
• Where your product is in the PLC relates to which group of receivers you should be addressing.
• Each of the adopter categories has its own characteristics

• Innovators are there at the beginning (2.5%)
• Innovators are not a true receiver
• They will create their own solution to a felt need and, in many situations, spur the sender into developing a commercial product
• PC as an example – the Innovators were the builders of Heath Kit and North Star computers or they bought used main frames and installed them in their homes.
**Product Life Cycle**

- **Early Adopters** are the first true receivers (13.5%)
  - They tend to be the risk-takers and trend setters.
  - They tend to be younger
  - They utilize a great number of information sources that tend to be in closer contact with the origin of new ideas – personal selling
  - They tend to be viewed as information sources by their network of peers.
  - They are the Receivers during the Introductory and early Growth stages of the PLC

- **Early Majority** are the profitable receivers (34%)
  - They are the Receivers of the Growth and early part of the Maturity Stages (the part of the PLC that tends to generate the highest profitability)
  - They are the first to utilize advertising as a major information source
  - They also follow the lead of the Early Adopters

- **Late Majority** are the last true receivers (34%)
  - They are the Receivers of the Maturity Stage when the product is firmly established
  - They are skeptical and risk averse
  - They utilize advertising and mass media as major information sources

- **Laggards** are the last receivers (16%)
  - They are the Receivers of the later Maturity Stage and the Decline Stage
  - They are tradition bound and very slow to change
  - They tend to be immune advertising, waiting until the product has become tradition itself