

**BD College, Patna - (BBM Department )**  
**For 2<sup>nd</sup> year BBM Students (Session : 2018-2021)**  
**Subject : Marketing Management**

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## **Factors affecting life-cycle of a product**

### **1. Rate of Technical Changes:**

Life-cycle of a product depends upon the rate of technical changes taking place in the country. If technical changes take place in the country at a very high rate, the life-cycle of the products in that country will be very limited because new and improved products take place of the old products.

On the other hand, if the rate of technical changes in a country is not so high, the life-cycle of the products in that country may be longer. For example, rate of technical changes in India is lower when compared with that of the other developed countries. As a result of it, the life-cycle of products in our country is higher than that of the developed countries.

### **2. Rate of Market Acceptance:**

The length of life-cycle of products in a country depends upon the rate of market acceptance in the country also. If the customer of a country accepts a new product very fast, the life-cycle of products in such country will be very limited because the customers, who have accepted a product so fast, can accept another product on next day and the product may stand out of the market.

On the other hand, if the customers of a country accept a product gradually, the life-cycle of products in such country may be quite long. For example, the rate of market acceptance in our country is very low and therefore, the life-cycle of most of the products in our country is quite long.

### **3. Ease of Competitive Entry:**

The success or failure of a product in the market depends to a large extent upon the situation of competition in the market. If the competitors can enter into a market very easily, the life-cycle of the product will be very short because the competitors can make the products out. On the contrary, if the competitors cannot enter into a market so easily, the life-cycle of products in such market can be fairly long.

### **4. Risk Bearing Capacity:**

The enterprises having more risk bearing capacity can keep their products standing in the market for a long period because they can face all the challenges of market effectively. On the other hand, the enterprises having less risk bearing capacity are unable in facing the challenges of the market, life-cycle of their products is curtailed to short.

### **5. Economic and Managerial Forces:**

Economic and managerial forces of an enterprise also determine the success of the enterprise in the market to a great extent. If an enterprise enjoys sound economic and managerial forces, the life-cycle of the product of such enterprise can be longer than that of the products of an enterprise suffering from weak economic and managerial forces.

### **6. Protection by Patent:**

If the patent of a product is getting registered, the life-cycle of the product can be fairly long, and if the patent of a product is not getting registered, the life-cycle of the product is cut short.

# **Strategies adopted during various stages of PLC**

## **1. Strategies during Product Development Stage:**

- a. Focus is on product
- b. Emphasis is on cost reduction
- c. Trials are the main tools
- d. Exploring of the market starts
- e. Publicity of the product (about its coming)
- f. Minimum expenses to be maintained during this period
- g. Production capacity must be looked after
- h. Quality must be checked
- i. Focus on work is to be given
- j. A good introducer of the product is required
- k. In-house working should be emphasized

## **2. Strategies during Introduction Stage:**

- i. Persuade people to try the products.
- ii. Stress should be on advertising to inform the customer about the product
- iii. Give introductory offers by providing some attractive gifts to entice the customers.
- iv. Give a valid reason to the customers to buy the product
- v. Dealers should be given good discounts
- vi. There should be selective distribution to focus on target customers
- vii. Skimming pricing should be followed to earn higher profits in the initial stages.
- viii. Removing the product deficiencies must be focused on

## **3. Strategies during Growth Stage:**

- a. Aggressive advertising is required to stimulate the sales of the product
- b. Availability of the product should be ensured to a large number of customers

- c. Modifications or new versions of the product are required to be introduced to fulfill the requirement of different customer classes. Strengthening of the distribution channels are required so that the product is easily available wherever required.
- d. Focus should be on developing the brand image through promotional activities
- e. Competitive prices must be maintained to grab the market.
- f. Activities should be customer oriented, an emphasis should be given on customer services to satisfy them to a maximum level.

#### **4. Strategies during Maturity Stage:**

- i. More and more emphasis is required on the brand image in order to differentiate the product from products of the competitors.
- ii. More benefits may be provided to the customers e.g. extending the warranty period, guarantee period etc.
- iii. Change in packaging may be introduced (Reusable packaging).
- iv. Packaging may be used as a silent salesman by making it more attractive.
- v. Requirement to explore the new markets for the product.
- vi. New uses of the product may be developed.
- vii. New users of the product may be developed.
- viii. New Technology can be adopted to enhance the quality of the product.
- ix. New features can be added to enhance the value of the product.

#### **5. Strategies during Decline Stage:**

- i. More emphasis on the promotional schemes
- ii. Distribution cost should be reduced and the benefit should be transferred to the customers
- iii. More value addition to the product can be done.
- iv. Packaging will play a very important role at this stage also, so it should be focused on.
- v. Cost of production should also be reduced.
- vi. Economy packs of the products should be introduced.
- vii. Try to increase the life of the stage
- viii. Emphasis is on sales volume with minimum profit margins.

If after all these efforts company fails to restore its position in the market, than the best thing for the company is to take out their existing product from the market and come up with a new product comprising of unique features that can hit the market.

## **Advantages of Product Life Cycle:**

1. It helps in Understanding Marketing and Development of product. From a marketing and business development perspective, this is one of the strongest advantages of product life cycle.
2. For consumers, the product life cycle has generally positive implications by driving innovation, which leads to products that are more effective
3. It helps the marketing division to know the time when innovations are required in the product
4. PLC leads to capture of market in the maturity stage
5. It lets the management know when to discard the product

## **Disadvantages of Product Life Cycle:**

1. All products follow PLC, But PLC varies a lot, unfortunately, it is applied without any distinction, although is different for different types of products
2. It appears that life comes to an end with decline, but there are examples when after decline the product may have found new popularity and rejuvenation
3. Nothing helps to identify when a product moves from one stage to another. It makes the task of forecasting difficult
4. The life cycle of a product is dependent on sales to consumers. All consumers do not buy in the introductory stage. Some people buy early, others buy after their friends have bought. For any product to be successful it must be bought by early adopters
5. The pattern may not be the same to all industries
6. All products do not pass through all the stages of PLC

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