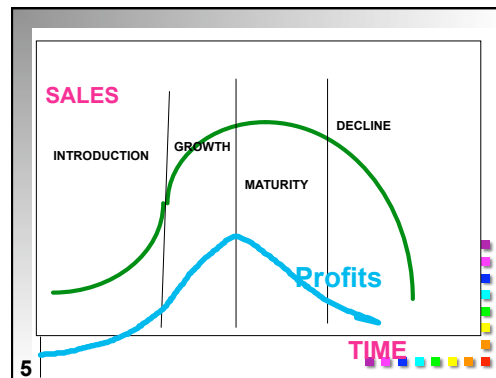
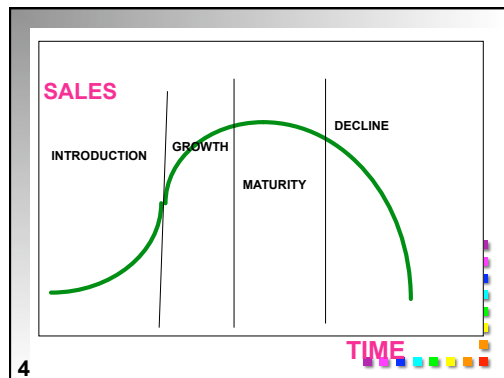
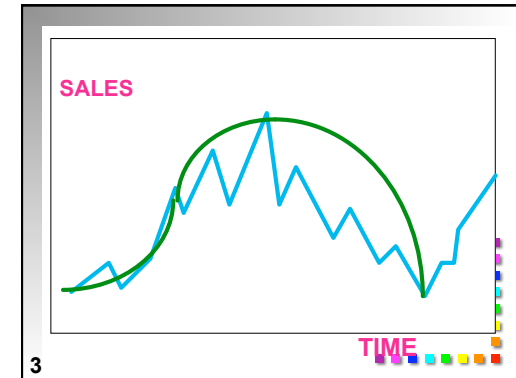
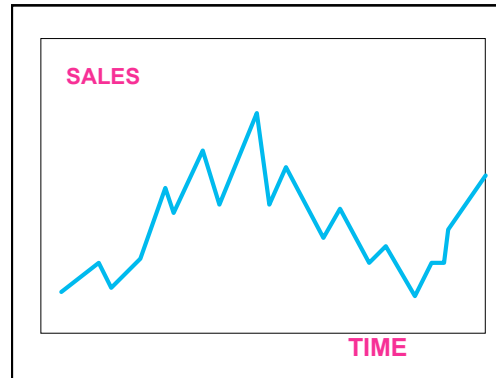
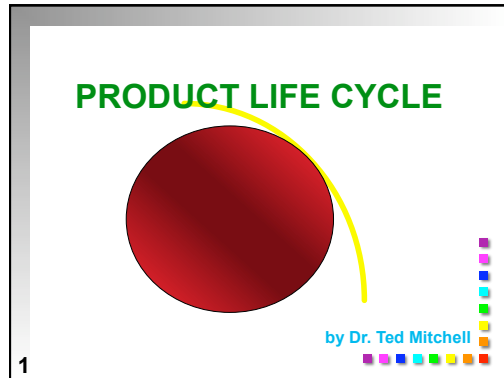


Product Life Cycle



- What Level of Product Definition Matches PLC**
- NOT For Product Class (Generic PLC)
 - Trains, Car, Soap
 - Best For Product Form
 - Television, Washing Machines
Typewriters, Computers
 - Not For Most Brands
 - Tide, Dial, Crest
- 6

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

7

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

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**Normative
PLC??**

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

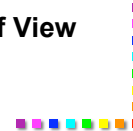
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Alternatives To The PLC

- 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.

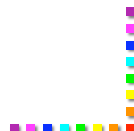
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PLC From Customer's Point Of View.

- Garden Shed Example

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SALES ARE THE RESULT OF MARKETING EFFORT!

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

QUANTITY SOLD =

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

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