

## IMPACT OF MARKETING STRATEGIES ON PRODUCT LIFE CYCLE

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### ABSTRACT

“Products & Services” is a very commonly used phrase in today’s business world. Many educated people, even some industry professional use this phrase in their discussion because many people have a misconception that product means physical goods. Hence, they use the phrase “product & services” instead of “Goods & services” which is the correct one. The product does not mean only physical goods rather it includes many other things such as services, ideas, events, information and so on.

This paper deals with the impact of different marketing strategies which have been the effective tool available for organization in achieving the marketing goals and objectives. It serves as a determinant for a product movement along the product life cycle. Product can be referred to as anything that a marketer offered for sale. There are ten different items that has been considered as product such as goods, services, events, ideas, information, organization, place, people, property & experiences.

**KEYWORDS:** Product Life Cycle; Marketing Strategies; PLC Curves.

### INTRODUCTION

Nothing is permanent in this world. We born and we die one day. Like us, the product has also a limited life period. The product gets introduced in the market and gets extinct one day from the market. No product is permanent in this world, whatever introduces in the market would extinct one day from the market. There are some products which once dominated the market, but now totally vanished from the market such as Telegraph, Typewriter, Steam Engine, etc. As living beings, we have different stages in our life cycle, such as infant, childhood, adulthood, Middle age, Old age, etc. Similarly, every product is also passing through certain stages in their life cycle such as *Introduction, Growth, Maturity* and *Decline*. Products sales & profit does not remain

same all throughout its life but it keeps changes along the different stages of the life cycle. Hence different marketing strategies are required at different stages of product life cycle. Customers have been categorised into different category based on their adoption rate: Innovators, early adopters, middle majority and laggards. These different categories of customers show their buying preference of the product in the different stage of the product life cycle such as Innovators in the introduction stage of the products, early adopters in the growth stage, Middle majority in the maturity stage and Laggards in the decline stage. Middle majority category of customers is divided into two category: Early middle majority and Late middle majority.

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## PRODUCT LIFE CYCLE CURVE OR PLC CURVE

PLC curve is the graphical representation of the different stages of the product life cycle (Figure:

1). It is bell shaped in nature. The curve is drawn along with two axes. "Sales & Profit" represented by vertical axis whereas "Time" represented by horizontal axis.

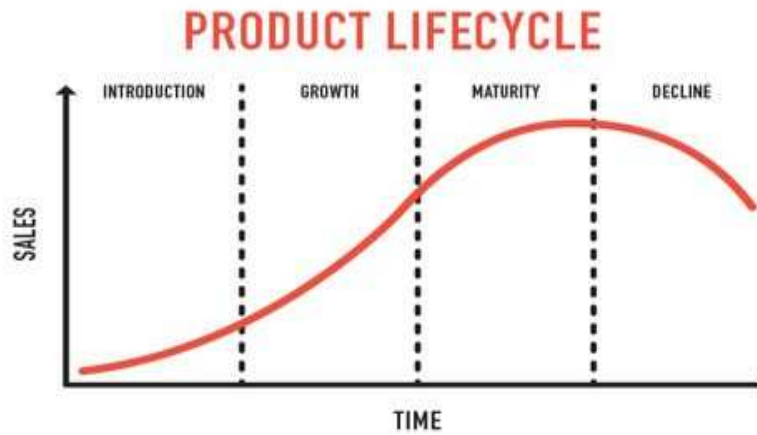


Figure 1.Product Life Cycle

### INTRODUCTION STAGE

It is the first stage of product life cycle. It is the stage, when any product is first introduced in the market. Sales is initially zero and profit is negative (Fig: 1) in this stage. Once product introduced in the market and then sales start slowly increasing. The reasons behind the slow sales growth might be delay in expansion of the manufacturing capacity, delay in getting adequate distribution channels; lack of customer awareness about the product etc. Profit remains negative in this stage because of heavy expenditure incurred with product launching.

### MARKETING STRATEGY

The Company that first introduced the product in the market gets the pioneer advantage. Pioneer to introduce the product in the market could be highly rewarding but it could be highly risky too. Company should be well prepared about the launch of the product. It should ensure, where to launch and when to launch. A wrong step might become a very costly for the company.

Innovators would try the newly introduced product and if satisfied with the product, then it would lead to the acceptance of the product and lead to positive word of mouth. If dissatisfied, then it would lead to the rejection of the product. The primary motive in this stage is to inform the customer about the product. So, the marketer has to focus on informative advertisement using different media vehicle such as electronic media, broadcasting media, social media, network media, display media etc. depending on the nature of the products and the target group. Besides informative advertisement, marketer also focuses on sales promotional activities to boost up the sales and designing effective distribution channel for the smooth delivery of products in the market.

### GROWTH STAGE

It is the second stage in the life cycle of the product. In this stage the product is well accepted by the market. Sales are increasing at a very significant rate and it leads to the enhancement of profit in this stage.

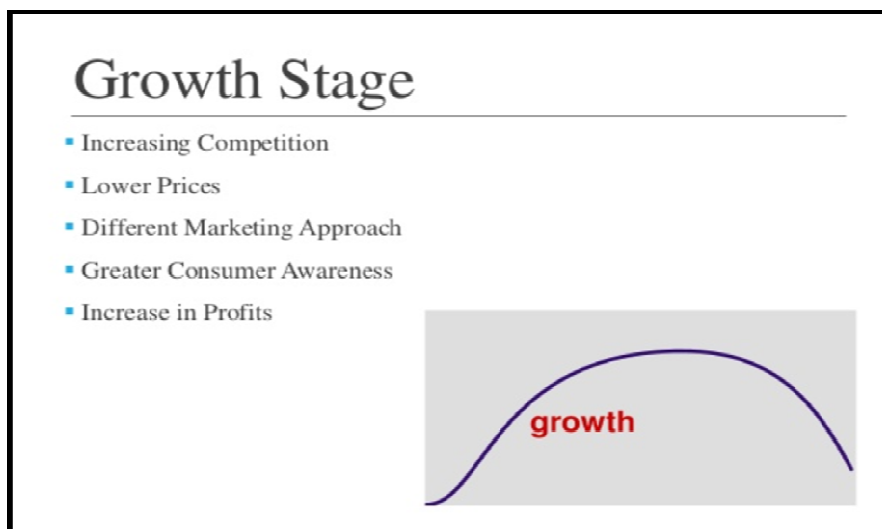


Figure 2. Growth stage in product lifecycle

Both sales & profit curve seems to be moving upward in this stage. Cost per unit production is decreased due to bulk production and increase in

sales volume. Profit is rising because of the reduced per unit cost of production and lowering the cost of promotional expenditure.

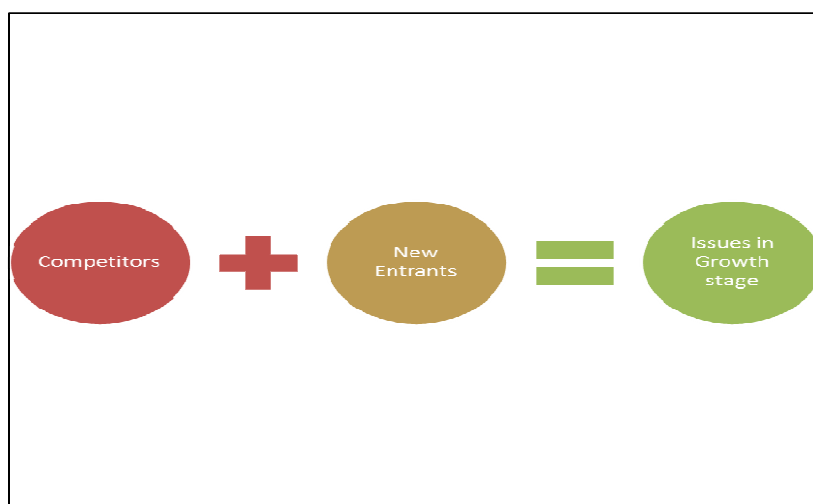


Figure 3. Issues in Growth stage

Promotional cost is reduced because the cost of promotional expenditure is spread over the entire market. This stage also witnessed the rising of competition in the market.

### MARKETING STRATEGIES

This is the stage, where early adopters would buy the product. Marketer in this stage of product life cycle must give focus on persuasive advertisement as well as different sales promotional tools to keep the sales high. Marketers also give focus on improving product

quality and addition of new product features. Entering new market segments and strengthens distribution channels also gained importance in this stage. Addition of new models and products of different sizes flavours to draw the customer attention and boost up the sales. Sometimes, it reduced the price to attract the price sensitive customers. Company in the growth stage come across a trade-off between high current profit and high market share. By improving the product quality, a company can acquire a dominant position in the market.

## MATURITY STAGE

It is the stage of PLC, when sales & profit reaches maximum and then starts declining. Maturity stage is divided into two parts: early maturity period and late maturity period. Competition becomes very intense in this stage. In the early part of the maturity, sales & profit reaches its peak and then starts declining in the later part of the maturity stage. This stage lasts longer than the previous two stages of PLC. This is the stage when the product is accepted by the entire potential customers. Demand gradually starts declining in this stage.

## MARKETING STRATEGIES

In the early part of the maturity, early middle majority customers accept the product followed by late middle majority in the later part of the maturity stage. Marketer use reminder advertisement in this stage to remind the people about the existence of the products. Marketing

strategies lies in this stage is the improvement of product quality and extension of product line. Marketers prioritize their focus on entering new market segment and modification of product by new introducing new added features. Some marketers focus on giving different promotional offers such as price discount or trade discount to survive in the market. At times company adopt two different marketing strategies in the maturity stage: Market modification and Product modification. Market modification is the strategy, where company try to expand the market for its matured product by converting the non users, entering new market segments and winning competitors' customer. Product modification can be done by quality improvement, feature improvement or style improvement.

## DECLINE STAGE

This is the last stage of PLC. This stage signifies the decline of both sales & profit.

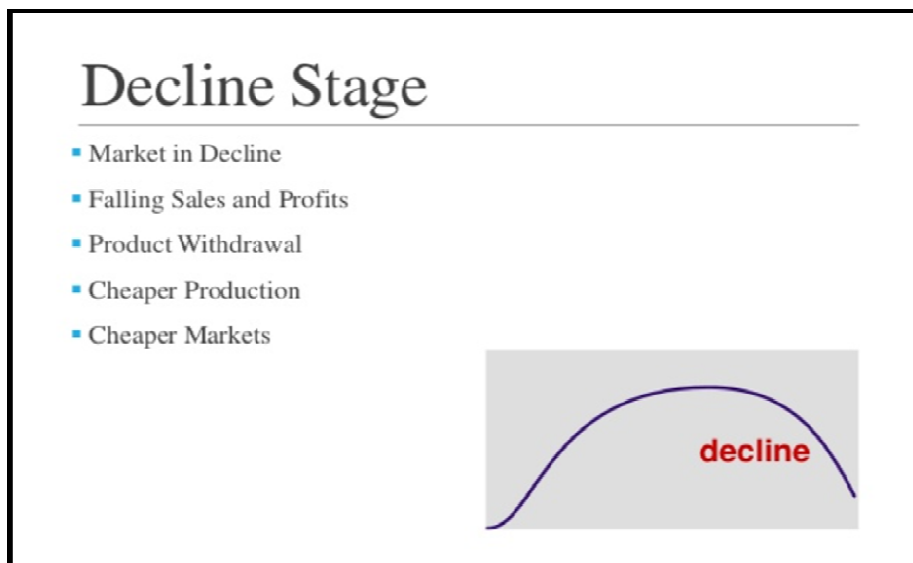


Figure 4. Decline stage of product life cycle

The product undergoes decline stage because of the many reasons such as introduction of new technology, obsolescence of existing technology, changing customer taste & preference etc. This is the stage where the product is gradually getting extinct from the market.

## MARKETING STRATEGY

In this stage, some company withdraw the product from the market and diversify into new business. Some company focus on price cutting or giving reminder advertisement to remind the customer about the existence of the product in

the market. In this stage, some companies cut down promotional expenditure to ensure some profit from the market. In the declining stage,

Laggards are the customers who have not purchased the products yet starts buying.

	INTRODUCTION	GROWTH	MATURITY	DECLINE
Marketing objectives	Create product awareness & trial	Maximize market share	Maximize profits while defending market share	Reduce expenditure & "milk" brand
Product	Offer basic	Offer new features, extensions, service, & warranty	Diversify brand & models	Phase out weak items
Price	Usually high; use cost +	Maintain pricing	Match or lower than competitors	Cut price
Distribution	High expenses	Increase number of outlets	Intensify distribution	Very selective
Promotion	Build awareness among early adopters	Build awareness & interest in mass market	Stress brand differences & benefits	Reduce level to maintain loyal customers

**Figure 5. Summary of Product Life Cycle Stages**

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