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GCSE Business Studies

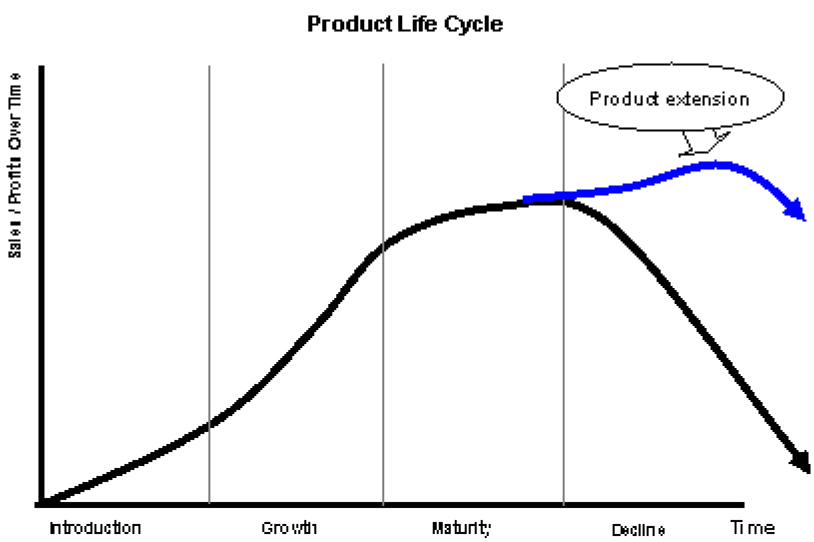
Product life cycle

The **product life cycle** is an important concept in marketing because it describes the stages a product goes through from when it was first thought of until it finally is removed from the market. Not all products reach this final stage. Some continue to grow and others rise and fall.

The main stages of the product life cycle are:

- **Introduction** – researching, developing and then launching the product.
- **Growth** – when sales are increasing at their fastest rate.
- **Maturity** – sales are near their highest, but the rate of growth is slowing down, e.g. new competitors in market or saturation.
- **Decline** – final stage of the cycle, when sales begin to fall.

This can be illustrated by looking at the sales during the time period of the product.



A branded good can enjoy continuous growth, such as Microsoft, because the product is being constantly improved and advertised, and maintains a strong brand loyalty.

Extension strategies extend the life of the product before it goes into decline. Again businesses use marketing techniques to improve sales. Examples of the techniques are:

- **Advertising** – try to gain a new audience or remind the current audience, e.g. the recent Kellogg's Cornflakes adverts.
- **Price reduction** – more attractive to customers.
- **Adding value** – add new features to the current product, e.g. video messaging on mobile phones.
- **Explore new markets** – try selling abroad, e.g. Robbie Williams trying to sell more records in the US.

- **New packaging** – brightening up old packaging, or subtle changes such as putting crisps in foil packets or Seventies music compilations.

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