

Episode 82: What is the Product Life Cycle? Part II

In Episode 81 we talked about Product Life Cycles and Product Life Cycle Management as a key technique. Today we look at stages 3 through 5 on the Life Cycle.

Stage 3: Maturity

If stage 2 was 'early majority' then stage 3 is where the true majority of your business will come from.

You are probably going to reach the maximum sales of the product in this stage.

Now is the time to ensure you really ramp up your volume and insure your returns.

You will need to use many of the elements of the marketing mix to do this:

- Potential for price changes
- Design and run promotions
- Optimize your channel strategy
- Packaging updated may ensure you communicate your value more quickly

You need to protect yourself from competition as it will be the most fierce in this stage as others see your profit.

This may start to affect the unit profit rather than the amount of profit in total.

To maintain your profit levels you will need clear brand story and make sure you have clear differentiation.

Stage 4: Decline

We should not confuse the stages that are marked as decline and death – here you see decline but not death of revenue.

We've returned the majority of the ROI of the product, now we squeeze all that's left.

Depending on the product this may mean raising or lowering the price significantly.

Either way, you should look to max the efficiencies around manufacturing and distribution.

Now is not the time to spend more money on sales and marketing. Take as much cost out of this product as possible.

Stage 5: Death

At some point, the revenue and profit will decline to a point you close the line down.

If you are doing your job, you already have another product filling the revenue gap.

End of sales and distribution does not necessarily mean the end of life for a product.

Customers who rely on your product may expect service for some time.

You may also have legal or financial liabilities that will continue.

Bottom line: All products die in the end, the trick is to manage the decline to optimize your return and keep your customers satisfied.

