

The Product Life Cycle

SUBMITTED BY: Leya Matthew

SUBJECT(S): Marketing

GRADE LEVEL(S): 9, 10, 11, 12

≡ OVERVIEW:

In many marketing-related concepts, the idea of a product life cycle creeps in occasionally. How does a marketing plan evolve from the often high profile product launch, to support sales growth and maturity? How is the concept of the Product Life Cycle (PLC) useful for marketing? These are the core questions of this lesson. The lesson introduces the concept of the Product Life Cycle and familiarizes students with how this concept impacts the marketing mix. The lesson begins with the Apple iPhone commercial, a smartphone that was introduced in the market in 2007. The class then analyzes the iPhone's Product Life Cycle. While the limitations and variations are noted, students are also asked to consider how the concept of the Product Life Cycle can be useful while designing the marketing strategy, particularly the 4Ps.

≡ NBEA STANDARD(S):

- Marketing, I. Foundations of Marketing

≡ RELATED ARTICLES:

- [“Developing Prototypes: ‘Share Your Ideas in Hopes of Improving Them’”](#)
- [“Companies Respond to the Tide Pod Challenge”](#)
- [“Business in 3: Cell Phone Forensics, Smart Homes and Wage Bias”](#)
- [“Advice from Aspiring Women Entrepreneurs with Three Very Different Products”](#)
- [“A Teen Entrepreneur Ventures into Cyclist Safety and Product Sales”](#)
- [“A High School Freshman Raises Funds on Kickstarter for Her New Kind of Backpack”](#)

Common Core Standard(s):

1. CCR Standard for Reading: Read closely to determine what the text says explicitly and make logical inferences from it.
2. CCR Standards for Listening: Prepare for and participate effectively in a range of conversations and collaborations with diverse partners, building on each other's ideas and expressing their own clearly and persuasively. Evaluate a speaker's point of view, reasoning, and use of evidence and rhetoric.
3. CCR Standards for Speaking: Present information, findings and supporting evidence in such a way that listeners can follow the line of reasoning, and the organization, development and style are appropriate to the task, purpose and audience.

Purpose: Students will analyze the Product Life Cycle of a product.

Knowledge@Wharton Article: [“iPhone in India: Has Apple Dialed the Wrong Number?”](#)

Other Resources/Materials: Internet access

Activity:

1. Introduction to concepts (*10 mins*)

The teacher begins the lesson by screening the launch of the iPhone. This can be accessed at <http://www.youtube.com/watch?v=vZYlhShD2oQ>. Additional iPhone commercials, advertisements and news articles that talk about the build up towards the launch of the iPhone are also discussed. The teacher asks the class about their responses to Apple's strategy to build up hype for the iPhone in the US market.

The teacher now distributes copies of the Knowledge@Wharton article: “iPhone in India: Has Apple Dialed the Wrong Number?” The marketing strategy of Apple in the U.S. is contrasted with Apple's strategy in India. Unlike in the U.S., there was no marketing done in India.

To explain this incongruence, the teacher explains the concept of the Product Life Cycle. The teacher states that the iPhone falls into the category of smartphones (as Steve Jobs explains in the launch video). According to the Product Life Cycle, in the Indian market this product category is in the introduction stage, while in the US it is in its grown stage.

Additional information about smartphones can be accessed at <http://en.wikipedia.org/wiki/Smartphone>. The first smartphones launched were the IBM Simon (1992) and Ericsson GS88 (1997). This would have been the introduction-cum-development stage of the smartphone in the US. At this time, the prices were high, the products were still being developed, and the market for the smartphone was very limited. Thus the teacher explains the typical product life cycle using the example of smartphones.

Typical Product Life Cycle

Stage	Characteristics
0. Development stage	Gauge and build target customer interest
1. Introduction stage	<ol style="list-style-type: none"> 1. Prices are high 2. Slow sales volumes in the beginning 3. Little or no competition 4. Demand has to be created 5. Customers have to be prompted to try the product 6. Makes no money at this stage
2. Growth stage	<ol style="list-style-type: none"> 1. Costs reduced due to mass production 2. Sales volume increases 3. Profitability begins to rise 4. Public awareness increases 5. Competition begins to increase 6. Increased competition leads to price decreases
3. Maturity stage	<ol style="list-style-type: none"> 1. Costs are lowered as production volumes increase 2. Sales volume peaks and market saturation is reached 3. Increase in competitors 4. Prices tend to drop due to competition 5. Brand differentiation and feature diversification is emphasized to maintain/increase market share

	6. Industrial profits go down
4. Saturation and decline stage	<ol style="list-style-type: none"> 1. Costs become counter-optimal 2. Sales volume decline or stabilize 3. Prices, profitability diminish 4. Profit becomes more a challenge of production/distribution efficiency than increased sales

2. Group Discussion (10 mins)

The teacher leads a class discussion on the use of this concept for marketing and asks students for other examples. Additional prompt questions that could be used are:

- How does the Product Life Cycle concept affect the 4Ps?
- Product — development, tweaks during growth stage and diversification during decline stage
- Price — perception of value high in introduction/launch stage, falls later
- Place — depends on positioning
- Promotion — strategically heavy before/during launch, later strategies developed in response to requirements

3. Small Group Activity (10 mins)

The teacher asks students to choose any product or service and analyze how the company would revise its marketing strategy according to the product’s positioning in the Product Life Cycle chart. For example, when Coke hit a decline stage, the company diversified and introduced Coke Zero and other flavors of Coke. Or, when Dove sales plummeted, the company focused on re-branding and based its marketing strategy on a re-conception of the idea of beauty.

4. Presentations, Feedback and Discussion (10 mins)

Additional concepts that may emerge as a result of the activity are:

- A decline stage can lead to a diversified product/re-positioning/identifying new target segments, etc.

- It is difficult to accurately gauge where a product is on its PLC graph. Differing products will possess different PLC “shapes”.
- The typical PLC graph can only be used as a rough guide.
- The duration of PLC stages is unpredictable.
- Strict adherence to PLC can lead a company to misleading objectives and strategies.

Tying It All Together: The lesson introduces the concept of a Product Life Cycle and its uses for marketing. Though the typical life cycle does not hold true across all products, the concept is useful while developing a marketing strategy. The examples can be of any product that students feel interested in, but varying graphs can be analyzed to arrive at the general usefulness and limitations of this concept.

What Worked and What I Would Do Differently: The lesson can begin with any culturally relevant product and an analysis of its life cycle. The usefulness of the concept lies in how it helps marketers to structure/revise marketing strategies.

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