**1.3.5 Marketing Strategy**

a) The product life cycle

b) Extension strategies:

. product

. promotion

**Marketing:** The management process of identifying, anticipating, and satisfying consumer demands for profit

**Marketing strategy:** The methods used by a business to achieve their marketing objectives

**Product Life Cycle**

The product life cycle is an important concept in marketing. 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.

**Product lifecycles**

* Like humans - products go through a lifecycle
* From research and development at the start to launch (birth) and through to decline (death)
* Some products take longer than others to go through the lifecycle
* The marketing mix will change depending on the stage of the lifecycle the product is at

**What are the main stages of the product life cycle?**

The main stages of the product life cycle are:

**Product Development**

* This is the first stage of the product lifecycle where a product is designed, and market research is analysed to produce a product which will satisfy customer needs
* Cash flow at this point is tight, this is a very expensive phase and at this point the product is not making any revenue and therefore no profit
* All capital at this point will just be an investment, there is always a risk of the product not being a success

**Introduction of product to market**

* The introduction phase will involve high costs in research and development and the product may have been test marketed before launching, so profits may be negative
* Sales will be low as customers may not yet be aware of the products
* Advertising will be informative to let customers know that the product has been launched

**Growth phase**

* Growth phase products are enjoying rapid growth in sales and profits
* At this stage, the customers are aware of the product and demand is high
* A business may advertise the product to take advantage of the high demand

**Maturity phase**

* Maturity phase products face intense competition now all the producers have joined the market
* Market is starting to be saturated – everyone has bought the product who is likely to buy
* Sales are high but profits are starting to fall
* Products have to be discounted to keep sales high – so prices may be lowered or the product may be put on sale

**Decline phase**

* Decline phase products may be limited in production
* At this stage profits and sales have fallen and the product may be withdrawn from sale
* The business may decide to heavily discount to get any last sales before the product becomes obsolete
* There is a trend towards more disposable items rather than products that can be fixed or repair – they are simply replaced with new ones, therefore repairable goods are in decline phase

**Product lifecycle extension strategies**

There are lots of ways that a business can extend the lifecycle of a product rather than withdrawing it. This may be to use to a store of raw materials or to keep loyal customers happy. The five ways that your exam board would like you to be able to discuss are:

* 1. updating packaging
  2. adding more or different features
  3. changing target market
  4. advertising
  5. price reduction

**Criticisms of the Product Life Cycle Model**

As we have already mentioned, the product life cycle is a theoretical model, although the profiles of many products do exhibit the characteristics predicted by the model. Among the criticisms made of the model are:

• The shape and duration of the cycle varies from product to product

• It is difficult to recognise exactly where a product is in its life cycle

• Length cannot be reliably predicted

• Decline is not inevitable