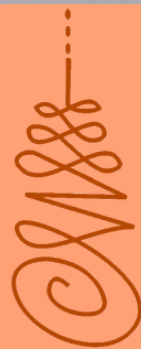




RETAIL GUIDE



Product Lifecycle

Prepared by: CCW Learning Consultants

Retail Guides

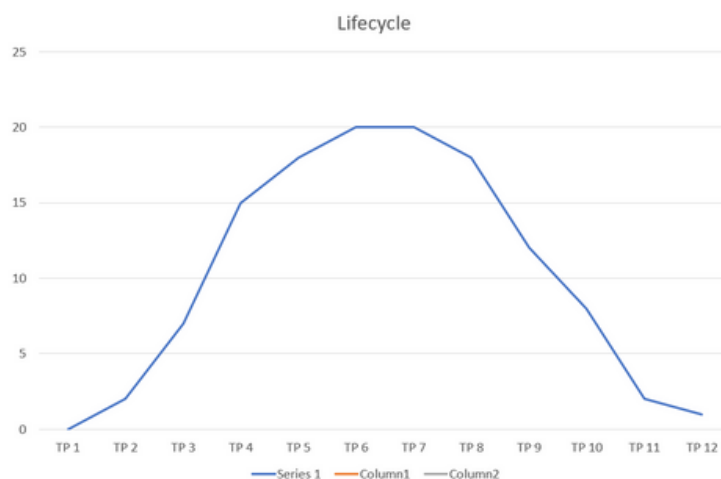
Product Lifecycle



The Product Lifecycle is the journey a product takes from conception to the end of its life. All products undergo this cycle, with varying lengths of growth, maturity, and decline. For example, an Easter egg may go through the entire process in a matter of months, while a car takes over a decade.

The basic lifecycle can be explained in 5 stages:

- **Introduction:** The product is introduced into the market.
- **Growth:** Sales of the product start to increase.
- **Maturity:** The product has reached its peak in terms of sales and profit, and is now established.
- **Decline:** Sales of the product start to fall.
- **Exit:** The product is no longer available for sale or production.



7 Phases of the Life Cycle

Examining the cycle in more detail, we can see that there are, in fact, seven phases that a product goes through.

1. Product development

This is where ideas are created, designed, researched & tested. Sometimes, Insight groups are used to get customer feedback before production.

2. Introduction

Here, the product is launched into the market. Marketing and promotional activities may also be conducted to increase customer awareness. At this point, sales are minimal.

3. Growth

Customer awareness and popularity rise, leading to increased sales and profits.

4. Maturity

Sales and profits peak as the product is now established. Some development & modification may take place here to keep customer interest.

5. Saturation

The market is now saturated with the product, and sales will start to fall. Retailers will start to explore ways to differentiate themselves from the competition to grow their market share. This may occur through promotions or upgrades.

6. Decline

Sales and profits start to decline as the popularity of the products falls and customers move on to other products. Retailers will cut back on investment and plan an exit strategy.

7. Discontinuation

The product is removed from sale.

Why is it important to understand where products are in the cycle?

Recognising where the product is within the cycle enables you to manage and prepare for the next stage of the lifecycle. Tasks will include stock management, marketing, and supplier relationships and more. We've included some examples below.

Introduction

For this phase, forecasts and initial orders are placed with the supplier.

Growth

Teams monitor the rate of growth to adjust orders & forecasts, ensuring they meet anticipated demand. This may require some renegotiation with the supplier if the rate of growth is unexpected.

Maturity

Teams need to identify when the product has matured and estimate how long this maturity period will last in order to manage future demand effectively. At this point, you may be asked to update or develop the product to meet new customer needs.

Saturation

As the product approaches this stage, stocks should be managed in preparation for declining sales.

Decline

Consolidate stocks to maintain meaningful displays and sell in key locations. At some point, price reductions may be applied to clear residual stocks.

Discontinued

The retailer no longer sells products.

The Product Lifecycle is an integral part of stock management, and a key aspect is recognising where your products are in the cycle and what actions should therefore be taken.



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