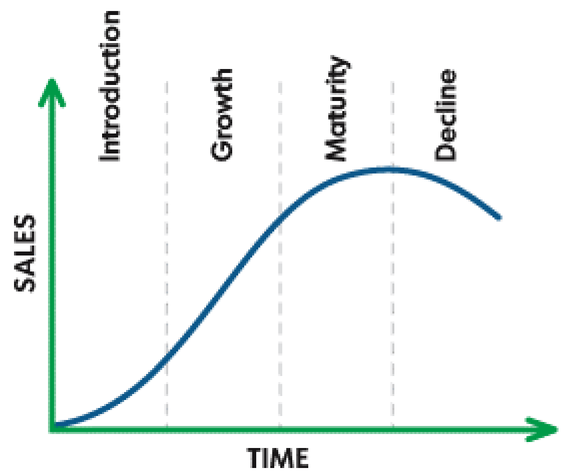
Product Life Cycle

We often hear the term short and long product lives which reflect upon the idea how product lives are governed by Technological rate of change. In other words the need and utility of the Product gets severely reduced. E.g. VCR no longer enjoys the source of entertainment it enjoyed in 1970s to 1990s. Most of the products exhibit Product Life cycles except wooden pencils, paper clips, nails, knives etc.



Cycles of Products or Services normally entail the following phases.

1. **INTRODUCTION PHASE**: When items are first introduced, it is received with curiosity. Demand is low in the beginning then when buyers begin familiar with the product and see it as a reliable and good buy, they start buying it.

2. **GROWTH PHASE**: With the passage of time, production and design improvements lead to decrease in cost and price becomes an attractive feature with increase in reliability.

3. **MATURITY PHASE**: When the product reaches maturity stage its demand can only increase if design is refined or changed and some differentiation feature is added this may increase the demand but when it goes down.

4. **SATURATION PHASE**: In this phase product demand declines and the market is saturated with either a compatible product or substitutes.

5. **DECLINE**: In this phase, most of the organizations adopt a defensive design R&D Strategy in an attempt to prolong the life of the product by employing new packaging, redesigning it, improving its reliability.

As students of Operations Management, you may be asked to suggest the Product Life Cycle for Telecom Industry constituents or in other words where would you place cell phones, wireless phones, landline phones or satellite/cable based telephones in view of the life cycle you just studied. You can make an attempt to answer this for India as well as other developed countries.