

## Stages of product life cycle

1	<b>Development</b>	Sometimes called Research and Development, this is the stage before the product is released where the business will be designing and testing the product as well as completing their market research.
2	<b>Introduction</b>	At this stage, the product is launched into the market. Businesses might be advertising the new product a lot at this stage to increase awareness and might include introductory offers.
3	<b>Growth</b>	If the launch of the product is a success, it will enter this stage – remember not all products go through all stages of the lifecycle – some may decline and never grow! At the growth stage, sales of the product will increase.
4	<b>Maturity</b>	At this stage, most customers have tried or bought the product. New competitors might be on the scene. Sales are at their highest, but the rate of growth is now slow.
5	<b>Decline</b>	In this final stage, sales decline. Continuing this trend will mean that the product will be withdrawn from the market. If businesses are aware of the Product Lifecycle though, they will be able to extend the life of a product once they have identified it is in decline.

1	<b>Key idea</b>	If a business identifies a USP for a product or service, they can use this within their advertising. If the market already has existing products or services being sold, having a USP will help a new product stand out and will give customers a reason to change their habits and purchase the new product.
	<b>Key idea</b>	External Factors are the things that are out of a business's control that they must consider when developing new products or services. If a business intends to sell in other countries, these external factors could be different for each country they choose to sell in.

## External factors that can affect product development

1	<b>Technological developments</b>	technology is changing and updating at a fast pace. Businesses must keep up to date with these developments or they'll be left behind by competitors. Technology could make it easier to manufacture products, for example, or could change customers' preferences.
	<b>Economic factors</b>	unemployment, recession, boom and other economic factors may affect how a business's product is developed and how successful the product is overall. In times of high unemployment, for example, people are more likely to be purchasing essential items and will avoid luxuries. If a business sells luxury items, this is going to have an impact on their sales and they need to be aware of this (produce less, advertise more, differentiate).
	<b>Legal issues</b>	businesses need to make sure they understand different laws when producing and selling products and ensure they do not break any of these laws. Laws could have an impact on the way a product is manufactured or could change the designs of some products to ensure they meet safety standards within a particular country. Businesses must also ensure they do not copy other

## Extension strategies

1	<b>Extension strategies</b>	Businesses could advertise their product to remind customers that it exists and to encourage them to purchase it. The price of the product could be reduced, or the product could be updated to encourage new sales. Businesses might choose to explore other markets – like targeting a different audience or selling in another country, this would expose the product to new customers. The packaging of the product could be updated to get customers' attention.
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## Product differentiation

1	<b>Key idea</b>	Businesses should try to build a strong brand image for their goods or services. <ul style="list-style-type: none"> <li>• Businesses should focus on the function, cost and appearance of their products (the Design Mix).</li> </ul>
	<b>Things businesses can do to stand out</b>	Design mix (see above) <ul style="list-style-type: none"> <li>• Location</li> <li>• Product Features</li> <li>• Product Functions</li> <li>• Better services (delivery etc.)</li> <li>• After sales services (extended guarantees etc.)</li> <li>• Design/Appearance of their products</li> <li>• Identify a clear USP for their product</li> </ul>

## Key Vocabulary

1	<b>Product life cycle</b>	All products have a life span – this is short for some products or, in the cases of popular products, quite extensive (long). The Product Lifecycle is a set of stages that a product will go through in its lifetime. It is important to note that not all products go through all stages of the lifecycle.
2	<b>Extension strategy</b>	An Extension Strategy is the name given to the action a business takes when it identifies a product is entering the decline stage of the Product Lifecycle. These actions aim to extend the life of a product, by keeping the product within the maturity stage, and should improve sales.
3	<b>Product differentiation</b>	As the name suggests, Product Differentiation refers to what is DIFFERENT or what STANDS OUT about the product or service a business is launching. Being clear about what is different about a product will help it compete.
	<b>USP</b>	USP stands for Unique Selling Point. This is a specific thing that a business identifies about their product or service that is different (unique). Businesses identify a USP for their products or services to help them DIFFERENTIATE from others on the market.