

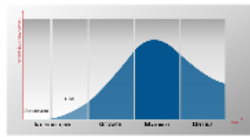
Cialis Lifecycle Management: Lilly's BPH Dilemma

What is product life-cycle management?

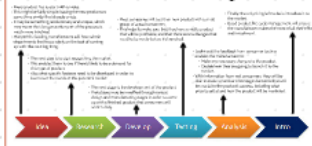
PLM is the process of managing the entire life-cycle of a product from inception, through engineering design and manufacture, to service and disposal of manufactured products.

Example:
To illustrate the different stages of the product life cycle more clearly, here is the example of watching recorded television and the various stages of each channel.

- Introduction: 3D TVs
- Growth: Blu-ray Disc/DVD
- Maturity: DVD
- Decline: Video cassette



New Product Development



Introduction

The first of the four product life cycle stages is the introduction stage.

Any business that launches a new product needs to determine that this market stage is the right stage for its business.

There is a high spending cost of money at this stage and the business will generate the most revenue.

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Challenges of the Introduction Stage

- High spending cost of money
- High risk of failure

Benefits of the Introduction Stage

- Establish a market position
- Establish a brand name

Decline

The decline stage is the final stage of the product life cycle. It is characterized by a decline in sales and profits. This stage is often the result of a change in consumer preferences or a new product entering the market.

Volkswagen AG

- Volkswagen AG = leading manufacturer of cars
- Largest car maker in Europe
- Today's example: PLC of the "Beetle"

Volkswagen AG

- Development & Introduction Phase (approx. 1938 – 1940):
 - Growth Stage (approx. 1950 – 1965):
 - 1 million cars per year
 - Maturity Stage (approx. 1966 – 1971):
 - 1 million cars per month
 - 1.2 million cars per month (1971)
 - Decline Stage (approx. 1972 – 1995):
 - 30,000 cars per month
- Normally = PLC ends and product "vanishes" from the market
- BUT = Volkswagen created a new design for the Beetle to prolong the PLC



Volkswagen AG

- \$560 million investment
- Current news:
 - Shorten PLC by 2 years
 - Gain more market share
 - Meet U.S. needs of quicker design changes

Gatorade

- Gatorade was introduced in the summer of 1965 by a team of physicians from University of Florida School of Medicine after a request by head coach, Ray Graves.
- Kansas City Chiefs were the first NFL team to use Gatorade during the season of 1969.
- Became the official sports drink of the NFL in 1983
- It is currently the official sports drink of the MLB, NASCAR, NBA, NFL, NHL, WNBA, and MLS.



Growth

The growth stage is the second stage of the product life cycle and is characterized by a rapid increase in sales and profits. This stage is often the result of a change in consumer preferences or a new product entering the market.

Challenges of the Growth Stage

- High spending cost of money
- High risk of failure

Benefits of the Growth Stage

- Establish a market position
- Establish a brand name

Maturity

After the introduction and growth stages, a product passes into the maturity stage.

The first of the four product life cycle stages is the introduction stage.

Any business that launches a new product needs to determine that this market stage is the right stage for its business.

There is a high spending cost of money at this stage and the business will generate the most revenue.

Challenges of the Maturity Stage

- High spending cost of money
- High risk of failure

Benefits of the Maturity Stage

- Establish a market position
- Establish a brand name

Decline

The last of the product life cycle stages is the decline stage, which is characterized by a decline in sales and profits. This stage is often the result of a change in consumer preferences or a new product entering the market.

Challenges of the Decline Stage

- High spending cost of money
- High risk of failure

Benefits of the Decline Stage

- Establish a market position
- Establish a brand name

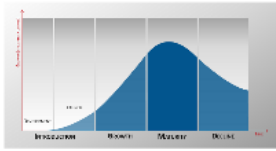
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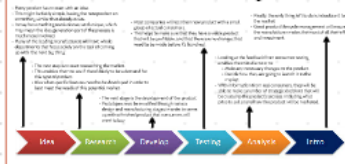
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New Product Development



Introduction

The first of the four product development stages is the Introduction stage.

Any business that is launching a new product needs to appreciate that this initial stage could require significant investment.

This is why it is spending a lot of money at this stage will guarantee the product's success.

Any business that is launching a new product needs to appreciate that this initial stage could require significant investment.

- Challenges of the Introduction Stage
 - Limited resources
 - Uncertainty
- Benefits of the Introduction Stage
 - High sales

Growth

The Growth stage is the second of stages in the product life cycle, and for many manufacturers this is the key stage for establishing a product's position in the market, increasing sales, and increasing profit margins.

This is a key stage for the continued development of consumer demand through the use of marketing and promotional activity, combined with the reduction of manufacturing costs.

How can a product move from the introduction stage to the Growth stage, and how can it achieve maximum growth in the market?

- Challenges of the Growth Stage
 - Increasing competition
 - Lower prices
 - Different Market Approaches
- Benefits of the Growth Stage
 - Easy to Produce
 - Greater Consumer Awareness
 - Increase in Profit

Maturity

After the Introduction and Growth stages, a product passes into the Maturity stage.

The third of the product life cycle stages can be quite a challenging time for manufacturers.

In the Maturity stage, manufacturers try to establish a market and then grow their product base as large a share of the market as possible.

However, during the Maturity stage, the primary focus for most companies will be maintaining their market share in the face of increasing competition.

- Challenges of the Maturity Stage
 - Sales Volume Peak
 - Increasing Market Share
 - Reduced Profit
- Benefits of the Maturity Stage
 - Continued Sales in Growth
 - Increased Market Share
 - Through Differentiation

Decline

The last of the product life cycle stages is the Decline stage, which is the stage in which a product's sales are expected to decline.

When you look at the classic product life cycle curve, the Decline stage is very clearly demarcated by the fall in both sales and profit.

Despite the obvious challenges of this decline, there may still be opportunities for manufacturers to continue making a profit from their product.

- Challenges of the Decline Stage
 - Falling Sales and Profits
 - Reduced Market Share
- Benefits of the Decline Stage
 - Greater Profitability
 - Cheaper Products



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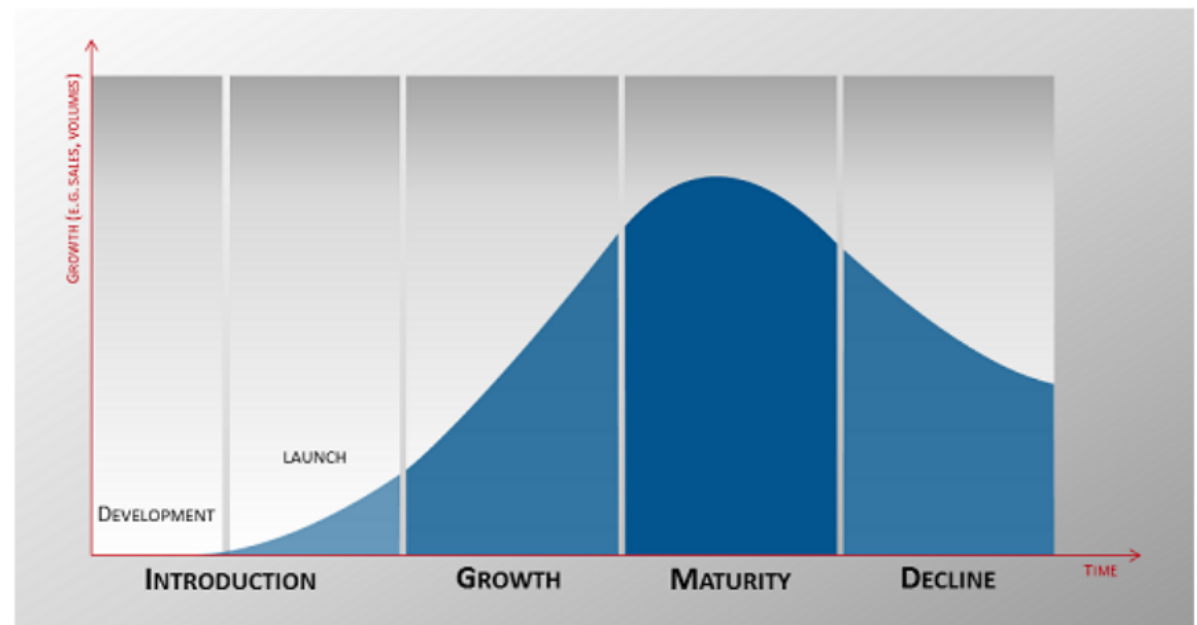
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