

9.5: Marketing Strategies at Each Stage of the Product Life Cycle

Learning Objectives

By the end of this section, you will be able to

- Discuss marketing strategies in the introduction stage of the product life cycle.
- Classify marketing strategies used in the growth stage of the product life cycle.
- Characterize marketing strategies used in the maturity stage of the product life cycle.
- Identify marketing strategies used in the decline stage of the product life cycle.

Marketing Strategies in the Introduction Stage

The introduction stage is characterized by awareness-building to encourage trial. There is a significant investment in marketing activities at this stage to make the shift from early adopters to a broader audience, and pricing is a means of enticing trial.

A rapid skimming strategy sets a high price along with extensive advertising and sales promotion to establish the product in the marketplace. This strategy allows a product to gain share quickly and fend off potential competitors. Technology innovations typically use a rapid skimming strategy to attract early adopters willing to pay a higher price.

In contrast, a slow skimming strategy may be utilized when there is no anticipated influx of competitors. The slow skimming strategy sets high prices with low advertising and sales promotion investment. For example, we may see a rapid skimming strategy for the new model of a truck or SUV in the automobile market because competition is high and the barrier to entry is low. On the other hand, the Tesla brand used a slow skimming strategy in its initial launch with a high-priced offering making it exclusive.

A rapid penetration pricing strategy is appropriate when volume sales will increase market share quickly, and a lower-priced strategy is employed. Rapid penetration pricing strategies encourage customers to try a product and switch to a new brand. This strategy works well with product categories with many competitors and price-sensitive customers. For example, Old Navy used a rapid penetration pricing strategy when it opened its stores in 1994 with an \$8 jeans promotion under the assumption that if customers tried its jeans, they would be hooked and become brand advocates.

In contrast, a slow penetration pricing strategy establishes low prices and low promotion to capture share more slowly in a market that typically does not readily react to promotion. Products that do not have a lot of brand equity and are necessities do not respond to promotion readily and are appropriate for a slow penetration pricing strategy. For example, if a store brand of butter were to establish an everyday low price without promotion, it would be adopting a slow penetration pricing strategy.

Marketing Strategies in the Growth Stage

The growth stage is characterized by growing sales and increasing market competition. Investment in product and place is essential at the growth stage to maximize market share and scale quickly.

Brands may improve product quality or add new features in the growth stage based on early lessons from the introduction stage and to fend off competitors. Products with a first-mover advantage may find competitors who replicate their products entering the market, so product improvement is essential. For example, OXO is a brand that uses universal design to innovate and make products easier to use. This continuous product improvement makes it a leader in the kitchenware market.

Once a product becomes mainstream in the growth stage, expanding distribution channels can increase market share. While expanded distribution adds expense, it also brings the product to more customers in various settings. For example, Chicago-based Home Run Inn Pizza was so famous in the restaurant format that it expanded to grocery stores to increase share.

Finally, brands use promotion to shift their message from awareness to preference. The shift from a niche market to a mass market typically involves an advertising investment. In 2021, TikTok moved from awareness to preference, and its promotion followed suit, reminding users why they enjoy using the platform.

Marketing Strategies in the Maturity Stage

Stability characterizes the maturity stage: profits, customers, and pricing. While this sounds like good news, brands must defend their market share from increasing product replication and product innovation from competitors.

Products in the maturity stage may engage in market modification, extending the product to new customers. For example, Cheerios adopted a market modification strategy when it positioned its cereal to the aging baby boomer demographic as a heart-healthy

breakfast. This strategy opened a new market for Cheerios to increase its market share.

Products in the maturity stage may also engage in product modification, altering products to fit the market. Modifications may be made to the function of the product, the quality of the product, and/or the style of the product. For example, Chobani modified its yogurt product in 2015 by altering the container, allowing the customer to flip toppings into yogurt, and changing the functionality of the yogurt and topping product (Ferdman, 2015).

Marketing Strategies in the Decline Stage

The decline stage of the product life cycle is characterized by declining sales and profitability. The product is at the end of its life cycle and is no longer sustainable or a good investment. Brands reduce to a core set of activities and set out to divest the brand asset.

A brand might divest a product to protect the rest of its portfolio, either by selling the brand or discontinuing it. For example, the Coca-Cola brand divested New Coke in 2002 after 17 years on the market in various forms (Fogarty et al., 2018). The product was taken off the shelves because it was unsuccessful in the marketplace.

A brand might also choose to harvest an unsuccessful product. Harvesting involves reducing all unnecessary expenses to retain any remaining revenue. In addition, harvesting allows the brand to invest cash in its more profitable products. Typically, products do not reemerge after harvesting and more often are divested over time. Technology products, such as smartphones, are often harvested as their up-to-date replacements hit the market. Refurbished products may be sold at a discount or used for parts for new models.

Knowledge Check

It's time to check your knowledge on the concepts presented in this section. Refer to the Answer Key at the end of the book for feedback.

1.

Mohammad's Shoe Company is expanding distribution for its most popular shoe line. The shoe line is in the _____ stage of the product life cycle.

- a. introduction
- b. growth
- c. maturity
- d. decline

2.

Jia has established a rapid skimming strategy for her ice cream shop. The ice cream shop is in the _____ stage of the product life cycle.

- a. introduction
- b. growth
- c. maturity
- d. decline

3.

Carlos has ceased all nonessential spending for his computer repair business. The computer repair business is in the _____ stage of the product life cycle.

- a. introduction
- b. growth
- c. maturity
- d. decline

4.

LaToya has found a new market for her restaurant by expanding to catering. The restaurant is in the _____ stage of the product life cycle.

- a. introduction
- b. growth
- c. maturity
- d. decline

5.

Jamie's legal business has had some early success and decided to add estate planning to its business portfolio. The legal business is in the _____ stage of the product life cycle.

- a. introduction
- b. growth
- c. maturity
- d. decline

This page titled [9.5: Marketing Strategies at Each Stage of the Product Life Cycle](#) is shared under a [CC BY 4.0](#) license and was authored, remixed, and/or curated by [Elisabeth Dellegrazie](#) via [source content](#) that was edited to the style and standards of the LibreTexts platform.

- [9.4: Marketing Strategies at Each Stage of the Product Life Cycle](#) by OpenStax is licensed [CC BY 4.0](#). Original source: <https://openstax.org/details/books/principles-marketing>.