

Teacher guide

The product life cycle - JD

Where does the lesson fit?

This session would fit in a marketing module and be delivered as part of the product aspect of the marketing mix. It could be followed by a lesson looking in more detail at managing a portfolio of products using the Boston matrix.



Suggested resources & activities related to JD and the product life cycle.

- Full JD case study
- JD MP3 of case study
- The product life cycle PowerPoint
- JD crossword
- JD word search

Suggested timings for the session

10 mins	Starter e.g. JD crossword
5 mins	Use the PowerPoint to discuss the topic
5 mins	Read the case study
10 mins	Questions
20 mins	Task
10 mins	What have you learned?

Answers to questions

1. Describe the stages of the product life cycle?
There are six stages to the PLC:
 - Development
 - Introduction
 - Growth
 - Maturity
 - Saturation
 - Decline
2. Explain the relationship between sales and profits during each stage of the product life-cycle.



THE TIMES 100

BUSINESS CASE STUDIES

During development sales will be zero. Profits, however, will be negative, as costs of development are incurred. During both introduction and growth sales and profits will both rise, but as the increase in sales slows down in maturity, reaching a peak in saturation, profits will be falling. Both sales and profits will continue to fall in decline, and once profits reach zero the product is likely to be withdrawn.

3. Evaluate the possible actions a business might take if sales of the product start decline.

If sales start to decline a business might consider using an extension strategy to boost sales. For example, repackaging or adding additional features to a product. The business may consider using a different pricing strategy such as buy one get one free. Alternatively a business may withdraw the product from the market.

4. Analyse the importance of monitoring the product life cycle to organisations like JD.

JD operate in a fast-moving competitive market, and as such it is important that they have a balanced product portfolio. This is because having too many products in the early stages of their life cycle will impact upon profits. Similarly, if they have too many products in decline they would quickly lose their reputation for being fashionable, and this could impact upon their market share.

The fact that the time it takes different products to go through their life cycle can vary enormously is another reason why monitoring is important. Many products sold by JD will have a short life cycle so it is particularly important that they are able to react quickly to changes in the market place.

What have you learned?

Expected learning is likely to include:

- Definition of the product life cycle
- The importance of monitoring the product life cycle for a business' product portfolio
- The understanding the product life cycle affects cash flow
- Define the Boston matrix