BP 2019

LO3

Businesses can try to extend a product's life by using **Extension Strategies**.

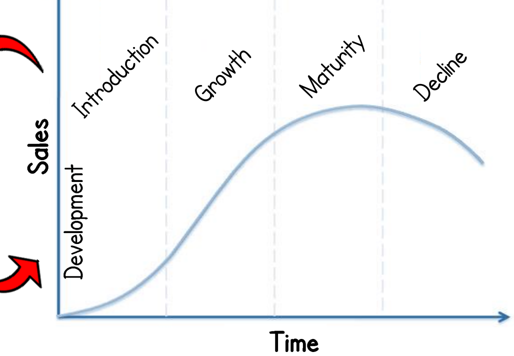
Extension strategies are used to avoid products going into decline.

Strategies include:

- New packaging
- Advertising
- Price changes
- Improving the product
- New target customers
- Selling in new markets (different areas)

All products have a 'life' - the amount of time they are 'popular' for. For some products, this is a long time. For some, however, it's a short time before they're no longer available.

The **product lifecycle** shows the various stages a product will go through in its life.



Development is the stage before the product launches. It is being designed and tested and market research is taking place.

In the **introduction** stage, the product is launched. If popular, sales increase.

In the **growth** stage, the product's sales increase rapidly. More people try it and, if popular, there are repeat sales.

In the **maturity** stage, sales slow down. Competitors start releasing rival products too. No new sales are made.

In the **decline** stage, sales decrease. If they continue to decline, the product will be **withdrawn** from sale.

Businesses often identify a clear **USP** (Unique Selling Point) for their products. This is something unique about their product that makes it stand out from others that are available.

Product differentiation refers to how a product is different or stands out from others on the market.

Differentiation can also be achieved by:

- Improved location
- Product features
- Better functions
- Improved design
- Appearance
- Selling Price

Product development can be changed based on **external factors**; these are things **outside** of the business that they cannot control.

External Factors can be…

- Technological issues
- Legal issues (law)
- Economic issues

Legal issues relate to the law. Businesses need to keep up-to-date with the laws in the country they operate.

Laws can change how businesses develop their products and may mean that products need redeveloping over time to meet new laws that are introduced.

Laws relating to copyright, patents and product safety are all linked to product development.

For example, if safety **laws** change, it may mean a business needs to redesign its product or change materials etc. This can be expensive.

Economic issues relate to the economy; money, jobs, spending power and tax. They link closely to the **business cycle**.

Recession is an **economic** issue. Less people will be in work, which means they have less spending power. Sales / profits are likely to fall.

Growth is also part of the **business cycle**. If an economy is growing, a business will make more sales.

Boom is also part of the **business cycle**. During a boom, there are plenty of jobs and people have money to spend. The economy is doing well! **BOOM!**

Decline follows a boom. Less people are employed, businesses can struggle to make sales.

(The red titles are parts of the **business cycle**!)

Technological issues relate to developments in technology that impact on how products are made or change customer preferences.

For example… New **technology** may mean products can be made quicker or of better quality - if a business does not invest in this, they may lose out to competitors.