

# Creating the Product Life Cycle Curve

## Introduction

One main reason for the shape of the PLC is the fact that new products will diffuse throughout the market - slowly at first, then accelerating, then slowing again, and then actually reducing.

To illustrate this, below is an example for fax machines, which have fully passed through its PLC.

## Your Task

Your task is to plot the PLC curve for this product - from introduction to decline - based on the information. As you plot the curve, mark the information provided below in point form in order to justify your answer.

Fax machines entered the market in the early 1980's. Obviously, the product was almost exclusively targeted at the business market.

Sales were quite slow in the beginning. This is because, if a business bought a fax machine early (soon after its launch), it would have little value, as there would not be many other businesses to send a fax to.

Therefore, in the early days, phone and data companies were their own first customer. That is, they set up fax machines in their various offices throughout the country and would send faxes between themselves.

Their next market was existing businesses that the phone/data company was already dealing with (such as its many suppliers).

In time, these businesses influenced other business that they dealt with. The conversation was something like, "Why are you couriering (or mailing - before email) those forms to us, why don't you just fax it?" To which the reply came, "What's a fax machine?" And therefore, many sales were generated through word-of-mouth.

Eventually, it just became the norm to have a fax machine for a business. However, in recent years, with the increased use of internet and email, some businesses see less of a need for a fax and the majority of businesses probably wouldn't have a fax machine now.