

# What is Product Lifecycle Management?

## Worksheet

PLM is the management of a product's evolution across four stages: Introduction (launch), Growth (rapid sales), Maturity (peak competition), and Decline (sales fall). Strategy adjusts for each stage.

## Questions

1. During which stage are R&D and marketing costs typically highest?
  - A) Growth
  - B) Introduction
  - C) Maturity
  - D) Decline
2. In the Growth stage, what typically happens to competition?
  - A) Decreases sharply
  - B) Remains unchanged
  - C) Increases as new competitors enter
  - D) Disappears
3. Which statement best describes the Maturity stage?
  - A) Highest profit margins
  - B) Highest sales volume but compressed margins
  - C) Lowest costs
  - D) Fastest growth rate
4. A company chooses to discontinue a product. Which stage is it likely in?
  - A) Introduction
  - B) Growth
  - C) Maturity
  - D) Decline
5. When iPhone was launched in 2007, it was in which lifecycle stage, and why?
6. Netflix streaming in 2015 was in Growth stage. What were the characteristics?
7. Why do smartphone manufacturers release new models yearly in the Maturity stage?
8. Define: What is Product Lifecycle Management (PLM)?
9. Define: Name the four stages of product lifecycle.
10. Define: In which stage are profits typically highest?

## Answer Key

1. B) Introduction - Introduction requires heavy investment to launch and build awareness, before sales ramp.
2. C) Increases as new competitors enter - Success attracts competitors; the market expands but becomes more crowded.
3. B) Highest sales volume but compressed margins - Peak unit sales, but heavy competition forces price wars, lowering per-unit profit.
4. D) Decline - Exit often occurs in Decline when costs exceed revenue and repositioning is not viable.
5. Introduction: High price (\$599), limited availability, premium positioning Heavy R&D costs, marketing focus on awareness Low sales initially, but high brand excitement and early adopter interest.
6. Rapidly expanding subscriber base Competitors like Amazon Prime and Hulu entering Heavy investment in original content (House of Cards, Stranger Things) Price increases possible Focus on market expansion.
7. Market is saturated (everyone has a phone) Competition is intense Planned obsolescence + incremental features encourage upgrades Focus shifts from new customer acquisition to retention and loyalty.
8. Managing a product through all stages: introduction, growth, maturity, and decline, with stage-specific strategies.
9. Introduction Growth Maturity Decline.
10. Maturity - high sales volume, but profit margins compress due to competition.

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