

How The “Product Life Cycle” Can Kill Your Online Business

By Richard Glanville

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Have you noticed how many online marketers are telling you that you need your own product?

Have you heard any good reasons for that?

The one reason that I hear is that it will allow you to keep 100% of the profits yourself.

Think about this. I don't know about you but if a product is good and the profit high enough, I don't really care who the creator of that product is. In fact, with master rights, I have a lot of exceptional products that I have not had to research myself and I keep all the profits anyway. I even have affiliates selling these products (and rights) for me.

There has to be another reason.

Well, there is a very good reason why you should be able to offer a “unique” product. The answer lies in a concept called the “Product Life Cycle”.

Once you understand the concept, you will understand why so many marketers are telling you to get your own product and to develop multiple residual income streams. Moreover, you will be able to separate the “chaff from the wheat” and do those things that really need to be done.

Having your own product may not even feature on the list.

Every product goes through what is called a “product life cycle” that looks a little like this:

Introduction with high investment and minimal profit
Period of growth with greatest profitability
Period of maturity where sales rise but profitability weakens
Market saturation where decline commences

Point 4. would also explain why the creation of new products is necessary, wouldn't it?

Actually, it wouldn't.

As you read further into this article you will understand why new product creation may not be necessary.

In the first phase of the “Product Life Cycle” we have a product that has just been created. It needs to be marketed. As it is new, we expect to spend quite a bit on advertising before it gains acceptance and we make sales.

The least expensive, and arguably the most effective, marketing that can be done is to have someone else pay for the advertising. This is how affiliate programs work.

Right now, you are about to learn the truth and power of the “Early Bird Advantage”.

You must remember a couple of concepts here. The first being that in order to generate the maximum number of sales, a prospect needs to be exposed to the sales message at least seven times. Secondly, we are dealing with a new product. No sales messages have been sent as such.

Okay, statistics show that if you want a good response on an offer, you need to get your message out to the same prospect at least seven times. Do you agree?

You shouldn't.

The only people that this might hold true for are ezine editors. Unfortunately, far too many editors will promote an item once and then neglect to get the message in front of their subscribers again. All they'd need to do to explode their profits would be to send “reminders” out at least another six times.

Your prospect is going to see the message from more than one source. It could very well be that you happen to be the seventh person presenting the opportunity to a prospect and he buys from you. Right place, right time. Happens all the time. If you happen to be one of the first promoting a new opportunity, got in early and were prepared to stick around for a while. That is the power of the “Early Bird Advantage”.

The lessons to be learnt from this are:

If you create a product, make sure you have an affiliate program. It will save you a lot of money and sales will come in faster.

If you are fortunate to find a product that you believe in before it gets rolled out, grab it and stick to it.

Two things are happening at this point in time that you need to be very aware of.

First of all, the owner of the product is still busy building his affiliate base and has not yet achieved maximum profitability with his product. Secondly, affiliates had a relatively easy time with little competition for sales.

From this point of time in more affiliates will join the program. This is good for the owner of the program as more sales will be generated. There will however be a lot of competition for the affiliates and those affiliates who do not know what they are doing can expect less and less sales. The inexperienced marketer had better hope that this product generates a residual income!

Eventually, the market will have received high exposure to the product. Customers will have started to use the product and provide feedback and the creator of the product will be made aware of possible improvements that can be made to the product.

At this point in time, the creator of the product can start the cycle again by either offering an update on the product or by releasing a completely new product that satisfies customer demand.

Although an affiliate as such is unable to modify the actual product, he can change the packaging/presentation, include bonuses and to some extent recreate a USP for the product. These changes are in fact necessary for an affiliate to stand any sort of a chance with marketing the product after the initial roll out is completed.

What can be learnt from planning for the “Product Life Cycle”?

Get in early with something you believe in and stick to it;
Think of a unique presentation for the product;
Build a referral base;
Make sure that your opportunity includes a residual income.

Follow these guidelines for selecting those opportunities that you align yourself with. It will serve you well.

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