

Anita Proszowska Ph. D.
AGH University of Science and Technology in Krakow
30th Mickiewicz Av.
30-059 Krakow
Poland
tel. +48 693327234
aproszow@zarz.agh.edu.pl

Planned Product Obsolescence - Reasons For It's Success And Prospects For The Future

Abstract

The purpose of this article is to present the concept of planned product obsolescence strategy, employment of it in modern companies, reasons why this strategy is so effective in increasing selling today and its perspectives for the future. This strategy has a very strong impact on today's market offer and it is very popular even is commonly identified (e.g. just as a result of implementation of this strategy) with attitude manipulation and irrational resource management used during the production of goods, to buy which customers have to be heavily persuaded.

Empirical research presented in this article were done in two steps. Firstly focus group interviews were done. After summarization of their results questionnaire market research were done.

Planned Product Obsolescence - Reasons For It's Success And Prospects For The Future

Key Words: planned product obsolescence, customer attitudes, purchasing decision-making process, sales increase.

1. Introduction and Objectives

This article is an attempt to determine why it is so easy to convince rational people who claim concern for the fate of the world, to buy more and more unnecessary products and whether it is possible to reverse this process. The work is based on extensive literature studies, analysis of findings available in secondary sources and research carried out by the article author.

The purpose of this article is to present the strategy of planned product obsolescence¹, identify the causes of its growing popularity and evaluate how its implementation will be shaped in the future. On the one hand, the modern world is aware of the scarcity of natural resources and the need for their rational utilization and on the other hand companies constantly increase production levels and even more aggressively encourage customers to keep buying.

2. Literature Review

The strategy of planned product obsolescence² is increasingly popular in contemporary business activities. Planned product obsolescence means urging consumers to replace the goods with new ones, despite the fact that current products are still fully functional³. This concept is also understood as⁴ a deliberate product design in such a way that in a short time products were suitable for replacement with newer models, or as a method of stimulating consumer demand by creating products that wear out or become obsolete after a limited time⁵.

In the literature, a number of other terms of planned product obsolescence is functioning. You may encounter among other things expressions such as:⁶ "impairment of quality", "creative destruction", "progressive adjustment of the age", "death dating", "artificial aging", or the determination of "product durability"⁷. In order to effectively use this strategy, companies have to

¹ One of definitions of planned product obsolescence explains it as a deliberate product design in such a way that in a relatively short time it is necessary to replace it with a newer model
<http://biznestrend.pl/artykuly/127/The-Lightbulb-Conspiracy---Planowane-postarzenie-produktow-sila-napedowa>; [access: 17 Dec 2012].

² This term is presented by the author in the publication Proszowska, A. *Planned Product Obsolescence Used By The Manufactures And Marketing of value* in Howaniec, H. & Waszkielewicz, W. (Ed.). (2013). *Value-Based Marketing – Selected Problems*. Bielsko-Biała: Wydawnictwo Naukowe Akademii Techniczno-Humanistycznej, pages 53–60.

³ http://megaslownik.pl/slownik/angielsko_polski/184996.planned+obsolescence; [access: 15 July 2013].

⁴ <http://biznestrend.pl/artykuly/127/The-Lightbulb-Conspiracy---Planowane-postarzenie-produktow-sila-napedowa>; [access: 17 July 2013].

⁵ <http://dictionary.reference.com/browse/planned+obsolescence>; [access: 28 July 2013].

⁶ Prucnel, M. *Antyfunkcje – im nowszy produkt, tym krócej służy?* [Antifeatures – The Newer Product The Shorter Serves]. Retrieved from <http://ulicaekologiczna.pl/zdrowy-styl-zycia/antyfunkcje-%E2%80%93-im-nowszy-produkt-tym-krocej-sluzyl> [access: 20 July 2013].

⁷ More broadly this concept is defined in: Proszowska, A. *Planowane postarzenie produktów przez przedsiębiorstwa – ujęcie problemowe* [Planned Product Obsolescence Used By The Manufactures – Analysis Of The Problem]. *Handel Wewnętrzny* May-June 2013, volume, pages 207-213.

work on that household appliances operate below its potential output. Such solutions are called antifeatures⁸.

Today's technological development allows us to make a number of improvements in people's lives, including our shopping patterns. However, it can be observed that buying behavior still has a certain attachment to traditional purchasing forms. The development of new technologies did not radically change consumer buying habits. When it comes to actual shopping locations, despite growing popularity of the Internet, European consumers still prefer to shop at local shops and town centers (in Western Europe it is more than 90% of buyers), it applies to both food and clothing or footwear⁹. Of course, the popularity of online shopping is increasing, for example, 25% of Poles declare that in the future will increase the size of their online purchases.

At the same time in subsequent studies¹⁰ a certain regularity was observed related to purchases, which would suggest that there is a real impact of new technologies on the buying process, but not in such a direct form, as one might expect. Well, out of all advertising media the greatest impact on offline shopping has Internet advertising and television (both 24%), the third place belongs to the point of sale advertising (20%) and the next are press advertisements (17%).

That's a pretty significant change in the perception of business online advertising, so far these activities have been dedicated primarily to those who buy online. Now, thanks to, among other things: capabilities of mobile access to the Internet, customers are able to support their purchasing decisions with information and advertising from the Internet.

This radically changes the approach to how companies communicate with their customers. Also, after the purchase customers can solve their problems with a newly bought product using the Internet and through social networks can exchange opinions with other users. Therefore, today even those entrepreneurs who are not selling their products online still need to monitor the Internet and respond to all information about them that appears there.

While analyzing today's traditional shopping patterns it is even said about the so-called ROPO effect¹¹ (*research online, purchase offline*).

To make a purchase offline client is preparing to make a decision about buying after analyzing information available on the Internet, and when appearing in the point of sale he does not take into account offers that were not encountered online.

The observed changes in buying behavior are conducive to the use of the strategy of planned product obsolescence, they show that often the consumer's purchasing decision is based on indirect sources of information and buyers are often not in a position to judge their reliability. These changes also provide the opportunity to intensify the impact of various promotional activities on clients - promotion, while less noticeably, but more intensely accompanies them during everyday activities. Companies while observing consumer behavior hire eg interactive agencies to the role of satisfied customers, and proponents of their offer. Despite the increasing ease of access to information, the customer finds it more difficult to find objective information

⁸ For example, Atmel company manufactures chips for mobile phones, allowing to distinguish branded batteries from their cheaper alternatives, and make it difficult to use them, so the phone user pays 0.65 USD for the mobile to work less effectively. Prucnel, M. *Antyfunkcje – im nowszy produkt, tym krócej służy?* [Antifeatures – The Newer Product The Shorter Serves]. Retrieved from <http://ulicaekologiczna.pl/zdrowy-styl-zycia/antyfunkcje-%E2%80%93-im-nowszy-produkt-tym-krocej-sluzy/> [access: 20 July 2013].

⁹ Survey results of 10 000 European consumers carried out by CBRE retrieved from <http://www.egospodarka.pl/96052,Europejscy-konsumenci-a-zakupy,1,39,1.html>; access 22 July 2013.

¹⁰ Measuring the effectiveness of online advertising, Study conducted by PwC for IAB France and the SRI. Retrieved from <https://www.pwc.com>; [access 22 July 2013].

¹¹ Siejak, M. *Efekt ROPO, czyli co zabija Twoją sprzedaż [ROPO Effect, Which Is What Kills Your Sale]*. Retrieved from <http://marketing-news.pl/theme.php?art=1503>; access 23 July 2013.

about the market offer, giving him the opportunity to evaluate the real usefulness of the product. Today, many daily habits, of individuals and institutions are assessed in terms of their marketing effectiveness. Businesses are aware of this and seek to control and improve all areas of reality that affect the image of the brand. Customer finds it increasingly difficult to extract true information from those generated by marketers.

3. Factors Influencing the Consumer Purchasing Decision-making Process Relevant from the Perspective of the Planned Product Obsolescence

The shape of consumer purchasing process is changing¹². Today's consumers are changing the ways of making purchasing decisions, use different sources of information about products, use different evaluation criteria of market offers and make purchases in other places. All this is the result of a greater number of offers available for the average customer by dynamically developing technologies. Today striving to satisfy own needs customer can take into account not only the store offers in the immediate area, but thanks to the Internet, even from the remotest corners of the world.

At the same time customers do not want to spend more time for shopping, hence the need for procedures and selection criteria to speed up the analysis of the available deals. Very popular among Internet users are price comparison sites, suggesting that the price is one of the most important selection criteria. Although Internet users often try to deny it, declaring that they analyze various parameters of the offer, but it can hardly be questioned that the price is the most objective feature of online shopping (especially in the case of products with small number of technical parameters such as clothing, footwear and food items). After all not being able to try and even touch the product, the client defines its quality often on the basis of a higher or lower price.

¹² More information about the buying process, e.g. in: Smyczek, S. (2012). *Consumer behavior on international market*. Warszawa: Placet, page 20 and further.

The shape of today's purchasing process is affected by the simultaneous increase in the level of affluence of consumers (perhaps sometimes not so big, but definitely systematic) and a dramatic increase in investment in promotion¹³ by service providers. As a result, market participants who are more aggressively bombarded with promotions, succumb to them even more. In order to maintain the appearance of rationality they look for so-called special opportunities which means offers cheaper than the others. Manufacturers come out to meet them halfway and prepare attractively priced offers, and because they do not want to give up their profits, they manufacture lower quality products. Another important (in some sense rational) reason for buying new products is "unprofitable repairing" of broken products (such shoes, as well as printers). This situation is a natural consequence of the first, too many models available on the market, because it becomes very expensive for them to prepare sets of spare parts and service points. And the second is due to the need to sell ever larger quantities of products by greedy businessmen. The best driving force in the new purchase is product breakdown, the use of which the buyer had become accustomed to and a lack of opportunities for cheap repair.

A large number of sales outlets and ease of online shopping also contribute to their popularity. And additionally if the customer can be convinced that shopping enhance well-being so you can be sure that he will continue buying more and more. In the era of improvement of sales techniques shopping today is actually more pleasant than in the past. The customer has the ability to enforce a number of sales associated services and he may be assisted by the sales assistants who will help him in his shopping decisions¹⁴.

4. Planned Product Obsolescence As An Effective Strategy To Increase Sales – Research Method and Findings

The starting point for the research described in this article were focused interviews¹⁵ conducted by the author of this article in November 2012¹⁶ which showed that young people are not fully aware of how popular is the strategy of planned product obsolescence. At the same time, the younger of them did not perceive it in a negative way. They look at the unnecessarily increased sales and bigger amount of waste from the point of view of meeting their own needs. Even examples of overt actions to reduce the lifespan of various products were received more as a curiosity than something shocking. Most often they stated that they liked to exchange items for the new ones and willingly succumbed to shopping temptation. A more balanced opinions were presented by older participants in the interviews. They had much more negative opinion about the fact of the deliberate pursuit by manufacturers to accelerate product deterioration and believed to be clearly wrong that they resulted in tons of rubbish covering growing areas of the Earth.

Interesting are also the reactions of some internet users to these business activities. They interpret it as a slander that these actions are part of competition and simply do not believe in such information¹⁷.

¹³ Kuś, G. (2011). *Decyzje zakupowe konsumentów a systemy komunikowania* [Purchasing Decisions Of Consumers And Communication Systems]. Gdynia: Novae Res s. c., page 109-143.

¹⁴ Baruk, A. I. (2008). *Nabywcy finalni jako podmioty marketingowego oddziaływania* [Final Buyers As Entities Of Marketing Influence]. Toruń: TNOiK, SWU „Dom Organizatora”, page 135 and further.

¹⁵ Proszowska, A. *Planowane postarzenie produktów przez przedsiębiorstwa – ujęcie problemowe* [Planned Product Obsolescence Used By The Manufactures – Analysis Of The Problem]. *Handel Wewnętrzny* May-June 2013, volume 3, pages 207-213.

¹⁶ Organized among the students of two faculties of AGH in Krakow: Faculty of Management and the Faculty of Mechanical Engineering and Robotics.

¹⁷ <http://www.adamduda.pl/2011/12/30/planowane-postarzenie/>; [access: 28 December 2012].

In the next stage of the article research, interviews were carried out¹⁸ at points of sale of various products based on the criteria of purchasing decisions, habits and expectations accompanying buyers towards acquired goods. The study confirmed earlier results. Very young people, to a large extent (80% of respondents were under 25 years of age) accept that products wear out much quicker, they are willing to buy things advertised as fashion news, especially if 'considered things' are offered by established brands. Older consumers are more interested in product durability, but even they do not want to pay a premium for the longer product life. One of the most important buying criteria in Polish society (and not only among the older generation) is the price (for 82% of the respondents it is the most important selection criterion). It's harder to generate interest for more expensive offers, most customers need extra motivation to become acquainted with them. Cheaper offers deserve attention almost automatically. Among the respondents it was also possible to identify those who have declared strong commitment to ecological values, with more informed approach to the new product purchases and disposal of the old ones and the willingness to pay higher prices for products prepared without intentional product obsolescence (6% of respondents). These are people of various ages, usually with higher education and higher social status, more often women than men. These people, however, have difficulty choosing the best deals because they lack the expertise on the subject. Finding such information is associated with long-term exploration on the Internet, and hardly anyone has the time for that while carrying out everyday purchases. During offer evaluation from the perspective of ecology, subjects often use hearsay opinions and stereotypes rather than confirmed information. Presumably, the more intensified work of various consumer federations, government agencies or pro-ecological organizations can help spread it and give people a chance to make more informed decisions.

At this point, for example, customers find it difficult to identify all ecological certificates used in the world and to assess the real value of the products having them. Younger respondents have higher environmental awareness, they declare more often than older ones that they heard about the environmental hazards at school and feel the need to fight with them. Older respondents do not feel responsible for caring about the environment, they believe that it should be handled by the state, not engaging them to do so¹⁹. Hence, it is probably difficult to convince them not to buy those cheap, fast perishable products because of the generation of more waste. Further important factors influencing the purchasing decisions of the survey respondents were the availability of the product, ease of purchase and comfort of use. Based on these studies it can be concluded that for the majority of today's consumers the priority is to buy cheap products with minimal effort. Respondents declared that the price is one of the three most important criteria for the selection of the product (92% of respondents), but at the same time did not compare the costs of using analyzed offers (9% of respondents declare doing that), and rarely assessed the impact of the purchase of this product on the environment (both using and production) and possible subsequent repair, or disposal.

It can be assumed that a large part of Polish society come to terms with a 'one-off' character of shopping purchases. The custom of repairing damaged shoes or clothes is disappearing. For today's consumers it seems to be completely irrational since so cheaply you can buy a replacement for the damaged product.

In the case of food products, purchasing decisions of the survey respondents are also greatly

¹⁸ Interviews were held in May and June 2013 in sales outlets in Krakow. The study covered 124 potential buyers of various demographic characteristics.

¹⁹ For example, despite an intense campaign on the dangers of disposable shopping bags still many customers are not using reusable ones. Over 70% of respondents when shopping do not take with them special bags.

simplified. It is generally accepted that products approved for sale are not harmful to health²⁰. The respondents are not aware of the real impact of the various components on their body and rarely can judge the actual quality of the products they buy (for example, most mothers are convinced that the best for their children's bones are Danonki, while the sugar contained in them should disqualify them as a product for children and more calcium is present in any kind of white or yellow cheese). For example, at present in products for diabetics it is commonly used sweetener called aspartame, against the consumption of which nutritionists warn. Only recently reduced calorie food manufacturers began to substitute it for healthier stevia²¹.

One should hope that there will be more of those wishing to have such a distinguished feature and consumers will have sufficient knowledge to be able to appreciate it.

5. Market Transformation and Changing Customer Attitudes and The Perspectives of Development of The Planned Product Obsolescence Strategy – Managerial Implications

In conclusion, in the light of the conducted research as the most important reasons for the growing popularity of the strategy of planned product obsolescence should be considered excessive value placed by the buyer to the product price, lack of knowledge about the real cost of production, usage and disposal of purchased goods, convenience of buyers and often deriving excessive pleasure from shopping.

It cannot be hidden that the fight against the strategy of planned product obsolescence is quite expensive, and certainly it is cheaper to give in to the dictates of the producers and simply buying new things instead of repairing the old ones. Poles see themselves as poor²² and are very reluctant to spend at any given time more than necessary. Out of the pro-ecological activities the most popular are the ones which besides the improvement of the environment also ensure lower costs (eg, rational use of water or electricity or waste segregation).

Hope to improve the situation create consumer organizations financed from various special purpose EU funds which while increasing the scale of its operations will be able to penetrate the consciousness of the ordinary user²³. Also entrepreneurs, looking for their place on the competitive market, often see their chance of success precisely in the resignation from the strategy of planned product obsolescence. One of the elements of differentiation of today's offers is their reparability (i.e. the possibility of product repair by the user without investing a significant amount of time and resources²⁴) within which companies offer technical support by fax, phone or internet allowing self-repair of customer's product.

Improving sales techniques, matching products to customer needs and endeavoring to increase their level of loyalty allows us to assume that the planned product obsolescence will not become a dominant strategy. Even now often when buying durable goods customers expect to be able to use them for longer. They want to believe in their reliability and here planned product obsolescence is really not accepted by the customers. Similar situation is when it comes to perception of offers from the food and pharmaceutical industries - people probably will never

²⁰ Most customers do not know that attentive analysts observe the fact that the occurrence of planned product obsolescence is also present in the medical, pharmaceutical and food industries This field is also dominated by willingness to generate profit and on the market are the products that generate the greatest profit, not the healthiest or the ones whose use would be the most rational for the customer. More e.g.: <http://hundredyearlie.com/ssi.html>; [access: 28 July 2013].

²¹ <http://www.cocacola.com.pl/forma-na-przyszlosc/nawodnienie/1770.html>; access: 5 August 2013.

²² As a nation of complaining people the Poles declare poverty even when they are in a relatively good financial situation.

²³ Such as the Dutch foundation Platform 21, encouraging users to repair old equipment.

²⁴ Kotler, P. & Keller, K. L. (2012). *Marketing*. Poznań: Publishing House REBIS Sp. z o. o., page 354.

accept a sense of danger that accompanies buying products from these sectors, prepared without every effort (and certainly wealthy men think so).

Here, of course, important is the role of the government and consumer organizations to make customers aware of the actual state of things.

Planned product obsolescence as a strategy for reducing the price of a product will enjoy popularity (if anything) in the apparel and footwear industries, and among less wealthy segments of society. It will give people the opportunity to keep up with the fashion at lower cost than buying more durable products.

It should be emphasized that consumers cannot cope alone in the fight against this strategy. In addition to support of consumer organizations regular actions of governments are needed penalizing entrepreneurs seeking to generate profits at the expense of excessive use of others. Unfortunately not always the public interest and the environment prevail. Before the stigmatization of certain behaviors, the authorities are prevented by the fact that the company is a key taxpayer or employer in the region and local public interest takes precedence.

Popularity of planned product obsolescence is restricted by increasingly more sophisticated ways of communication among users (just to mention social media) that allow to use the shopping experience of] users and easily search those companies whose offers are not reliable. Improvement of the flow of reliable information gives consumers the opportunity to better assess the market offers. A more complete access to market information should also restrict the use of the described strategy.

At that time the client already knows what to look for and what to avoid in the offers of companies, and sooner or later he will find it, and simultaneously companies seeing the growing popularity of such behavior will change their performance standards.

Bibliography

- [1] Prucnel, M. *Antyfunkcje – im nowszy produkt, tym krócej służy?* [Antifeatures – The Newer Product The Shorter Serves]. Retrieved from <http://ulicaekologiczna.pl/zdrowy-styl-zycia/antyfunkcje-%E2%80%93-im-nowszy-produkt-tym-krocej-sluzy/>.
- [2] Baruk, A. I. (2008). *Nabywcy finalni jako podmioty marketingowego oddziaływania* [Final Buyers As Entities Of Marketing Influence]. Toruń: TNOIK, SWU „Dom Organizatora”.
- [3] <http://biznestrend.pl/artykuly/127/The-Lightbulb-Conspiracy---Planowane-postarzanie-pr-oduktow-sila-napedowa>.
- [4] <http://dictionary.reference.com/browse/planned+obsolescence>.
- [5] <http://hundredyearlie.com/ssi.html>.
- [6] http://megaslownik.pl/slownik/angielsko_polski/184996,planned+obsolescence.
- [7] <http://ulicaekologiczna.pl/zdrowy-styl-zycia/antyfunkcje-%E2%80%93-im-nowszy-produkt-tym-krocej-sluzy>.
- [8] <http://www.adamduda.pl/2011/12/30/planowane-postarzanie/>.
- [9] <http://www.cocacola.com.pl/forma-na-przyszlosc/nawodnienie/1770.html..>
- [10] <http://www.egospodarka.pl/96052,Europejscy-konsumenci-a-zakupy,1,39,1.html>.
- [11] Hyken, S. (2011). *Kult klienta. Doskonała obsługa kluczem do sukcesu firmy*, [The Cult of the Customer. Excellent Service, The Key To The Success Of Your Business]. Warszawa: Wolters Kluwer Sp. z o. o.
- [12] Kotler, P. & Keller, K. L. (2012). *Marketing*. Poznań: Publishing House REBIS Sp. z o. o.
- [13] Kuś, G. (2011). *Decyzje zakupowe konsumentów a systemy komunikowania* [Purchasing

- Decisions Of Consumers And Communication Systems]. Gdynia: Novae Res s. c.
- [14] Measuring the effectiveness of online advertising, Study conducted by PwC for IAB France and the SRI, published on <https://www.pwc.com>.
- [15] Proszowska, A. *Planowane postarzenie produktów przez przedsiębiorstwa – ujęcie problemowe* [Planned Product Obsolescence Used By The Manufactures – Analysis Of The Problem]. *Handel Wewnętrzny* May-June 2013, volume 3, pages 207-213.
- [16] Proszowska, A. *Planned Product Obsolescence Used By The Manufactures And Marketing of value* in Howaniec, H. & Waszkielewicz, W. (Ed.). (2013). *Value-Based Marketing – Selected Problems*. Bielsko-Biała: Wydawnictwo Naukowe Akademii Techniczno-Humanistycznej, pages 53–60.
- [17] Rosen, E. (2003). *Anatomia marketingu szeptanego* [Anatomy Of The Mouth Marketing]. Poznań: Publishing House Media Rodzina.
- [18] Siejak, M. Efekt ROPO, czyli co zabija Twoją sprzedaż [ROPO Effect, Which Is What Kills Your Sale]. Retrieved from <http://marketing-news.pl/theme.php?art=1503>.
- [19] Smyczek, S. (2012). *Consumer behavior on international market*. Warszawa: Placet.