

## **Planned obsolescence**

*Planned obsolescence is a business strategy in which the obsolescence (the process of becoming obsolete—that is, unfashionable or no longer usable) of a product is planned and built into it from its conception. This is done so that in future the consumer feels a need to purchase new products and services that the manufacturer brings out as replacements for the old ones.*

Consumers sometimes see planned obsolescence as a sinister plot by manufacturers to fleece them. But Philip Kotler, a marketing guru, says: "Much so-called planned obsolescence is the working of the competitive and technological forces in a free society—forces that lead to ever-improving goods and services."

A classic case of planned obsolescence was the nylon stocking. The inevitable "laddering" of stockings made consumers buy new ones and for years discouraged manufacturers from looking for a fibre that did not ladder. The garment industry in any case is not inclined to such innovation. Fashion of any sort is, by definition, deeply committed to built-in obsolescence. Last year's skirts, for example, are designed to be replaced by this year's new models.

The strategy of planned obsolescence is common in the computer industry too. New software is often carefully calculated to reduce the value to consumers of the previous version. This is achieved by making programs upwardly compatible only; in other words, the new versions can read all the files of the old versions, but not the other way round. Someone holding the old version can communicate only with others using the old version. It is as if every generation of children came into the world speaking a completely different language from their parents. While they could understand their parents' language, their parents could not understand theirs.

The production processes required for such a strategy are illustrated by Intel. This American semiconductor firm is working on the production of the next generation of PC chips before it has begun to market the last one.

A strategy of planned obsolescence can backfire. If a manufacturer produces new products to replace old ones too often, consumer resistance may set in. This has occurred at times in the computer industry when consumers have been unconvinced that a new wave of replacement products is giving sufficient extra value for switching to be worth their while.

As the life cycle of products has increased—largely because of their greater technical excellence—firms have found that they need to plan for those products' obsolescence more carefully. Take, for instance, the example of the automobile. Its greater durability has made consumers reluctant to change their models as frequently as they used to. As the useful life of the car has been extended, manufacturers have focused on shortening its fashionable life. By adding styling and cosmetic changes to their vehicles, they have subtly attempted to make their older models look outdated, thus persuading consumers to trade them in for new ones.

Planned obsolescence is obviously not a strategy for the luxury car market. Marques such as Rolls-Royce rely on propagating the idea that they may (like antiques) one day be worth more than the price that was first paid for them; Patek Philippe advertises its watches as being something that the owner merely conserves for the next generation. At the same time as the useful life of consumer goods becomes shorter, consumers hanker after goods that endure.

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