Planned obsolescence - the point of view of consumer organisations

EESC Roundtable on Planned Obsolescence, 17 October 2014
What is the situation for consumers?

• Many products fail shortly after the guarantee period

• If products fail during the guarantee period consumers often receive no good advice about their legal rights

• Products cannot be repaired/ upgraded:
  - Design features
  - Missing spare parts
  - Costs for repair are too high

Retailers recommend buying new products
It is all about consumer choice and fashion, right?

- No, it is not as the consumer often has no choice and cannot opt for longer use:
  - Software upgrades non-available
  - Innovations are hold back for the next model
- Favorite textiles such as the most comfortable Jeans get holes after a very short time or zip fasteners break
- Picture: Swiss Consumer Organisation SSK
Product failures: What is the situation for consumers?

- Many products fail early after the guarantee period
- When failing during the guarantee period consumers often do not receive good advice on their legal guarantee rights

Products cannot be repaired because of:

- Design / construction shortcomings
- Missing spare parts
- Too high costs which make repair unattractive
What does the economic theory say? I

- Consumers do not accept direct price increases. Early product failures are a hidden price increase as the costs per use (e.g. for washing) increase;

- Lowering product lifetime makes sense for companies if consumers do not realise it;

- Intransparency about product lifetimes is disadvantegous for consumers

- Consumers are unaware of total costs of ownership
What does the economic theory say? II

• Limiting lifetimes of products is likely in:
  – saturated markets
  – intransparent markets
  – Multinational publicly listed corporations

• Predetermined breaking points make sense if the brand manufacturer determines the after sales market and if the turn-over from additional sales is higher than raw material costs for initial product
What evidence from consumer testing?

• Best-in-class testing does not compare product lifetimes over the decades
• Always new models come to the market: very short product cycles
• Some relation to price of models: below a certain price level most products fail early
• Different testing methods and strategies needed to uncover planned obsolescence
Swiss consumer organisation
SFKS

• May – Oct 2013: over 400 consumer complaints related to short lifetimes of products:

• Computer, Printer, copy, internet: 125
• Electric appliances used in kitchen: 57
• Audio, TV, Video: 56
• Telecommunication: 48
• Household appliances/ Tools: 47
• Cosmetics and care: 30
• Textiles and shoes: 17
• Other articles of daily use: 11
• Furniture: 8
• Vehicles: 7
• Other: 5
"IF YOU'RE NOT ABSOLUTELY THRILLED AND DELIGHTED WITH OUR PRODUCT, CALL US TOLL-FREE AND WE'LL BE HAPPY TO HELP YOU ESTABLISH MORE REASONABLE EXPECTATIONS."
What policy instruments to remedy planned obsolescence?

- Revision of the EU consumers sales directive – longer guarantees
- Systematic inclusion of durability requirements in EU Ecodesign measures
- Transparent consumer information about expected lifetimes of products
- Ambition to move on with the EU ressource efficiency agenda & new models of consumption
Consumer organisations are watching industry practices

- Internet blogs
- Collecting consumer complaints
- Testing products
- Investigating functioning of legal guarantees
- National seminars
- Influencing legislation
- Informing consumers
- videos

**Want to know more? Come to our conference on Friday, 14 November 2014 at the EESC!**
SAVE THE DATE

CONFERENCE

Towards sustainable consumption:
Durable goods & legal guarantees

When:
Friday 14 November

Venue:
European Economic and Social Committee,
Rue Belliard 99 (Room: JDE 52) B – 1040 Brussels

Time:
9:00h - 17:00h

Registration:
Please click here

Background:
Numerous obstacles prevent consumers from long-term use of products:
- When products break, consumers often have problems enforcing their 2 year legal guarantee.
- Increasingly, product repair is complicated by restrictive design or expensive spare parts.
- Deliberate incompatibility or inability to upgrade means consumers buy anew.

Consumers, industry and policy-makers all have distinct, important responsibilities to ensure we “can live well, within the limits of our planet”, as the 7th Environment Action Programme puts it.

This conference brings together consumer representatives, product manufacturers, innovative producers and EU policy-makers to discuss product durability, planned obsolescence and EU policies such as legal guarantees and Ecodesign.

How can we achieve more durable products and sustainable consumers’ lifestyles?
The Consumer Voice in Europe

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