



## DETERMINING REPLACEMENT PRODUCTS IN 2015 HERE TODAY GONE TOMORROW - PART II

During our year end file review a trend became quite clear - The day of the direct or obvious replacement for many products lines is now officially over. No longer is there a clear line of succession for many product categories. In the constant quest for newer technologies and superior performance the pace of product obsolescence is accelerating like never before. Technology game-changers are sounding the death knell on many devices the we use every day.

### ***The Smart Phone***

In the category of game changers, let's examine the smart phone. This was a product that was originally designed to allow us to stay in touch while on the go. It has transformed into what can now be considered the "Swiss Army Knife" of consumer electronics. A typical smart phone is now used by many consumers to replace their digital/video camera, digital music player, GPS, PDA, aftermarket remote control and some consumers are even ditching, its growing capabilities have rendered some technologies, like PDA, obsolete. And it looks to be on the verge of sending several additional product categories down the same path as they rapidly eat away at their market share.

1) Point & Shoot Digital Camera's - As the quality of camera functions in current Smart Phones improves, the selection of point and shoot cameras has dwindled. According to the Consumer Electronics Association, camera sales were down 44% last year and are expected to drop an additional 30% this year. While not yet obsolete, selection of available models and brands will only continue to decrease as more and more consumers use their smart phone instead.

2) Low End Video Cameras - They are suffering a fate similar to the point and shoot camera. Not only are they losing market share to smart phones but they are also losing sales to Digital SLR cameras which continue to incorporate better video quality and features. The selection of available models is at an all-time low and should only get worse moving forward.

3) Digital Music Players - While certainly not yet a dying technology, the future of this category looks a little bleak. With the discontinuation of the 160GB Apple Classic, the category of high capacity players no longer exists and sales of other players are continuing to decline. With Apple being the only serious player left in the portable digital music player market, the demise of this category is only a matter of time! It seems the feeling among many consumers is "I've got an iPhone or iPad, so what do I need an iPod for?"

## TECH TIP

Camera sales were down 44% last year and are expected to drop an additional 30% this year.



4) Dash Music GPS Systems -With the drop in prices of factory navigation systems and the improvement in smart phone navigation capability, this is another category on the decline. With fewer models and brands available each year it may not be long before this category ceases to exist.

5) Home Telephone - Ditching the landline allows household to shed a monthly bill and if you don't have a landline this is no need for a home phone. Home phones are also under pressure from services like Skype, and FaceTime or VoIP offering such items as the MagicJack so the selection of available models and brands has become much more limited in recent years.

6) Remote Controls - Even beyond apps that can turn a smartphone or tablet into a universal remote control, televisions will soon be responding to voice commands or movements. In fact, the first motion-sensing TV's are expected out by the end of this year and models with voice command capability already exist.

### **Audio & Video Players & Recorders**

First, it was the Cassette Deck and VCR. Next came CD's, DVD's & Hard Drive Recorders. Today, our ability to record or even play audio and video formats has been severely reduced with the recent demise of many technologies. Blu-ray players seem to be the last standing video format and the writing would appear to be on the wall even for this format as more and more of our prerecorded content is delivered over the internet either by download or streaming services such as Netflix.

### **Computers**

Just a few short years ago the *Netbook* was considered the savior of the computer industry. Today, the Netbook no longer exists! While some may consider the Chromebook an obvious successor, due to a similar screen size, they may not be a suitable replacement for many insured due to the changes in the operating system (Windows to Chrome). In addition, changes to specifications may limit software compatibility and storage capacity.

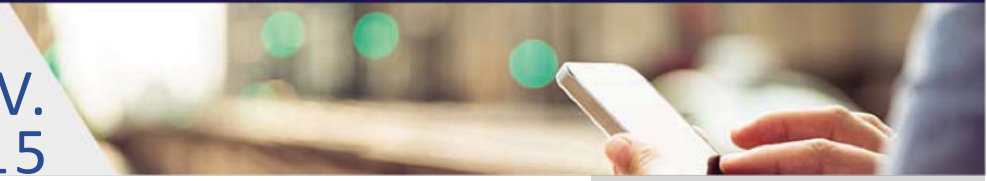
Downloaded/preload software and cloud based storage has led to the removal of DVD drives and smaller hard drive sizes in some computers. Originally, the removal of DVD drives took place in models with smaller screen sizes but the trend is now making its way to many larger computers. The solution to this problem is the addition of an external DVD drive; but at what point in the future do you decide the DVD drive is no longer required? As for increasingly moving to the lower capacity, more costly SSD drives. While a smaller drive may not be an issue to some insured's, you may have others who will not find a 128gb SSD drive to be a suitable solution for their 500GB SATA hard drive. How will you address their needs

## TECH TIP

Just a few short years ago the *Netbook* was considered the savior of the computer industry. Today, the Netbook no longer exists!

# tech talk

NOV.  
2015



for increased storage? Will it be with an external drive, or a larger model that offers the increased drive size? The solution will most likely be specific to the individual insured.

In conclusion, new technologies are remarkable and exciting but when adjusting content claims, sudden and significant advancements can present some potentially difficult issues. It may not always be as straightforward as one technology replacing another. That is why having a replacement resource that truly understands the past and current technologies is vital. Finding a trusted expert, who can document and support the information and can speak with your insured to knowledgeably discuss technical questions or concerns is a substantial benefit to everyone involved in the replacement process. Finding accurate 'like kind and quality' replacement products, that meets the needs of both the insurer and the insured, is an indispensable service in keeping your company, and your customer satisfied.

This article is designed to provide you with an overview of questions for some of the most popular Equipment.

If you would like to receive expert help in developing a specific strategy for addressing this subject please contact the author Keith Green at 613-233-1508