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MODERN ALTERNATIVE TO GLOBAL COMPETITION

Today’s business world is mainly associated with fierce competition between different companies in the global market. In this case the word ‘competition’ means that consumers give best to one company in comparison with others. However, during the second half of the XX and especially XXI century intercompany cooperation moves to the forefront. Actually nowadays companies are increasingly turning to networks and alliances to access complementary knowledge and market resources. More specifically, the matter concerns strategic alliances first of all. They have developed from an option to a necessity in many markets and industries.

In general, there are several ways of defining a strategic alliance. Broadly speaking, strategic alliances are partnerships in which two or more companies work together to achieve objectives that are mutually beneficial. Among these objectives is the reduction of costs through scale effect or increased knowledge, entering new markets, improvement of research and development efforts and quality, access to new technologies, shared risk, common sources, acquisition of new customers and others.
Moreover, a strategic alliance is less involved and less permanent than a joint venture, in which two companies typically pool resources to create a separate business entity. In a strategic alliance, each company maintains its authority while gaining new opportunities. Strategic alliances are often formed in the global marketplace between businesses that are based in different regions of the world. In addition to this, companies may form strategic alliances with a wide variety of players: customers, suppliers, competitors, universities or divisions of government.

Variation in markets and requirements leads to an increasing use of strategic alliances. It is of essential importance to integrate strategic alliance management into the overall corporate strategy to advance products and services, enter new markets and leverage technology and Research&Development. Nowadays, global companies have many alliances on inland markets as well as global partnerships, sometimes even with competitors, which leads to challenges such as keeping up competition or protecting own interests while managing the alliance. So today managing an alliance focuses on leveraging the differences to create value for the customer, dealing with internal challenges, managing daily competition of the alliance with competitors and risk management which has become a company-wide concern.

On the whole nowadays the use of strategic alliances has become a major tool for businesses that are internationalizing their operations. Therefore, use of strategic alliances has expanded dramatically over the past decade, and their use will undoubtedly continue to increase as business world enters the 21st century.

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PLANNED OBSOLESCENCE – PRODUCTS DESIGNED TO FAIL

The aim of modern economy is to make us buy many unnecessary goods on credit. Today, the so called ‘economy of growth’ dominates in our society, the main point of which is not to stimulate the growth in order to satisfy consumer needs, but to grow just for growth’s sake. In fact, if customers don’t purchase goods, the economy simply wouldn’t grow. The planned obsolescence is based on the desire of customers to have something a little newer, a little better, a little more than necessary.

Where did the idea of the planned obsolescence come from?

Just imagine the bulbs you produce have already been shining for 24 years and all consumer needs in bulbs are about to be satisfied. And it actually means that your income will decrease very soon, and it’s clear that you are not going to put up with such a situation. Quite the same happened with the Shelby Electric Company in 1925 when they decided to decrease the life time of light bulbs from 2500 hours to 1000. It enabled the company to train consumers to buy earlier and more often so that they could receive extra-income. The producer all over the world took this strategy into account and later in 1932 it became known as the strategy of the planned obsolescence. And it should be said that the economists considered this strategy as a chance for ending the Depression.

What is the role the planned obsolescence in the promotion of goods?

This technology helps a company to increase the sales and minimize costs without any difficulties. It happens because of decreasing the time between purchases. Producers can easily mislead their customers who fondly think that goods are made with the latest innovative technology. Customers disappointed with the breakage of their ‘toys’ have actually no idea that they became another victim of the planned obsolescence. They run crying for the next ‘toy’ to the shop and the inevitable occurred – they buy a ‘new toy’ which is even much better than ‘the old one’. And after another breakage they take it for granted that they should buy a new thing. The most important in this ‘game’ is that all trumps are in the hands of produces. Innovation is applied in industry deliberately very slow. And it means that producers know in advance that their products are imperfect.