

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.

Did you not recently think about buying a new mobile phone / computer / car / clothes because your old one unexpectedly died or just because of this very cool new feature that you oh so badly need?

Producers deliberately change the style of their products to make consumers feel 'old-fashioned'. So they go for a new purchase without hesitation. In this case we deal with aesthetic obsolescence.

The most vivid example of it is the strategy of Apple inc. Twice a year the company presents new modified devices focusing on their products style. Millions of consumers are ready to buy a new device immediately only because it is NEW, no matter what characteristics it has and how much time has passed since they bought the previous model. So for some people it's very hard to see that their friends have more 'advanced version' whereas they have an old one. And unfortunately we all are involved in such processes.

But what is the main disadvantage of the planned obsolescence?

Everything would be perfect but, obviously, to produce more you need more resources. And resources are limited. Nowadays, it's a common tendency to ignore the resource exhaustibility while using the technology of the planned obsolescence. To recycle and produce renewed goods you also need more energy and more materials. What is more, obsolete products are dumped which leads to increasing of the environmental pollution. The recipients of such types of products usually become the Third World countries which don't even complain about unfavorable ecological conditions. And doubtless, this method is very convenient for developed countries.

The problem of the planned obsolescence is known to exist. And since we have the human mind, often capable of doing great things, it probably won't be superfluous, once again, to turn to him for help.

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THE ALIBABA PHENOMENON

On its way to becoming the world's biggest economy, China is passing another landmark. Its e-commerce market is overtaking America's. And one giant firm dominates the market: Alibaba, by some measures already the world's largest e-commerce company. Moreover, this Chinese Web behemoth is set for the biggest IPO in U.S. history – and could transform the landscape of online retail as we know it.

Unless you're in the supply chain business, few are likely to have heard of it before. Think of it as a company that is a combination of eBay and Amazon. Alibaba's