

negative company's image. To add to foregoing limitations, the distribution of flyers and street advertising are often prohibited by law in certain areas. It means that certain customers will be unreached.

DM is a common practice all around the world and can take any forms: from face-to-face selling to online marketing. For example, Mary Kay and Avon use face-to-face selling, Burger King uses online marketing contacting with customers though mobile web site, Otto uses catalogue marketing sending catalogues of clothes to customers. But it is necessary to clarify that the majority of corporations use DM combined with conventional marketing. For example, Dell Computers uses TV, newspaper and magazine advertising as well as mail and online marketing. As for DM in Belarus, it is used in a less degree than conventional marketing techniques. Generally, DM is applied by internet-shops, for example Lamoda.by and Wildberries.by.

To make a conclusion, DM practice has both benefits and drawbacks. That's why when a company makes a decision to use DM, it should be ensured DM is an appropriate method for the product or service being promoted. It is necessary not to overdo with it, combining DM with not less effective instruments of conventional marketing in the right proportion.

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BEHAVIORAL ECONOMICS: WHAT DRIVES OUR CHOICES?

Behavioral economics (BE) studies the effects of psychological, social, cognitive, and emotional factors on the economic decisions of individuals and institutions and the consequences for market prices, returns, and the resource allocation. Behavioral economics is primarily concerned with the bounds of rationality of economic agents.

There are several theories in BE, that help us understand, why we make these or those certain decisions. One of them is the idea of Bounded rationality. It tells us that often people behave irrationally because they do not have the information they need to

make a decision and our thoughts must be understood relative to the environment in which they evolved. Decisions are not always optimal. There are restrictions to human information processing, due to limits in knowledge or information.

Another important domain of BE introduces a time dimension to human evaluations and preferences. This area acknowledges that people are biased towards the present and poor predictors of future experiences, value perceptions, and behavior. According to time-discounting theories, which refer to the tendency of people to discount rewards as they approach a temporal horizon in the future or the past, present events are weighed more heavily than future ones.

The BE uses dual-system theory to explain why our judgments and decisions often do not conform to formal notions of rationality. System 1 consists of thinking processes that are fast, automatic, experience-based and relatively unconscious. System 2 is more slow, controlled and analytical. Judgments influenced by System 1 are rooted in impressions arising from mental content that is easily accessible. System 2, on the other hand, monitors or provides a check on mental operations and overt behavior—often unsuccessfully. Many heuristics and cognitive biases studied by behavioral economists are the result of intuitions, impressions, or automatic thoughts generated by System 1. Factors that make System 1's processes more dominant in decision making while System 2's processes tend to be enhanced when the decision involves an important object, has heightened personal relevance, and when the decision maker is held accountable by others.

According to social dimensions, BE assumes that humans don't make choices in isolation, or to serve their own interest. An important area of BE also considers social forces, in which decisions are made by individuals who are shaped by (and embedded in) social environments. Trust, which is one of the explanations for discrepancies between actual behavior and that predicted by a model of self-interested actors, makes social life possible and permeates economic relationships. While trust can make us vulnerable, and thereby reflects risk preferences, it may also be the result of social preferences. For instance, it has been linked to the concept of "betrayal aversion": people take greater risks when they are faced with a given probability of bad luck than

the same probability of being cheated by another person. However, the BE perspective does not consider humans to be more honest; rather, it takes a more social-psychological perspective by showing that dishonesty is not just about tradeoffs between external incentives (such as material gain) and costs (such as punishments). Dishonesty is the product of situations as well as both internal and external reward mechanisms, which often involves self-deception—the reframing of dishonest acts (e.g. not declaring all of your income to the tax authorities) in a way that makes them appear less dishonest.

To summarize, we would like to say that Behavioral economics (BE) is trying to change the way economists think about people's perceptions of value and expressed preferences. According to BE, our thinking is subject to insufficient knowledge, feedback, and processing capability. We also live in the moment, in that we tend to resist change, are poor predictors of future behavior. Finally, we are social animals with social preferences, such as those expressed in trust, reciprocity and fairness. If you are at least acquainted with behavioral economics you are able to be more sensible, more objective to the things you buy and the exact reasons you buy them for.

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PORTER'S FIVE FORCES IN THE BELARUSSIAN MARKET

Competition for all useful to man on our planet has transformed every aspect of living. Competitiveness has become the culture of entrepreneurs, organizations and nations, who deal with competition for success, resources, customers, space, time, opportunities, information, knowledge, education and technology.

Whether you are starting a new business or looking for more insight into your existing company's prospects, you probably have questions about the competition. One way to answer those questions is by using Porter's Five Forces model. Originally developed by Harvard Business School's Michael E. Porter in 1979, the five forces model looks at five specific factors that help determine whether or not a business can be