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**The Value Of Saving As A Lifestyle For Companies And Consumers:
The Ethical Role (And -Why Not?- The Suitability) Of Bottom Products**

Bottom Products As A Flywheel of a System To Fight Poverty, Save Environment And An Investment Opportunity For Eastern Europe Companies

INTRODUCTION

Environment protection and poverty fighting seem problems too heavy to be faced only with styles of production, marketing and consumption.

There are many aspects to work on , nevertheless, the probable turning point that the capitalism will face to save himself and the world, will pass necessarily through a reduction of consumption in industrialised countries.

In these last years, we saw everywhere an unjust consumption growth, with the tendency to widen poverty and to excessive environmental exploitation, both parts of a vicious circle (1).

The political answers, above all from free-trade-oriented regimes, are all of short period: lowering fiscal pressure, boosting consumption, lowering competition among companies to improve production. They convince the poorest consumers to buy more, in order to give oxygen to the market, boosting companies, even the less efficient ones. The result is the increase of the concentration of the wealth.

The dualism between public welfare, favoured by high consumption, and private welfare, favoured by saving, is due to confusion between two different viewpoints: that of short and of long period. In the short period, high consumption makes economy and consumers euphoric, but it's a fictitious advantage: inequalities increase. Moreover, environment will hinder the system to be perpetually renewed .

It is difficult to remove from our way of thinking the idea of infinite development. The expansion of the consumption simply avoids the problem of the wealth distribution, producing new wealth even less fair.

1.THE NEW ECONOMY BLUNDER

New economy rises from the hypothesis that business with more future gaining ability has greater value, in other words, they can discount on the stock market a part of their future value.

But financial markets are unreliable and emotional: these companies were over-valued, with devastating effects. One of the greater errors, however, was to attribute this future increase of value only to technology investments. The future changes of consumers thinking have not been estimated, even if the signals of these changes are more and more perceptible. For this reason we are convinced that the true new economy is made of companies that will satisfy the new requirements of consumers lifestyles.

Besides doing investments in technology, in the long period, companies shall contain production costs, both economic and environmental, to face a less rich market (the populations of the emerging countries and the new poor in the western world). But it will not be enough: it will be necessary to face the increasing demand of moderate consumption, of environment safeguard and social equity. So, not only diminish the environmental impact

before the product, but even the products usage. Producing sophisticated objects, with little performances, but with more quality.

2. THE BOTTOM PRODUCTS

Just the quality concept seems to be disappeared from the dictionary of the western consumers. In these markets, the only pointer of a product is the performance. There is no more space for the duration, the reliability, the economy of use, the structural simplicity and of utilisation. How did it happen? Companies are trying to go on niches of more and more high segments, in order to acquire bigger margins and to catch up more prestige. Therefore consumer requirements are amplified, and the perceived inflation grows. This created an artificial market, in which you can find only sophisticated and not repairable products. Besides, these items are subject to the planned obsolescence that provokes the social uneasiness in those who uses old models. All that leads to the need for substitution, that generates refusals and uses more and more resources. But consumers sensitive to the values of the equality and the environment are many and many, searching less wasteful lifestyles .

The segment of bottom products, that is to say the lowest segment of the range of goods, answers to these pushes, so it can be a great flywheel of this "new economy".

They are simple, few pieces composed, strong, sturdy and mendable products. The food is possibly fresh, without transformations. The methods of preservation are natural, of low-energy consumption.

They are almost disappeared from western markets due to trust agreements between companies searching more profitable segments.

Trusts, is known, are illegal. But they are also weak: they leave remarkable holes in the lowest range of products, so they render investments, usually of small size, immediately suitable.

Eastern Europe's companies are particularly favoured in this sector, because they already answer to this consumption standard.

The features that make the bottom products an excellent business opportunity for the companies are:

low production costs;

low investments, due to existing or out-of-date production plants;

low prices entice consumers;

low prices don't require high advertising costs;

low prices fight poverty;

real product simplicity allows to protect environment;

reparability and duration educate the responsible consumers;

by now, wide areas of consumers are ready to buy goods of this segment. Many people are environment-and-poverty sensible, but forced to wrong purchasing by the above mentioned trusts;

it can be a first, concrete and cheap step towards an economy not-based on consumerism.

We must not to literally intend the low price: the concept that must regulate the actions of the operators is long period economy: buying poor products at a low price is not always economic. For this reason, low price not always imply ethical behaviours. The bottom products segment future will avoid:

- production surplus, whose purchase rewards incautious production plans;
- imitation, counterfeit or substitute items, that is products simulating others, but with poor materials and often with kids job exploitation, both for production and distribution;
- single-use items, in which electronics are pushed to the excess to save on production costs, with high faultness and absolutely not mendable.

3. THE ROLE OF COMPANIES

What is the best behaviour for companies in the near future?

The consumer shall be more and more moderate, and the market must offer him this possibility. The bottom segment of products should not be overestimated: at the beginning

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it will be little points percent of the market, growing in the next years. However, the number of customers is by now interesting.

The rules to follow are few, and must be adapted with common sense on occasion and area:

- occupy the niches of bottom products, with minimum packaging, low prices, simple products;
- design durable goods in order to be mendable, promoting little companies taking care of repair, sale and technical support of used items;
- import products from countries where the lifestyles and consumption models are moderate. Not items designed to be sold in western markets, but the same things used by local people;
- use a part of the communication to the education for responsible consumption: emphasise the innovation of bottom products, conjugating savings with environment safeguard.
- Following these rules has many effects:
 - a likely commercial success: interesting gaining with low investment and communication;
 - the certainty of being a tool of capitalism self-ruling, element of an irreversible trend;
 - a smaller impact on environment;
 - greater stability to low economic cycles: in depression, in fact, medium segments of market have strong decreases, while top and bottom niches are stable;
 - a stimulus to responsible consumption, creating less dissatisfaction in the lower classes and therefore a greater impulse to fight the poverty.

4. THE ROLE OF CONSUMERS

It is not necessarily true that responsible consumption is expensive: thanks to bottom products it can also be suitable. The structural simplicity of products allows savings at purchase, the reparability guarantees savings in the long term. Quality of the product improves quality of the life.

We have only to change a little our approach to purchases:

- durable goods must be chosen for their environmental compatibility: therefore consumers shall pay attention to simplicity, reparability, duration, quality of materials and environmental production cost. Performances, sophistication and energetic consumption must be minimum. Under the same conditions, choose the segment of lowest price;
- clothes must be chosen for quality of materials and their duration. Fashion sensitive consumers must identify a channel for the sale of their own used clothes;
- consumption goods must be without or with minimal packaging. Choose most possible environment friendly production cycles, like organic farming, and human dignity respectful, like the fair trade. Higher cost will be balanced by minimum transformation: it is less expensive cooking at home than in factory;
- Buy products identifying social groups (the status symbol) only if really necessary.

This behaviour has immediate and real consequences in these fields:

1. we can give our contribution to environment safeguard in our daily life;
2. social justice upstream, respect for all the actors of the productive row that leads to the final product;
3. social justice downstream: moderate consumption contributes not to create fake and artificial models of consumption that increase dissatisfaction and poverty;
4. personal suitability: a healthier life, economic advantages, less work and time to enjoy the family. The real nature of well-being.

5. THE ROLE OF PUBLIC ADMINISTRATION

Bottom products segment is a self starting process, so it does not need any public aid. But in a second stage, it will be necessary to supervise to protect this virtuous transformation of the economy. This task attends public local, national and supranational agencies, and is of greatest importance for the overcoming of this critical economic phase and the beginning of a sustainable system. It will consist:

- in boosting virtuous technologies and behaviours;

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- in discouraging single-use technologies ;
- in communication and solicitation of sustainable lifestyles;
- in orienting consumption to the refusal for single-use items;
- in hardening environmental laws;
- in promoting the market and the repair of used items: small enterprises could therefore be born.

The tools to obtain these results will be essentially:

- fiscal: prizes for good behaviours and additional taxes for bad ones;
- public expense: investments to support the economy, communication to promote good lifestyles, projects and funds to reconvert currently not environmentally-safe companies;
- laws to favour products labelling for environment and fight against poverty;
- because of forecasting strong resistances and reactions by trusts and multinationals there is a need for a strong no-trust law.

It looks like the need of resources and authority of Public Administration is heavy. The passage to a sustainable economy requires a strong state, of Keynesian type.

This fights with present trends to create a light state, leaving the markets free. But even the wilder free-traders know that market requires competition. An efficient State, careful in resources management, without wastes, but also a strong State, really in a position to orienting economy: this is necessary for a painless passage to a sustainable economy.

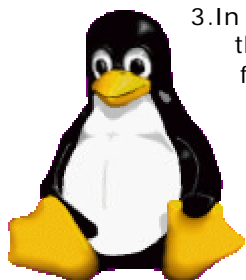
6. EXAMPLES OF SUCCESS OF BOTTOM PRODUCTS SEGMENT

Trust agreements create large holes in the catalogue and intentional confusion in the communication makes them invisible. The dissatisfaction of customer is invisible the same way. Therefore, multinationals and trusts leave a big side uncovered to the assault of innovative companies, finding a considerable market without effort.

Last and recent history in Italy is full of examples:

1. In the early 90s an agreement between advertising, producers of commodities and large distribution cancelled from supermarkets shelves the basic products. It was a sweet invitation for the invasion of the hard discount. This new type of distribution, promoted by northern European groups, is specialised in selling basic items, in the sector of commodities and groceries. Thanks only to oral communication between customers, it conquered immediately a considerable market share. Efforts in refilling the low shelves of the traditional distribution was ineffectual: great part of that customers did not return any more.

2. In the early 1980s Giugiaro and Fiat designed Panda, an absolutely essential car, of great productive simplicity and cheap maintenance. After a starting hesitation of market, it was replaced by a fashion version, more traditional and abundance of plastic and electronics. Public was not ready for such a brave initiative, perhaps communication did not underlined enough the long period economy and the eco-efficiency of the product. But the project was valid, and its current presence (after 23 years!) in the Fiat catalogue testifies that.



3. In the information technology there is a great challenge between Microsoft and the world of Open Source, a battle that the Redmond firm did not expect to face (and probably to lose), having eliminated all the competitors. By now, in fact, a computer equipped with the last version of Windows can hardly compete with the most recent Linux realisations, and customers are realising it. The Open Source is a philosophy of software production, aiming to maximum information circulation. Each programmer and each software house put in the net the source codes of their own programs, at everybody's disposal and free. They are already paid for those programs, so there is not a real interest in copyrights. But everybody can use those source codes to start his work. So, the challenge is between a strong group of

able programmers (Microsoft), and the rest of the world. The concentration upon a single operator created a hole, and a plurality of little companies succeeded in the challenge with the giant.

Following the outline of the previous case histories, here are some cues of new activities:

- in the field of the groceries consumer goods the next frontier can be micro-shops selling foreign countries products for foreign people. They mostly are dehydrated, unpacked and preservable products. They must be proposed with a label of ethnic and organic farming products, better the fair trade ones. There is an immediate base of foreign customers, subject to an increase;
- following their crazy technological research, car producers transfer their assembly lines in the East or third world, where they continue to produce honourable models, adapted to the requirements of the poor countries, more repairable and sturdy than before. It would not be difficult to adapt these models to the requirements in terms of safety and pollution of western countries: it would be possible to offer affordable, mendable, eco-efficient and economic cars. Also new models, adapted to survive in difficult conditions, are available, in shapes and segments absolutely new in western markets (e.g. Photograph 3). For greater budgets, it is a good choice to fill up the holes with new-concept city cars (Photograph 4);
- due to the possibility offered by the Open Source, one can collect, repair and regenerate used calculators, provide them with suitable programs and sell them. For greater budgets, it is possible to produce or to import new out-of-date computers, which are simple, sturdy and repairable, to supply them with software adequate to their performances and to sell them to the companies as economic and environmentally-safe items.



7.CONCLUSIONS

The segment of bottom products , correctly interpreted, is virtuous from the ethical point of view, with a great appeal for companies, and convenient for consumers. Immense areas of consumers are by now ready to buy goods of this segment, and trust agreements leave large undefended holes in the lower range. These facts make investments immediately suitable in these segment. It can be a first, concrete and economic step towards an economy not based on the infinite expansion of the consumption.

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