

Peculiarities of consumer behavior and their impact on life quality

Peculiaridades del comportamiento del consumidor y su impacto en la calidad de vida

Peculiaridades do comportamento do consumidor e seu impacto na qualidade de vida

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Abstract

The work features the relevance of the consumer behavior in the Russian economy and their impact on the life quality analysis. The research base on the Russia official statistical data and authors calculations. The authors reviewed a significant number of foreign studies on the life level and quality, as well as the study of consumer behavior. The authors conclusions are consistent with the results of international research teams. Factors that have a significant impact on consumer spending in the Russian economy, such as: cities population density, the access to services, the infrastructure development, a reduction (delay) in the salaries payoff – are singled out. Household consumer behavior in the Russian economy trends are shown, such as: the consumption rationalization, the constant expectation of higher food prices, an increased interest in e-commerce. A conclusion was drawn on the creation of favorable conditions for the development of import substitution in Russia.

Keywords: consumer behavior; life quality; economic development; household; state regulation; retail trade, per capita income.

Resumen

El trabajo presenta la relevancia del comportamiento del consumidor en la economía rusa y su impacto en el análisis de la calidad de vida. La base de investigación son los datos estadísticos oficiales de Rusia y los cálculos de los autores. Los autores revisaron un número significativo de estudios extranjeros sobre el nivel de vida y la calidad, así como el estudio del comportamiento del consumidor. Las conclusiones de los autores son consistentes con los resultados de los equipos internacionales de investigación. Los factores que tienen un impacto significativo en el gasto de los consumidores en la economía rusa, como la densidad de población de las ciudades, el acceso a los servicios, el desarrollo de infraestructura, una reducción (retraso) en el pago de salarios, se destacan. Se muestra el comportamiento de los consumidores domésticos en la economía rusa, como: la racionalización del consumo, la expectativa constante de precios más altos de los alimentos, un mayor interés en el comercio electrónico. Se llegó a una conclusión sobre la creación de condiciones favorables para el desarrollo de la sustitución de importaciones en Rusia.

Palabras claves: Comportamiento del consumidor, calidad de vida, desarrollo económico, casa, regulación estatal, comercio minorista, renta per cápita.

Resumo

O artigo apresenta a relevância do comportamento do consumidor na economia russa e seu impacto na análise da qualidade de vida. A base de pesquisa é os dados estatísticos oficiais da Rússia e os cálculos dos autores. Os autores revisaram um número significativo de estudos estrangeiros sobre o padrão de vida e qualidade, bem como o estudo do comportamento do consumidor. As conclusões dos autores são consistentes com os resultados das equipes internacionais de pesquisa. Fatores que têm um impacto significativo sobre os gastos do consumidor na economia russa, tais como a densidade populacional das cidades, o acesso aos serviços, o desenvolvimento de infra-estrutura, a redução (atraso) no pagamento de salários, destacam-se. Ele mostra o comportamento dos consumidores domésticos na economia russa, tais como: a racionalização do consumo, a expectativa constante de preços mais altos dos alimentos, um interesse maior no comércio eletrônico. Chegou-se a uma conclusão sobre a criação de condições favoráveis para o desenvolvimento da substituição de importações na Rússia.

Palavras-chave: Comportamento do consumidor, qualidade de vida, desenvolvimento econômico, moradia, regulação estatal, comércio varejista, renda per capita.

Introduction

Currently, the relevance of the changes in consumer behavior in the Russian Federation research is due to the fact that structural and economic changes in the world and Russia lead to the transformation of consumer behavior models. These changes are reflected in a wide range of economic processes with a certain time lag. An analysis of the consumer behavior characteristics in the Russian economy and their impact on the life quality will make it possible to identify factors, significant for household consumer spending decision making. In the future this will allow to improve a number of economy state regulation measures.

The life level and quality raising problems are studied by scientists from different sides (Absalyamov et al., 2017). Thus, Rockwood conduct research on the development and evaluation of the psychometric measurement of the life quality scale associated with public health (Rockwood et al, 2000). The World Health Organization (WHO) defines the life quality as "the perception by individuals of their position in life in the context of the culture and value systems in which they live, and in relation to their goals, expectations, standards and problems" (The WHOQOL Group, 1995). New tools for assessing the life quality are being developed, such as the Satisfaction With Life Scale (SWLS) (Ed Diener et al, 2010).

However, despite the fact that foreign authors study the quality of life mainly in the context of health, some authors argue that there are compelling reasons for carefully delineating the notions of health and quality of life (Michalos, 2017).

Also, at present, the number of works that aim for the economic development and life level and quality indicators relationship study is increasing. The results of such studies show that in the long run, economic growth improves subjective well-being, when social confidence does not decrease, and in richer countries when income inequality diminishes (Mikucka et al, 2017). However, such a policy is likely to cause opportunistic behavior on the part of participants in economic relations (Kundakchyan & Grigoryeva, 2016), which must be taken into account at the stage of elaborating public policy measures (Yakovleva et al, 2016).

Consumer behavior is an important part of a household's life. In some studies, it is argued that the explanation of consumer behavior is rooted in the concept of marketing. It is noted that, for example, Islamic consumer behavior has significant distinctive features related to cultural factors (Adnan et al, 2017). Therefore, consumer behavior can be treated as a very complex category, the cross-cultural analysis of which is of considerable interest (Timokhina & Wagner, 2017).

There are many theories that describe the mechanisms of perception and processing of information by a person when making a consumer choice (Peterson & Kerin, 1979). It has been proven that explicit recognition of situational variables can significantly increase the ability to explain and understand the behavioral actions of consumers (Belk, 1975).

At the same time, some authors emphasize the analysis of precisely the personal value that the consumer's choice brings to a person (Vinson et

al, 1997). This corresponds to the real state of affairs but makes it even more difficult to resolve issues related to consumer behavior.

In these conditions, it is necessary not only to study in detail the mechanisms of interrelation between economic and social development, but also to formulate a system of scientifically based recommendations on instruments for influencing household consumption behavior, and to develop measures to improve the life quality at the regional level. Realization of these tasks is possible with the help of targeted state programs that should facilitate the implementation of indicators of a long-term strategy for improving the life quality, including forecasts of the demographic development of the city, the republic and the country as a whole.

Materials and Methods

The chain of logical reasoning is constructed within the framework of the main provisions of the evolutionary school of economic theory. In addition, the methods of scientific abstraction, analysis and synthesis, the approaches of system analysis were used.

The sources of information were monographs, scientific articles and other publications in periodicals and scientific collections, Internet resources, etc. The information base of the research was made up of official statistics of the Federal State Statistics Service of Russia and its

regional offices in the regions, reference documents of ministries and departments of the Russian Federation and Republic of Tatarstan, regulatory and legal materials, author's calculations and personal observations.

Results

In addition to such factors as changes in incomes and rates of economic development, the density of the population in cities, access to services (Bhatti et al, 2017), etc., also affects the standard of living. However, the change in income appears to us to be the primary factor, since it stipulates the possibility of purchasing goods and services to meet the needs and increase the utility of households. Therefore, in this paper we focus specifically on the impact of this factor on changes in the demographic situation in Russia.

Over the past three years, the trend of the consumer market in Russia was primarily determined by the ongoing economic crisis. In this regard, the population consumer potential reduction is the main trend, since the end of 2014. As early as 2014, real per capita incomes have decreased by 0.8% compared to 2013. In 2015 and 2016 years real incomes fell respectively by 4.0% and 5.9% compared to the previous year. In the first half of 2017, real incomes dropped by an additional 1.4% (Table 1).

Table 1. Indicators of real income per capita

Index	2011	2012	2013	2014	2015	2016	2017 (1st half)
Retail trade turnover	7,0	6,3	3,9	2,5	-8,1	-4,8	-0,5
Real income per capita	0,5	4,6	4,0	-0,8	-4,0	-5,9	-1,4

Source: Report on the Russian economy, 2016

According to the polls, numerous respondents noted a reduction or delay in wages during this period (Figure 1). The decline in consumer potential has determined almost all other consumer trends of the last three years, the

second of which was the consumption rationalization. Simplifying, it showed the population practicality of choice and the desire to save on everything.

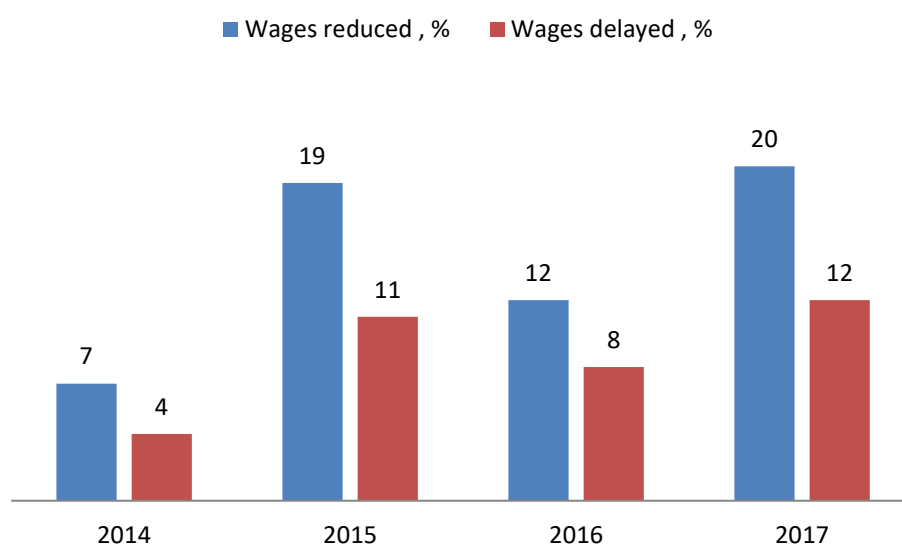


Fig. 1. Wages reduction and delay

First of all, it was expressed in the refusal of previously planned purchases. This is noted by $\frac{3}{4}$ of the respondents. The price sensitivity of Russians has increased as a result of the demand-price elasticity. According to the All-Russian poll, consumers often declare that they are ready to give up large purchases, jewelry, travel, hiking in bars and restaurants, buying cars and real estate. In addition, for the first time, consumers' request for savings in "inelastic" categories of goods and services, such as mobile communications, transport, everyday goods and even utilities, increased in 2017. More than 85% of the population are in constant expectation of higher food prices. For the first time in the crisis, food

consumption decreased: in 2016, the volume of purchases in kind decreased by 1.3% compared to 2015. In 2017, the trend to reduce consumption slowed. Nevertheless, in a number of significant categories, the volume of purchases continues to decline.

At the same time, it should be noted that the share of Moscow and the Moscow region in the retail trade turnover of Russia is 22%, and the rest of the region accounts for 78% of all retail trade. Moscow accounts for more than 1/5 of the gross added value of all regions of Russia. In the structure of household consumption by subjects of the Russian Federation, differences are also observed (Table 2).

Table 2. Households consumption per Russia Federation regions

Region	Spending (per capita/month), p	Index, %				
		food	clothes and footwear	appliances	healthcare	hotels, cafes, restaurants
Moscow City	28358,7	28,6	11,2	7,6	2,8	6,0
Arhangelsk reg.	17468,6	31,9	10,7	6,2	3,0	3,7
Volgograd reg.	14987,4	30,2	8,3	5,9	4,3	4,1
Stavropol reg.	12268,0	32,8	9,8	5,4	4,3	3,1
Perm reg.	14416,9	31,2	7,5	6,5	3,5	3,6
Tyumen reg.	12835,8	43,8	10,1	6,3	3,0	0,4

Saha Republic	21172,4	31,4	9,9	5,2	3,5	2,0
Krasnoyarsk reg.	17420,7	30,4	8,6	6,2	3,5	2,0

Source: was compiled by the authors on the basis of the Russia FSSS data

Table 2 presents data for Moscow and largest (in terms of consumer spending) region from each Federal District. The structure of consumer spending reflects the general patterns in accordance with the Engel curves. For example, in the Tyumen region, where food accounts for more than 43% of expenditure, the expenditures share for services (hotels and restaurants, health care) is lower than in other regions of the Russian Federation.

Among the formats of modern trade, the greatest growth is still demonstrated by discounters. Fast growing Internet trading offers more flexible prices, convenience of delivery and a wide range of goods. In 2017, the share of Internet buyers increased to 30% compared to 25% in 2016. Mobile trading and, accordingly, mobile applications develop exponentially. This is due to the smartphone users and the communication packages with mobile Internet growth.

The Russian audience is adequately equipped with the world-level modern technical devices. The growth of the Russian mobile Internet user audience in 2016 amounted to 6 million people. By early 2017, 56 million Russians aged 16 years used the mobile Internet: smartphones and

tablets (46.6% of the total audience). On this wave, there is a further growth and expansion of the online shopping audience.

It has long been proven that the pleasure of shopping and the perceived usefulness of the store's website strongly influence the buyer's intention to return (Koufaris, 2002), thereby determining in part the consumer's behavior.

Thus, the trend of rationalization and practicality of consumption manifests itself in the rejection of planned purchases, savings and strict planning of purchases of food, purchases of cheaper goods in the same category, search for profitable transactions and purchases for discounts and promo-actions. As a result, the share of promo among packaged consumer goods in the first half of 2017 increased to 21.6% of total sales. In the sector of household appliances and electronics, the share of goods with a discount of more than 10% was 23% in pcs.

But even in these rather "overcast" conditions, consumer sentiment is gradually beginning to improve. If in February 2016, the consumer sentiment index was only 69 points on a 200-point scale, then in June 2017 it rose to 104 points and has been in the positive zone for half a year (Table 3).

Table 3. The consumer sentiment index dynamics

Year															
Index	2013	03.2014	11.2014	03.2015	06.2015	09.2015	11.2015	02.2016	04.2016	07.2016	09.2016	11.2016	02.2017	04.2017	06.2017
Russia	113	102	95	74	90	87	87	69	80	85	91	92	100	102	104
City	112	102	95	72	90	86	87	69	80	86	89	91	98	100	104
Village	115	103	92	79	90	91	88	68	79	83	94	95	105	107	105
Moscow	124	114	109	64	83	94	82	62	102	90	97	93	107	104	114

Source: Report on the Russian economy, 2016

It is worth noting that, in general, the Index rose due to consumer expectations (110 points), and

not due to high estimates of the current state of the economy and its own finances (97 points). Of

the other hand - by June 2017 fewer people began to say that the crisis affected them personally (Figure 2).

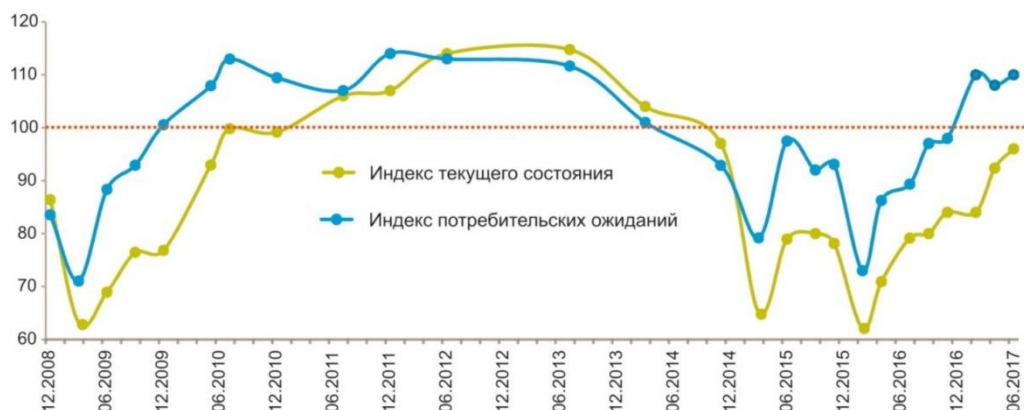


Fig. 2. The current state and consumer expectations index

Another consumer trend was the consumer patriotism intensification. The western sanctions only strengthened the Russians in the “we will live without them” opinion, focusing the consumption efforts on internal market. Policy of import substitution on store shelves noticed 66% of Russia's population. The level of approval

of such a policy remains high for the last three years and in June 2017 it was 74% of Russians. In addition, 71% of the respondents favored goods produced in Russia and only 3% - reacted negatively (Figure 3). In general, 80% of the population believe that Russia is developing in the right direction.

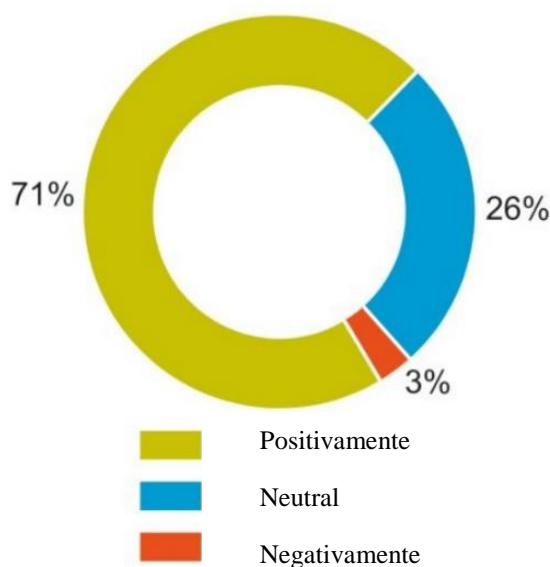


Fig. 3. Attitude to the goods with Russian origin

If we compare the above-described global and Russian consumer trends over the past three years, we will see that global trends are stronger

determined by increasingly refined consumer behavior, while Russian trends are largely shaped by the impact of crisis consumer behavior.

Discussion

However, the crisis does not mean that Russia stands apart from the mainstream of the consumer society. International trends are manifested in Russia quite brightly, as well as all over the world, however, the decrease in the consumer potential of the population leaves its imprint on their implementation.

Thus, the most obvious recent trend for ordinary buyers has been a steady rise in prices. The fastest growing products. The decrease in people's incomes is called the main factor of the consumer demand reduction. The number of people with incomes below the subsistence level increased. These three major changes have caused major shifts in the goods and services consumption.

Experts noted the contribution to the crisis of retail sanctions in the form of an embargo imposed in 2014 on food imports from many countries around the world. Prices grew due to economic sanctions against Russia, an increase in the cost of raw materials and fluctuations in the exchange rate. The economy mode makes the population choose not only cheap goods, but also cheaper stores. Traditional marketing moves in retail chains are discounts, bonus programs, promotions when buying goods. More and more people prefer online store services. The number of problems facing the retail networks continues to grow. Very noticeable is the economic situation, when retail chains are forced to leave the market due to unprofitable and low purchasing power, and, most importantly, that no one takes their place. In 2015, the ruble depreciated by an average of 37.4% in nominal terms against the US dollar, while oil prices fell by 47%. Meanwhile, as a result of the devaluation of the real effective ruble exchange rate by 16.5%, imports decreased by 25.7%, which led to an almost twofold increase in the current account surplus in relative terms to 5.2% of GDP. The main task for entrepreneurs is to keep the business and survive in the current situation. In earlier crises, people sought to buy products in markets and fairs, thus, the decline in trade turnover slowed. Now there was a stable position to refuse casual purchases.

To save profitability in conditions of a decrease in the level of consumer demand can be due to the creation of new, less expensive services for customers, expanding the range of cheap products, increasing marketing activity, changing the working conditions with dealers, and livelihood.

Thus, the Russians have adapted to the crisis by applying savings strategies, becoming more practical and more efficient. And, although the mood began to improve, crisis thinking firmly settled in the minds of consumers. Against the backdrop of the general increase in fears that occurred in 2017, the manifestations of the crisis were less and less worried about individuals with higher education, as well as residents of Moscow and St. Petersburg. Having higher incomes and opportunities to increase them (primarily in the labor market), these groups more successfully adapted to the new economic conditions and felt more confident. On the contrary, workers and villagers turned out to be in a less favorable position. Individuals who assess their financial situation as "bad" and "very bad", as well as having difficulties with the purchase of food and clothing, all economic problems seemed more obvious.

This is in general consistent with the results of studies conducted in other countries. Thus, T. Kautonen, E. Kibler, M. Minniti (Kautonen et al., 2017) study how the transition from organizational employment to entrepreneurial activity affects the level of income and the life quality of a person. Some researchers note the importance of creating opportunities for entrepreneurs to engage older people in order to address some of the social issues. Nevertheless, according to T. Kautonen, to date, we lack knowledge about the benefits that the transition to entrepreneurship at the end of a career actually brings to people. However, the idea is interesting and can be considered as a measure of regional policy.

In addition, as noted by S. Christakopoulou, J. Dawson, A. Gari (Christakopoulou et al, 2001), it is important to measure a subjective assessment of the personal safety of households, the role of informal interaction in the economy, the spirit of the community, the adequacy of the income received, attachment to the place. This will allow more flexible selection of measures, demographic programs and social policy for sustainable social and economic development (Kundakchyan & Zulfakarova, 2014).

Conclusions

Thus, the decrease in real incomes of the Russian population has determined virtually all other consumer trends of the last three years. Substantial imbalances in the structure of consumption of households in various subjects of the Russian Federation are identified.

As a result of the analysis, the following factors are identified, which, from our point of view, have the greatest influence on making decisions about the magnitude of consumer spending by households in Russia:

- population density in cities, access to services;
- infrastructure development;
- reduction or delay in payment of wages.
- The results are:
- fertility decrease (delaying family planning for the future);
- consumption rationalization;
- a constant expectation of higher food prices;
- the consumers demand for saving in "inelastic" categories of goods and services increase;
- interest in e-commerce and the purchase of goods through the Internet increase;
- consumer patriotism strengthening, which creates the basis for a successful increase in the volume of import substitution.

As a result, an analysis of statistical data on the Russian economy shows that Russians have adapted to the crisis by applying savings strategies, becoming more practical and more efficient. And, although the mood began to improve, crisis thinking firmly settled in the minds of consumers.

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