

Marketing

УДК 336.71

**Bratko Oleksandra**

*Associate Professor*

*Ternopil National Economic University*

**Myhal Oksana**

*PhD, Associate Professor*

*Ternopil National Economic University*

**Blazhey Iryna**

*Postgraduate of the*

*Ternopil National Economic University*

## **CONSUMER BEHAVIOR TRENDS IN UKRAINE UNDER RAPID TECHNOLOGICAL CHANGE**

***Summary.** Positive dynamics of consumer behavior is an important condition for economic stability. It is based on various economic and non-economic factors that require regular monitoring for a quick response to potential changes. The well-timed response to the transformation of consumer behavior allows companies to more effectively pursue a marketing policy, satisfy more needs, and increase competitiveness. This problem is particularly relevant given the large-scale globalization processes and the economic and political changes that accompany Ukrainian society today. The purpose of the article is to identify the main trends in consumer behavior in Ukraine. In this article we analyzed the tendencies of Ukrainian consumers when making a choice in a process of purchasing a product or service and then determined the key focus on their own desires. Also, both in Ukraine and at the global level, there is a tendency towards a decrease in the level of loyalty to trademarks and a growing distrust towards*

*advertising, but the tendency towards the cheapest products is not determined. The research identified the main sources of information about products and services which consumers use. In particular, due to the growing popularity, the sources of consumer information on the Internet are considered in more details. The development of Internet technologies has influenced the emergence of a sharing economy, which shows a change in consumer attitude not only towards purchase points, but also towards actual purchases. The survey for which motivation is chosen as the key psychological factor influencing consumer behavior showed that the main buying motives for Ukrainians are their own benefits and benefits for society. The dynamics of the Index of Consumer Sentiment in Ukraine showed a positive increase in the expectations of Ukrainians in connection with future presidential elections, but an absolute majority of citizens believe that Ukraine is in crisis situation and therefore rationalism and thriftiness have become the main changes in Ukrainian consumer behavior.*

**Key words:** *consumer behavior, consumer expectations, digital technologies, green market, purchase decision, sharing economy, trend.*

**Statement of the problem.** Current unstable economic and political situation throughout the world, globalization processes dynamics and openness of markets, rapid technological development, as well as the change of generations create the basis for the emergence and development of new trends in consumer markets and directly in consumer behavior.

In recent years consumer behavior is becoming increasingly important, because it is a measure of the social status of customers, their cultural development. It is also determines and forms certain market segments, determines the general state of market demand and stimulates the development of production and trade. Knowledge of modern trends in consumer behavior enables businesses to more effectively develop practical tools for establishing close contacts with their customers, understand the motives and values which consumers follow when

shopping and, consequently, increase the profitability and competitiveness of their business.

**Analysis of recent researches and publications.** Many well-known marketing and psychology researchers considered the problems of consumer behavior in their works. Kotler and Keller [9] emphasized the great importance of the analysis and interpretation of consumer behavior to gain competitive advantages for the manufacturers and sellers. Backhaus et al [1] focused on the importance of consumer behavior study given that the decision-making process is the most significant stage in the occurrence of transaction.

Considering the numerous definitions of consumer behavior, presented in the scientific economic literature and comparing these definitions among themselves, we can conclude that the most widespread interpretation of consumer behavior is "an activity aimed directly at receiving, consuming and disposing of products and services, including decision-making processes that precede these actions, accompany them and follow them" [4; 13].

According to Radkevych and Luhovska [15], consumer behavior is a set of standard features and indicators that determine the choice of the need and the action to put it into material form through the purchase of goods or services. In addition, based on the etymology of the concept of "consumer", consumer behavior describes a complex of two possession types: characterological (the use as the meaning of life - negative character) and existential (the use is a rational desire for self-preservation). Yasav [19] called digital technology as the determining factor of modern consumer behavior which can attract new shoppers to a brand, and result in greater loyalty from existing customers.

**Formulation purposes of article.** The purpose of the article is to identify the main trends of consumer behavior in Ukraine.

**Methodology and research methods.** The survey covered 300 respondents aged 16 to 65 years over the time period from October 2018 to February 2019. This survey was intended to determine how consumer priorities

have changed when choosing a place to get information about the desired product or service, and, while paying attention to the previously processed information, according to which the growing influence of digital technologies was seen, identify the most important places for consumers to collect information about a product or service on the Internet. Also, for in-depth research, content analysis of information obtained from secondary resources was conducted, which includes researches of the Ukrainian consumer behavior during the period from 2015 to 2019. That enabled a more substantive analysis of the changes that accompany the behavior of consumers in Ukraine. Consumer researches are relevant for relatively short periods of time, depending on the rate of change in consumer behavior under the influence of technological progress, and need constant monitoring to identify possible changes in the shortest terms in order to be able to respond effectively.

**The main material.** Consumer behavior is the basis of market economy paradigm and the key to economic growth regardless of the model that the government offers. The value of the consumer behavior research is confirmed by the fact that in the GDP structure of Ukraine, consumption is the main element on which the largest part of all costs, incurred for the corresponding year by economic entities, falls [18].

We determine consumer behavior as a process of finding and choosing the right product or service by the customers to fulfill their tastes, needs and desires. The effectiveness of a satisfied need is evaluated by repeated purchases, and in the case of an unsatisfied need, the process of acquiring necessary product is being restored.

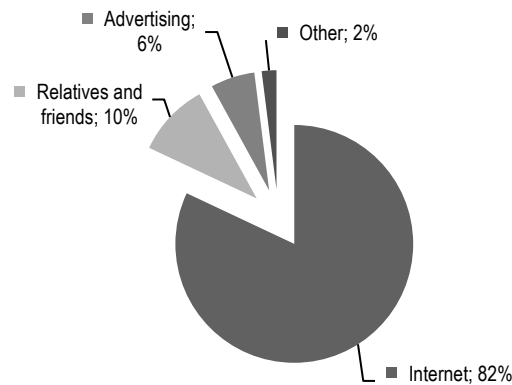
Consumer behavior is formed by the influence of many external as well as internal factors of the person's environment. Among the external factors it is necessary to indicate a purchasing power of the population, an economic situation in the country, culture, traditions, a social status and a technological progress. Among the internal factors, characteristics of a people's personalities, their tastes

and preferences, motivation, perception, assimilation and beliefs should be highlighted.

These factors and their influence led to the emergence of a new type of the modern consumer. New consumers are characterized and distinguished by new needs, their new hierarchy, modified positions, new preferences and new aspirations in the consumption process. A consumer of the new era is an independent personality, heavily engaged, who searches for information, and simultaneously emphasizes his individuality in all manifestations of market or consumer activity. This consumer portrait is typical for Ukrainians as well.

According to most experts, Ukrainians have become thriftier in recent years. The number of spontaneous and emotional purchases has decreased by a third or even by a half. With the worsening of the economic situation and the decline in purchasing power, Ukrainians began to trust less in brands and advertising but also began to rely on recommendations from relatives and acquaintances as well as on their personal experience in the products purchase [10].

The customer behavior is also largely determined by technological changes, especially the rapid spread of digital technology. This impact affects both ways of searching for information about products and purchase methods. So, according to the results of our interviews and internet surveys among Ukrainian users about sources of information concerning goods or services which could meet their needs (the sample of respondents was 300), respondents' opinions were divided as follows (Fig. 1):

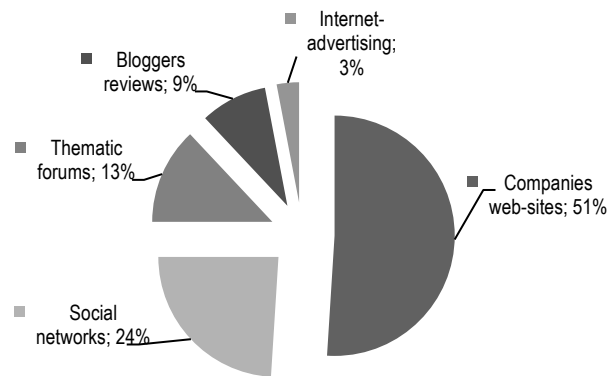


**Fig. 1. The main sources of consumer information about products**

*Sources:* compiled by authors on the basis of the research data

As can be seen from Figure 1, Internet is the main source of information for Ukrainian consumers (82% of respondents). 10% of the respondents indicated that they mostly rely on the opinions of their friends, relatives and acquaintances when searching for the necessary information. 6% of respondents are guided by various kinds of advertising – advertising on TV and radio, outdoor advertising, point of sale advertising, radio advertising, etc. And only 2% of respondents indicated that they often rely on the opinion of sellers, consultants and experts in a particular field when searching for the necessary information about goods or services.

The following answers were received from respondents to the question about the use of specific information sources on the Internet. As can be seen from Figure 2, 51% of the respondents are looking for information on specialized companies' web-sites (those are online-stores or their own products web-pages) where they can find detailed information about certain products. Consumers often leave feedbacks on products in online-stores which significantly facilitate the choice for other customers.



**Fig. 2. The main sources of information for customers on the Internet**

*Sources:* compiled by authors on the basis of the research data

24% of respondents are accustomed to search the necessary information on social networks in specialized groups and thematic accounts. 13% of the customers visit special forums to find the necessary information, where they can discuss the advantages and disadvantages of certain products with other customers. 9% of customers are guided by the opinions and suggestions of well-known bloggers and often make purchase decisions based only on their recommendations. And only 3% of respondents indicated that they pay attention to various types of Internet-advertising that informs them about new products in the market.

Although today in Ukraine offline purchases are still dominated online purchases, the number of users who use the Internet and mobile gadgets for the purchase of a product is steadily increasing. This is evidenced by the results of special research on the benefits of purchase points, according to which 22% of respondents indicated that they prefer to buy online, while 52% of respondents buy goods equally online or offline. However, among interviewed, 16% prefer offline stores, and 10% of respondents still do not decide how it is more convenient for them to shop [2].

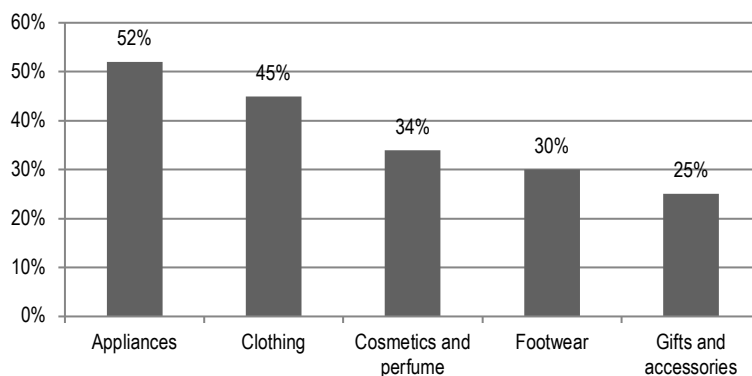
According to the recent research, over the past year 65% of online buyers made 5 to 20 purchases through the Internet, and 18% - more than 20 purchases. The most active online buyers in Ukraine were Kiev region residents. The

proportion of men and women in online shopping is almost equal: men - 48%, and women - 52%. It was also noted that people with complete higher education aged 26 to 35 years most often buy something through the Internet.

Quite traditionally men buy equipment much more often, whereas women choose clothes, accessories and cosmetics. If before the age of 25 buyers prefer wardrobe items, then people of the 26-35 age category are mostly interested in smartphones, video equipment, children's goods and spare parts. People from 36 to 45 years old buy household appliances, sports and garden equipment.

Consumers spend an average of 1515 UAH a year for purchases on Ukrainian websites, while the spending for purchases on foreign sites is about 1290 UAH a year [14].

It has been identified the most popular categories of products that are most often bought on the Internet (Fig. 3):



**Fig. 3. Products that are most often bought online by Ukrainian customers**

*Sources:* compiled by authors on the basis of [14]

Although, according to other sources, clothing will gradually replace household appliances on leading positions at goods online shopping [8].

Generally, such customer trends are similar to global ones. So, according to research conducted by Hootsuite [6], in world's largest online stores most of the money - \$ 408 billion - customers spend on clothing, \$ 359.4 billion - on electronics, \$ 341.5 billion - on toys, household goods and hobbies, \$ 225.5 billion



- on furniture and crockery, 138.8 billion - on food and self-care products, 52.5 billion - on videogames, and 11.2 billion - on online-music.

In Ukraine, videogames and music are bought much less often through the Internet. Moreover, there are other categories of goods that Ukrainians practically do not buy online, for example, food, medical products, building materials and furniture [12].

The spread of Internet technologies has also contributed substantially to the changes in the attitude of people towards property and the emergence of a "sharing" economy in the world. More and more people instead of buying products for possession use common ownership as a way to get certain goods and services. Ukrainians are actively involved in this process. There are projects which are based on the principles of common ownership in Ukraine. For example, Dressboom is a startup that allows people to share clothes, Give me a Lift is the analogue of BlaBlaCar which provides transportation services, etc. Thus, Ukrainian customers not only change traditional shopping points, but also confirm the trend of the changing customer attitude.

The online survey was conducted in order to identify the main motives that guide people in Ukraine, and the following results were achieved. It was found out that the main motives for most consumers are first and foremost their own benefit (82% of respondents) and responsibility to society (62% of respondents).

Given the worldwide expansion of the "green" goods market, this trend needs to be further examined in Ukraine as well. At the moment environmental issues are one of the key in the global dimension, to which almost everyone can bring their positive contribution. In this case, consumers want to feel this social unity, the ability to improve both their own lives and the lives of other people which agree with the above-mentioned main motives that influence the choice of consumers. According to a conducted survey, 67% of consumers in Ukraine say that they are ready to buy "green" products, even if they will be a bit more expensive (35% - fully agree, 32% - partially agree), which is very similar to the

opinion of European consumers - 75% in the EU expressed readiness to purchase "green" goods (28% and 48% respectively). However, quite a large share (9%) of consumers cannot take a clear position on this issue, while in the EU the share of such consumers is only 2% [17]. This indicates the need for further development in this area in order to create a clearer consumer motivation and obtain additional opportunities.

Index of Consumer Sentiment (ICS) is a leading indicator of trends in the consumer market which is used all over the world. This is a predictive indicator of a potential change in consumer demand in subsequent periods. In Ukraine, the ICH research takes GfK Ukraine (Consumer Research Society) - the Ukrainian research company incorporated into the GfK Group.

The index value may vary from 0 to 200. The value is equal to 200 if all citizens are positively evaluating the economic situation. The index is 100 when the shares of positive and negative ratings are the same. The index value is less than 100 if negative evaluations prevail in society [14]. If we consider the ICS indicator by the age categories, then in Ukraine, traditionally, the most optimistic is the youngest group (16-30 years), and the worst consumer mood is in the oldest group (60 years and older).

More detailed information about the ICS dynamics in Ukraine is presented in Table 1.

*Table 1*

**Dynamics of the Index of Consumer Sentiment in Ukraine  
(target audience 16+)**

| Month, year | Index of Consumer Sentiment (ICS) | Current Position Index (CPI) | Economic Expectations Index (EEI) | Unemployment Expectations Index (UEI) | Inflation Expectations Index (IEI) | Devaluation Expectations Index (DEI) |
|-------------|-----------------------------------|------------------------------|-----------------------------------|---------------------------------------|------------------------------------|--------------------------------------|
| 01'19       | 65,7                              | 62,3                         | 67,9                              | 128,9                                 | 183,0                              | 151,5                                |
| 12'18       | 62,2                              | 60,3                         | 63,6                              | 134,0                                 | 186,6                              | 158,4                                |
| 01'18       | 59,5                              | 57,5                         | 60,9                              | 139,2                                 | 185,3                              | 167,0                                |

*Sources:* compiled by authors on the basis of [7]

Generally, according to the data of the InfoSapiens research, the Index of Consumer Sentiment of Ukrainians in January 2019 returned to the maximum level of 2018, which was recorded in June 2018 [7]. The growth of the Index of Consumer Sentiment in January is linked to optimistic expectations from the presidential election, as shown by other Info Sapiens researches, as well as wage growth in December 2018. In December 2018, the real wage index almost returned to the pre-crisis level of December 2013. At the same time, despite the improvements in the financial situation over the past 6 months and expectations for economic development in the coming year, expectations about the future income dynamics and the willingness of consumers to make large purchases, according to research, remained at the level of December.

After all, an absolute majority of Ukrainians continue to believe that the country is in a state of crisis, at the same time the number of people who think so has increased – 95% in the first quarter of 2018 compared with 93% in the fourth quarter of 2017. At the first and second places in the list of concerns of Ukrainians still are worries about the growth of utility rates and war – 28% and 29% of consumers are concerned about this, respectively. The key concern is also health care. It is followed by such causes of distress as the state of economy and the rise of food prices.

Those who are left with funds after spending on basic necessities spend free money on new clothes (31%), make savings (27%), and entertain outside the home (21%) [8].

**Insights from this study and perspectives for further research in this direction.** So, the analysis of consumer behavior in the Ukrainian market has shown the existence of certain trends, which are formed under the influence of both external and internal factors. Among the main changes of Ukrainians life are the rationalism in the goods purchase and thriftiness, which are connected with negative expectations of consumers regarding the economic development of Ukraine.

The next trend is caused by the rapid spread of digital technologies and means an increase in the number of consumers who are searching for information about products and services on the Internet, especially on specialized websites of companies and in social networks. Digital technologies also shifted accents in purchase points. Despite the fact that off-line purchases remain dominant, there is a trend towards an increase in the number of consumers using the Internet and mobile gadgets for making purchases. There is also a gradual change in types of ownership of Ukrainians. There are few representatives in the field of "sharing" economy. Along with personal gain as the main motive for customers in the purchase process, there is also an increase in the number of searches for "green" products, although it has not yet been determined as a certain tendency in Ukraine.

Therefore, further research of consumer trends can achieve knowledge and timely adaptation to allow companies better meet the needs and expectations of customers, which will guarantee them a strong and competitive position on the market.

### **References**

1. Backhaus, K., Hillig, T. & Wilken, R. (2007). Predicting purchase decision with different conjoint analysis methods // *International Journal of Market Research*, 49 (3). 341-364 [in English].
2. Digdata [2018]. Omnichannel & Customer engagement: shcho brendam potribno znaty pro onlain pokupku ukrainsiv u 2018 rotsi? [Omnichannel & Customer engagement: what brands should know about online purchases of Ukrainians in 2018?]. Digdata Marketing Researches. Retrieved from: <https://digdata.com.ua/index.php/omnikanalnist-ta-vzayemodiya-zi-spozhyvachem-shcho-brendam-potribno-znaty-pro-onlayn-pokupky-ukrayintsiv-u-2018-rotsi-infohrafyka/> [in Ukrainian].
3. Edelman (2018). Brands Take A Stand. Edelman Earned Brand Global Report. Retrieved from:

- [https://www.edelman.com/sites/g/files/aatuss191/files/2018-10/2018\\_Edelman\\_Earned\\_Brand\\_Global\\_Report.pdf](https://www.edelman.com/sites/g/files/aatuss191/files/2018-10/2018_Edelman_Earned_Brand_Global_Report.pdf) [in English].
4. Eide, B. (2013). Consumer Behavior Theories – Purchasing Organic Food. Thesis. Aarhus University: Department of Business Administration [in English].
  5. GfK (2019). Spozhyvchi nastroi v Ukraini, hruden 2018 [Consumer Confidence in Ukraine, December 2018]. GfK Ukraine. Retrieved from: [https://www.gfk.com/fileadmin/user\\_upload/dyna\\_content/UA/001-Press-Releases-2019/20190131gfk\\_rel\\_cci\\_dec\\_18\\_ukr.pdf](https://www.gfk.com/fileadmin/user_upload/dyna_content/UA/001-Press-Releases-2019/20190131gfk_rel_cci_dec_18_ukr.pdf) [in Ukrainian].
  6. Hootsuite (2019). Digital 2019: Global Digital Overview. Dateportal Digital 2019 Reports. Retrieved from: <https://datareportal.com/reports/digital-2019-global-digital-overview> [in English].
  7. InfoSapiens (2018). Spozhyvchi nastroi v Ukraini [Consumer Confidence in Ukraine]. InfoSapiens Research Agency. Retrieved from: [https://sapiens.com.ua/publications/socpol-research/58/CCI\\_Jan19\\_PR\\_UKR\\_v5.pdf](https://sapiens.com.ua/publications/socpol-research/58/CCI_Jan19_PR_UKR_v5.pdf) [in Ukrainian].
  8. Isobar (2018). Isobar Ukraine Digital Overview. Isobar Ukraine. Retrieved from: <https://www.slideshare.net/adproisobar/isobar-ukraine-digitaloverviewjune2018englishedition> [in English].
  9. Kotler, P. & Keller, K. (2011). Marketing Management (14<sup>th</sup> edition). London: Pearson Education [in English].
  10. Kuzmuk, O. M. (2015). Osoblyvosti instytutsionalizatsii spozhuvchoi povedinky v ukrainskomu suspilstvi [The features of institutionalization of consumer behavior in ukrainian society]. Naukovo-teoretychnyi almanah "Hrani" - Scientific and theoretical almanac "The Edge", 3. 68-71 [in Ukrainian].
  11. Macdonald, E. K. & Sharp, B. M. (2000). Brand Awareness Effects on Consumer Decision Making for a Common, Repeat Purchase Product: A Replication. Journal of Business Research, 48. 5–15 [in English].

12. Nielsen (2017). Pokupky onlain v 2016 rotsi ochyma spozhyvachiv I shcho zminylos za 5 rokiv [Firsthand buying online with consumers and what has changed over 5 years]. Nielsen Connected Commerce Insights. Retrieved from: <https://www.nielsen.com/ua/uk/insights/news/2017/online-shopping-for-web.html> [in Ukrainian].
13. Oke, A. O., Kamolshotiros, P., Popoola, O. Y., Ajagbe, M. A. & Olujobi, O. J. (2016). Consumer Behavior towards Decision Making and Loyalty to Particular Brands. *International Review of Management and Marketing*, 6 (54). 43-52 [in English].
14. OLX & GfK (2019). OLX i GfK: chto pokupali ukraintsy v internete v 2018-m [OLX and GfK: what Ukrainians bought through the Internet in 2018]. Ukrainian Retail Association. Retrieved from: <https://rau.ua/ru/analytics/olx-gfk/> [in Russian].
15. Radkevych, L. A. & Luhovska, I. A., (2012). Formuvannia povedinky spozhyvacha v marketynhovo-orientovani strukturi upravlinnia pidpryemstva [Formation of consumer behavior in the marketing-oriented structure of an enterprise management]. *Torhivlia I rynek Ukrainy - Trade and Market of Ukraine*, 34. 59-66 [in Ukrainian].
16. Research & Branding Group, (2018). Na chem ekonomiat ukraincy [What Ukrainians are saving on]. Research & Branding Group, Ukrainians opinion. Retrieved from: <http://rb.com.ua/blog/na-chem-jekonomjat-ukraincy/> [in Russian].
17. Resource & Analysis Center "Society and Environment" (2018). Ekolohichniy portret hromadianyna Ukrainy: porivniannia z ES ta rekomendatsii [Environmental portrait of Ukraine's citizen: comparison with the EU and recommendations]. An ecologically conscious citizen as the key to the successful implementation of the Association Agreement. Retrieved from:

<http://www.rac.org.ua/uploads/content/485/files/envprotraitandeu2018.pdf>

[in Ukrainian].

18. Shkvarchuk, L. O. (2015). Suchasni tendentsii spozhyvchoi povedinky naseleattia [Modern trends in consumer behavior of the population]. Visnyk Natsionalnoho universytetu "Lvivska politechnika". Lohistyka - Proceedings of the Lviv Polytechnic National University. Logistics, 833. 124-130 [in Ukrainian].
19. Yasav, S. (2015). The impact of digital technology on consumer purchase behavior. The Journal of Financial Perspectives: FinTech, 3 (3). Retrieved from: [https://www.ey.com/Publication/vwLUAssets/ey-the-impact-of-digital-technology-on-consumer-purchase-behavior/\\$FILE/ey-the-impact-of-digital-technology-on-consumer-purchase-behavior.pdf](https://www.ey.com/Publication/vwLUAssets/ey-the-impact-of-digital-technology-on-consumer-purchase-behavior/$FILE/ey-the-impact-of-digital-technology-on-consumer-purchase-behavior.pdf) [in English].