Transformations of Consumer Behaviour In The "New" Economy

Трансформация Потребительского Поведения в Условиях Формирования «Новой» Экономики

Abstract

The aspects of the "new" economy development at the macro level and in individual companies have been addressed in the works by leading researchers (G.B. Kleiner, D.E. Sorokin, M. Castells, P. Himanen). However, the usual focus is on producers and not substantially on the transformations of consumer behaviour while changes in consumer motivations and behaviour factors transform producer patterns.

The purpose of this paper is to establish the trends, motives, and factors of consumer behaviour in the emerging "new" economy and to analyse their influence on the Russian economic potential in implementing its major technology development priorities. Considering the above purpose, the paper addresses the following objectives: major aspects of the "new" economy are identified and profiled; key transformations of consumer markets in the world and in Russia are analysed; Russian consumer patterns are analysed; strategic ways to improve the competitiveness of Russian companies are substantiated, considering transforming consumer behaviours.

The main methods of the study include the statistical, comparative, dynamic, coefficient, and structural research methods. The trends in consumer behaviour are identified, including the intensifying influence of...
moral, informational, technological, and intellectual principles.
The paper analyses the sources and factors of consumer behaviour under the consistent implementation of information, technological, and innovation activities. The logical link is established between consumer behaviour and the competitiveness of companies. It is pointed out that most major companies in developed economies focus their competitive efforts not on inherent but rather acquired competitive advantages, such as intellectual and technological factors. This reflects the consumer focus on aestheticisation, symbolisation, informatisation, standardisation, humanisation, technologisation, and ecologisation of product consumption. Given the above trends, capital, as a production factor, gives way to information, knowledge, and intellectual capacities.

**Keywords:** consumer behaviour, "new" economy.

**Introduction**

Modern economic trends have led to intensifying competition in the global market. Amid this outlook, advancing the competitiveness of a national economy largely depends on numerous developmental aspects, specifically, social, political, technological, and communicational, both at the national level and across individual regions. Moreover, the level and quality of most constituents of national competitiveness on the global scale are largely driven by the scientific and technological capabilities, being, in turn, determined by the willingness of economic entities to operate in the context of post-industrial production methods. The leading role in the post-industrial technological wave is played by new technology, resources, production patterns, capital, marketing, drivers, and other elements shaping competitive advantages at the micro and macro levels.

The post-industrial technological phase is understood as a specific technological paradigm reflecting certain specific patterns. Firstly, innovation becomes a key source of competitive advantages of high-rank industrial companies. Secondly, economic technologisation at the macro level creates the multiplication effect showing in rapid and significant growth of economic value added. Thirdly, at the post-industrial stage, technology emerges as a driver
and resource of economic growth rather than a production method. Fourthly, competitive advantages become global rather than local and shape the company’s global competitiveness.

The above aspects require that industrial companies should pursue a more detailed and in-depth approach in advancing their competitive advantages driven by innovation and in identifying the priorities of technological development to discover their competitive potential.

The turn of the 21st century was marked by a transformation of consumption as a result of a new global trend toward the establishment of global socioeconomic space. The information revolution has caused fundamental change across all phases of social reproduction, including the consumer segment.

A major transformation happened in exogenous conditions increasingly shaping the pattern, structure, and intensity of economic activities. The most visible effect of the emerging “new” economy is the digital transformation of socioeconomic processes spanning intellectual, innovation, information, moral, and post-industrial principles (Veselovsky et al., 2017). Transformation processes in economic and social development are discussed in works by various authors, particularly, D.S. Lvov, I.V. Manakhova, Yu. Osipov, G.B. Kleiner, D.E. Sorokin, M. Solomon, K.A. Khubiev, V.N. Cherkovets, T.B. Erokhina, K.V. Antipov, etc. (Castells & Himanen, 2002; Manakhova, 2014; Solomon, 2007; Stallworth, 2008; Sorokin, 2015; Jones, 2014).

Methods

The methodological basis of the study included innovation and strategic management theories and the theory of business model technologisation. The main method was the comparative analysis of consumer behaviour trends. The logical and historical methods helped to track the evolution of key competitive advantages of companies. Coefficient and statistical analyses were employed to study the change of key socioeconomic and innovation development indicators in Russia and developed economies.

The comparative analysis helped to identify the specifics of consumer behaviour in Russia compared to other nations. The structural method was used to substantiate priorities in economic activities, considering major trends in consumer behaviour supporting the competitive growth of industrial companies driven by innovation.

Results

Amid the current global economic transformations, socioeconomic systems are largely driven by the interdependent processes of informatisation, computerisation, globalisation, and ecologisation. Such transformational processes exert direct influence on the development of new models of reproduction processes (production, exchange, and consumption). The transformation of public production and consumer behaviour is influenced by the active operation of modern communication systems supporting the intensifying global integration and lending new quality and dynamics to the mechanisms of the preceding industrial civilisation.

Globalisation and intensifying informatisation change the lifestyles of people nearly everywhere in the world. The observed blurring of the borders, tighter time parameters, and increased spatial density transform living environment not just for humans, but also for animals and plants. It is all due to globalisation and informatisation. Such processes take place along with growing global financial and economic risks, social tensions, and the decline of national cultural traditions shaped by generations. As all countries are moving toward globalisation and information societies, each of them develops their own socioeconomic and cultural models (2018 Russia Consumer Insights Survey).

The new developmental stage of socioeconomic systems is characterised by a number of stable and significant trends showing differently in different countries. Such trends include: internalisation, intensification, and technologisation of production; focused regulation of socioeconomic processes; expansion of the borders and scope of exchange; unprecedented speed and volume of information; stronger and more complex social relations; tighter time parameters and greater spatial density, showing in shorter life cycles of products and services; spreading of ethical consumption principles; strengthening of ties between people, nations, and civilisations; internationalisation of consumption.

For a closer look and more in-depth analysis of the transformation processes in production and consumption, consider the forms of the "new" economy as shown in Figure 1.
Thus, despite the multiple forms and definitions of the “new” economy, there is clear complementarity and mutual relations between them. The comprehensive view of the “new” economy comprises the post-industrial, intellectual, innovation, information, and moral forms of socioeconomic relations in the processes of production, exchange, and consumption. The above-mentioned changes appear as a logical consequence and show with different intensity in all economies.

Consider next the main forms of the “new” economy as shown in Table 1.

### Table 1.
*Description of principal forms of the "new" economy.*

<table>
<thead>
<tr>
<th>Forms</th>
<th>Description</th>
<th>Consumer behaviour patterns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information form</td>
<td>Modern civilisational stage characterised by the dominant role of creative work and information products</td>
<td>Virtualisation and technologisation as primary qualitative characteristics of consumer behaviour</td>
</tr>
<tr>
<td>Innovation form</td>
<td>Type of economy driven by innovation and constant technological progress</td>
<td>Growing choice of products and services, making decision-making more complex; the period of moral wear is shorter than the period of physical wear</td>
</tr>
<tr>
<td>Intellectual form</td>
<td>Economy driven by knowledge and information, which are not constrained, exhaustible, or consumable in a traditional sense</td>
<td>Potential to change the consumer value of a product through the efforts and intellectual input of the consumer; Development of creative approaches in consumer behaviour</td>
</tr>
<tr>
<td>Moral form</td>
<td>Rational and humanistic principle of the modern economy</td>
<td>Withdrawal from socially-hazardous products and services, conscious restraints against the law of elevation of needs, development of environmentally-friendly consumption</td>
</tr>
<tr>
<td>Post-industrial form</td>
<td>Economic profile dominated by knowledge-related services, such as business and professional services</td>
<td>Expansion of demand for services, primarily intangible services</td>
</tr>
</tbody>
</table>

*Source: Developed by the authors.*
Thus, the "new" economy describes a complex of highly-efficient industries using intellectual and information resources, advanced innovation technologies and internet solutions. The above forms of the "new" economy are not contradictory but are rather tied to a common principle of dominating intellectual capacity, information, and technology. The modern structure of national wealth reflects a sharp increase of extra-economic components, such as physical and mental health, culture, communications, and environment. All the above together transform consumer behaviours.

The global prerequisites of consumption transformation in the development of the information economy are laid out in Table 2.

<table>
<thead>
<tr>
<th>Characteristics of the emerging information economy</th>
<th>Characteristics of consumer behaviour transformation</th>
</tr>
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<tbody>
<tr>
<td>Development of information and communication technologies</td>
<td>Contraction of the consumption process</td>
</tr>
<tr>
<td>Expansion of information technologies in the consumer segment</td>
<td>Growing complexity of consumer decision-making with wider ranges of alternatives</td>
</tr>
<tr>
<td>Technological innovation diffusion</td>
<td>Expansion of consumption space</td>
</tr>
<tr>
<td>Growing share of consumer services in value added</td>
<td>Accelerated moral wear with below-capacity physical use</td>
</tr>
<tr>
<td>Declining production costs and advanced pace of transaction costs due to</td>
<td>Customisation of consumption with maximum adjustment to consumer preferences</td>
</tr>
<tr>
<td>the information component</td>
<td>Qualitative change and diversification of consumer demand</td>
</tr>
<tr>
<td>Virtualisation of socioeconomic processes</td>
<td>Informatisation of consumption as a result of technology application</td>
</tr>
<tr>
<td>Emergence of global financial and economic risks</td>
<td>Enhanced access to quality products and services for consumers irrespective of the</td>
</tr>
<tr>
<td>Qualitative and quantitative growth in the methods of consumer impact</td>
<td>geography</td>
</tr>
<tr>
<td>Acceleration of reproduction processes</td>
<td>Integration of traditional marketplaces in the online environment, development of</td>
</tr>
<tr>
<td>Information asymmetry</td>
<td>virtual consumption</td>
</tr>
<tr>
<td>Production and consumption of information product</td>
<td>Complexity of product and service quality assurance</td>
</tr>
<tr>
<td></td>
<td>Change of consumer tastes and preferences is driven by the newly established quality</td>
</tr>
<tr>
<td></td>
<td>of goods and information, which is a specific kind of good; such good does not</td>
</tr>
<tr>
<td></td>
<td>become extinguished but is subject to processes of becoming outdated, which helps to</td>
</tr>
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<td></td>
<td>engineer demand</td>
</tr>
</tbody>
</table>

Source: Developed by the authors based on the source (Manakhova, 2014).

Thus, the development of the digital economy causes significant transformations in consumer behaviour. In the "new" economy, they result from processes such as the intellectualisation, standardisation, servicisation, ecologisation, technologisation, humanisation, aestheticisation, civilisation, and virtualisation of consumption.

The transformation of consumer behaviour is to a great extent influenced by the development of the digital economy and information and communication technology. Certain specific trends are observed in the process of such transformation. Thus, various types of consumer activities become more intellectualised. The trend shows in the growing role of the intellectual component in the marketing processes of products and services and in the information saturation of the market primarily resulting from the growing complexity of products and services. The rising complexity comes with intensified flow and accumulation of greater volumes of information, intellectual input, and knowledge in production and circulation.

According to G.B. Kleiner, the intensifying intellectual component in the value of goods would lead to the cognitisation of products, making them "clots" of knowledge. It will come on top of product and service individualisation.
and development of numerous product options enhancing consumer qualities and adapting them to individual preferences, which are constantly changing. In other words, the technology and innovation profile of products and services will be rising (Kleiner & Rybachuk, 2016; Kleiner & Rybachuk, 2019).

Amid the development of the digital economy, as basic needs get satisfied, non-price competition comes to the forefront (trademark, convenience of consumption, design, style, novelty, diversity of options, quality). Product life cycles also get shorter, which speeds up innovation (product, technology, managerial innovations, etc.) and it becomes continuous (Skorobogatykh & Musatova, 2018).

Another significant trend in the observed consumer behaviour is the humanisation of consumption, showing as withdrawal from socially-hazardous goods (tobacco, drugs, weapons) and services (organ trafficking, prostitution, etc.) (Pivovarova & Ustinova, 2015).

Thus, the characteristic aspect of social consumption of values is due to regard for public and moral attitudes instead of only focusing on the consumer value. This means withdrawing from the acquisition of products and services posing hazard to people and society in general. This trend will intensify, as it corresponds with crucial social values and underlies the development of the moral economy.

Notably, the "new" economy registers an opposite movement. On the one hand, previously unique products are gradually transitioning toward the mass market. On the other hand, previously mass items become unique and adapt to individual tastes and preferences. This creates a social basis for the innovation economy governed by the concept of producing low- and mid-range innovative products and services.

This creates the so-called symbolisation in consumption. As consumers buy what used to be unique products, they significantly improve their living standards and self-esteem. As they buy unique products that used to be mass range, they buy symbols, in a nutshell. The value of symbolic products reflects the emphasis on continuity and generational ties and consumers' emotional wellbeing. As a result, modern enterprises face rising time costs related to the development of the symbolic component as opposed to technical and technological product improvements.

The diversification of consumer demand drives structural change in the total consumption toward a greater share of intangible (banking, insurance, information) services. In other words, there is the servicisation of demand. In turn, it is specifically these intangible services that embody the trends toward social and economic informatisation. Given their specifics on the consumption side, they, in turn, shape the specifics of demand as well (Mesropyan, 2017).

Today, the consumer of an intangible service is immediately engaged in its provision, i.e., it acts as a co-provider. Owning the functions of setup, plug-in, and specifications by selecting from a range of options, the consumer contributes intellectual and labour (productive) effort into service provision.

Therefore, the process of consumption of intangible services requires that the customer shows high intellectual potential and capabilities of self-development and self-training. It reflects the fact that modern intellectual, information, and banking services leverage advanced technology and technical innovations and their implementation largely relies on the consumer's abilities to adopt such innovations.

Therefore, the abilities of self-development, self-training, and adaptation in consumption become the key factors driving demand for products and services of the digital economy. In contrast to the standard model of "requirement – need – demand", a new sequence arises, "need – solvency – ability to adapt". There may be a fourth condition, namely, the ability of self-development and self-training. Therefore, to have access to new advanced products and services today, consumers have to demonstrate strong educational and intellectual profile and steadily pursue self-training and self-development.

Alongside the described processes, the standardisation of consumption is observed, taking the form of stereotypisation of consumer preferences under the influence of imposed social values. This advances the interests of producers and fosters the promotion of certain brands and trademarks. More efficiently, efforts should target social, rather than individual, attitudes.

The ecologisation of consumption is another crucial feature of the modern market. It emerges as a consumer focus on careful environmental attitudes, specifically waste reduction and recycling efforts, opting for products and
services based on “clean” production technologies. Modern consumption becomes more environmentally-friendly and resource-efficient. The ecologisation of consumption is closely tied to social consumption. Modern society develops new values based on the concept of ecologisation of consumption and the following principles:

1) reusing things;
2) recycling products;
3) cutting down on packaging with a focus on its further use after product consumption.

Environmental issues have had such a significant impact over the global society that it gave rise to a new movement – “social ecology”. Broadly, it targets the harmonisation of the relationship between society and the environment. In this aspect, the term “ecology” emerges in a new sense, relating to the development of a new worldview and a system of values and priorities in human activities. This also sets new ways to address environmental problems, namely:

1) environmental education, primarily for children and teenagers;
2) development and implementation of a government environmental policy emphasising the restoration of a sound living environment and charting a strategy and tactical mechanism for its implementation considering the actual needs and capabilities of the planetary ecosystem (humans, animals, plants);
3) development of environmental legislation at the mega, macro, and regional levels;
4) institution of environmental management at the public and corporate levels and communicating its major principles to the public and employees;
5) featuring the ecologisation of production among the indicators in statutory corporate reports;
6) enhancement of training in environmental management and environmental legislation;
7) performance of environmental and social investment. Such investment primarily targets improvement in the quality of life as opposed to increasing the gross social product.

Consumer pattern transformation also shows in its aestheticisation. Aestheticisation emerges in the development of creative consumption, i.e., creative approaches in consumer behaviour. There are several reasons behind it. Firstly, mundane attributes, interior items, and consumption get transformed as creative artistic objects (art house, art design). Besides, wide audiences of consumers, as they choose their style in clothes, appearance, and interiors (gothic, high-tech, modern, etc.), aim to create a specific aesthetic project of their daily life. Such aesthetic project appears as a sort of projection for the future around an aesthetic element to harmonise and synchronise all life processes. Another reason behind the aestheticisation of consumer behaviour is the expansion of projecting one's future professional, social, and private life (Nozdrenko, 2018).

In daily life, the aestheticisation of consumption increases the individual value of products and services by generating and exploiting consumer surpluses in the artistic and aesthetic form.

An important point is the prevalence of international products and services in consumption. The development of digital technologies erases spatial borders (Veselovsky et al., 2017). This results in a growing share of consumption falling to products by major corporations operating in nearly all markets in the world. In any country, people use the same products, mostly, designed in the wake of technological progress.

Another modern trend in consumer behaviour is the virtualisation of consumption, showing in the satisfaction of human needs mediated by computer technology (Belk, 2017). The terms “virtual needs” and “virtualisation of consumption” emerged due to the active use and advance of digital technologies not only in production but in people's daily life as well. One of the first researchers to analyse the problems of the virtualisation of consumption was K.V. Antipov (Antipov, 2009). As he observes, more opportunities to meet virtual needs emerge with advances in the scientific and technological progress, labour productivity, and improved efficiency of material, intellectual, and digital production. The above qualitative changes in consumer behaviour are summarised in Table 2.
Therefore, the consumer behaviour theory is developing and expanding, driven by global civilisational processes characterised by active expansion of innovation, advanced digital and production technologies, careful environmental attitudes, regard for traditions and religions of other peoples.

These phenomena and processes in consumer behaviour should be considered in the development, production, and promotion of traditional and new products, as well as organisation of advertising and stimulation system.

**Discussion**

Specifics of consumer patterns of Russians The period of market transformations shifts people's focus toward mostly current needs and...
away from long-term priorities. The customary thinking, particularly, among the youth, is living day to day. The shift in basic values is cardinaly changing the structure of consumer demand and consumption. Consider next the trends in the monetary income usage structure between 1991 and 2018 in Russia, as laid out in Table 3, according to the Russian Federal State Statistics Service (Rosstat) (Russian Federal State Statistics Service (Rosstat)).

**Table 3.**

*Monetary income usage structure between 1991 and 2018 in Russia, %.*

<table>
<thead>
<tr>
<th>Spending items</th>
<th>1991</th>
<th>2001</th>
<th>2011</th>
<th>2015</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying products and services</td>
<td>62.3</td>
<td>74.6</td>
<td>73.5</td>
<td>71.0</td>
<td>77.0</td>
</tr>
<tr>
<td>Obligatory payments and fees</td>
<td>8.3</td>
<td>8.9</td>
<td>10.3</td>
<td>10.9</td>
<td>12.2</td>
</tr>
<tr>
<td>Savings</td>
<td>19.6</td>
<td>8.9</td>
<td>10.4</td>
<td>14.3</td>
<td>5.6</td>
</tr>
<tr>
<td>Currency purchases</td>
<td>...</td>
<td>5.6</td>
<td>4.2</td>
<td>4.2</td>
<td>3.7</td>
</tr>
<tr>
<td>Increase (decrease) of cash in hand</td>
<td>9.8</td>
<td>2.0</td>
<td>1.6</td>
<td>-0.4</td>
<td>1.5</td>
</tr>
</tbody>
</table>

*Source: Compiled by the authors according to the source (Russian Federal State Statistics Service (Rosstat)).*

Therefore, Russians turned away from hoarding cash at home and switched more to banking services and active currency purchases. Moreover, spending on products and services grew by nearly 15% in 2018 compared to 1991. The share of spending on obligatory payments and fees also rose (by 3.9%).

Efforts to ensure competitive advantages and to influence consumer behaviour should take into account national traditions and national specifics of individual countries. For the purposes of this study, the most relevant approach would be to identify the specific Russian behavioural patterns and mentality being of utmost importance for producers and sellers. Following a comprehensive analysis, find below the main findings concerning Russian popular trends and managerial aspects as shown in Figure 3.
**Russian behavioural patterns and mentality**

<table>
<thead>
<tr>
<th>Russian politicians and managers focus not as much on the results but rather on the process and show high consideration of their own status.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russians are competent in unstable environments and demonstrate remarkable stamina and resilience in crises.</td>
</tr>
<tr>
<td>Russian managers are creative and able to think outside the box.</td>
</tr>
<tr>
<td>Russians are collectivists superficially, but individualists by nature, seeking to overcome group pressures and stand out in the crowd.</td>
</tr>
<tr>
<td>Russian management, including political management, tends to autocracy and independent decision-making.</td>
</tr>
<tr>
<td>Russians rely on personal ties to run business.</td>
</tr>
<tr>
<td>Russian show stable trust in the state, its equitable stance, and reliability of state structures.</td>
</tr>
<tr>
<td>Russian politicians and managers approach business globally disregarding detailed considerations and nuances of operation.</td>
</tr>
<tr>
<td>A large proportion of Russians avoid responsibility and spiral into complaints about unfavourable external circumstances.</td>
</tr>
<tr>
<td>The balance of interests is uneven: the youth aims at satisfying current needs, pursuing maximum momentary gains. Older generations show commitment to humanist principles and ideas.</td>
</tr>
</tbody>
</table>

*Source: Developed by the authors based on the source (Erokhina, 2009; 2018 Russia Consumer Insights Survey.)*

*Figure 3.* Russian behavioural patterns and mentality influencing consumer behaviour and the development of competitive strategies by companies.

The identified trends and aspects of management took a long time to shape, dating back as early as the Soviet period. Soviet-style management is more typical among major businesses and state-controlled companies. The "new" market-oriented approach in management is observed at private companies set up after the collapse of the USSR. Such trend is typical not only for Russia, but for other post-socialist countries as well. Consumer behaviour significantly varies for various age groups. The older generations show commitment to socialist (humanist) values. Younger generations focus on current gains and market values and are less concerned about the long-term future. Thus, the conflict of interests...
between fathers and sons is intensifying (Grif, 2014).

Given the above Russian aspects, the objective of marketing impact over consumer behaviour should be specified as raising the perceived consumer value from its initial level (customer attraction) to intermediate levels (satisfaction of needs and customer retention) and to the ultimate level (long-term relationship with consumers) using the diverse toolkit of marketing communications.

Conclusions

The above analysis produces the following highlights. Consumers and consumer mentality come under intensified pressure of producers and society. Social values are not just proposed but imposed on consumers, with little choice left to them. Various methods are used, primarily digital and advanced production technologies. Modern technologies present the most efficient tool to reach consumers and encourage them to act in line with producers’ interests.

Mentality, which is central to consumer behaviours, is transformed in revolutionary, not evolutionary, ways. In such a revolution, the initiators are producers, the actor is society, and the weapon is modern technology. Conscious patterns of consumer behaviour are gradually replaced with subconscious drivers.

The modern paradigm of consumer behaviour is as follows: consumer behaviour follows the general logical development trends of the two-sided imperfect competition in that it undergoes revolutionary transformations under active influences of producers, via society, affecting not only marginal costs but also marginal value of products through the adoption of digital and advanced production technologies and moral values.

References


