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CHANGES IN CONSUMER PREFERENCES FROM THE PERSPECTIVE OF THEORY OF GENERATIONS*Abstract:*

The article summarizes the factors influencing consumer preferences of different generations. A study of consumer groups of different generations was carried out to determine the main patterns of their behavior. Provided advices to businesses for dealing with new generations of buyers.

Keywords:

Consumers, generational theory, generation Z, generation Y, generation X, baby boomers, silent generation, consumer preferences.

The relevance of the research topic is due to the fact that the motives that are guided by representatives of different generations have not been sufficiently studied in the economic literature. It should be understood that the entry of new consumers from generation Z to the markets as independent economic agents will predetermine major changes in market demand, for which all marketing services of companies and corporations should be seriously prepared.

In 1991, an economist and specialist in demography N. Howe and historian W. Strauss independently of each other created the so-called "The theory of generations". The authors of the theory found that there are certain periods when most people have similar values. Such periods have been named social generations. [1]

Researchers in detail described a typical, collective representative of every generation. The result of this work was the selection of several types of generations: "silent generation", "baby boomers", generation X, generation Y or "millennials" and the emerging generation Z.

Nowadays, most of the population (40.6%) is between the ages of 25-54, which belongs to generations Y and X. The second largest group (40.5%) belongs to generations Z and Y, while the smallest group of people is at the junction of generation x and baby boomers (18.92%) [2].

In our consumer behavior we are not absolute rational, but stick to those ideas and norms, which are inherent in society. Today there is nothing strange in women wearing trousers and leading business negotiations with men. While 100 years ago it was perceived as nonsense and a challenge to society. Thus, our behavior always corresponds to the social order, stages of economic development and the social environment in which we find ourselves as consumers.

The consumer is influenced by many factors. J. Stávková, L. Stejskal, Z. Toufarová ("Factors influencing consumer behaviour") claim such factors to be important: quality of goods and services,

price, products' characteristics and parameters, former experience and the necessity of need. But also, personal, psychological factors and life situations are meaningful for consumer behavior [3].

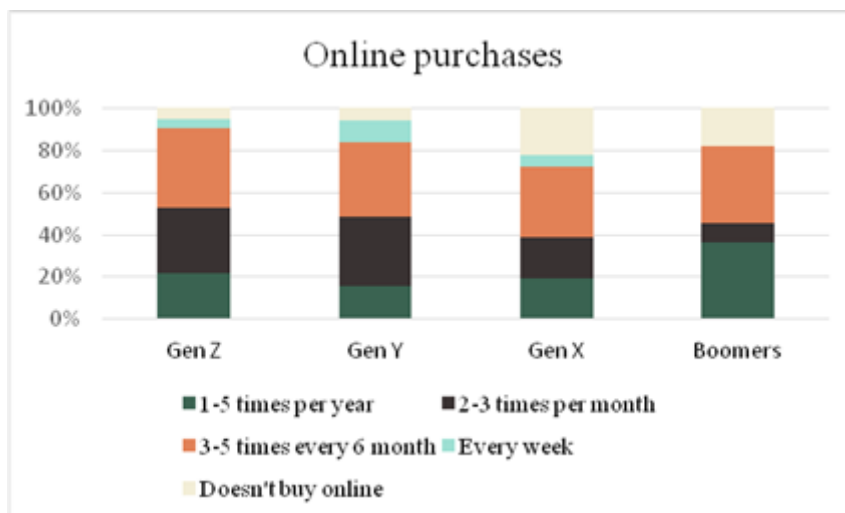
Based on the methodology chosen by the researchers, I decided to conduct a survey, which will involve respondents from the main age groups from different countries and of different genders.

The use of statistical analysis will allow us to establish which strategies are most effective in specific consumer segments and understand whether they are reaching their target audiences.

For the purposes of this study, a sample was collected from consumers using a survey on the Internet. The final sample includes 227 respondents, including respondents from Russia and other countries such as Belgium, Ecuador, Finland, France, India, Italy, Japan, Kenya, Kyrgyzstan, Poland, Transnistria, Turkey, Ukraine, United States of America. The study involved several target groups, divided in accordance with the objectives of the study - by age:

For the last 10 years number of internet users worldwide grew on 168% [4]. The e-commerce market is constantly growing, retail e-commerce sales worldwide amounted to 4.28 trillion US dollars in 2020 year. Online shopping is considered to be one of the most popular online activities worldwide [5]. These facts allow us to suggest that people of all generations, but especially younger ones often use online shopping resources.

As we can see in the picture 1, among Generation Z, the smallest percentage of all groups do not shop online (only 5.4%), and this percentage increases with age. The most popular behavior is to make online purchases 3-5 times every 6 months. From this we can conclude that online shopping is really gaining popularity. Older people are more distrustful than younger and more financially active generations.



Picture 1 – How often people do online shopping

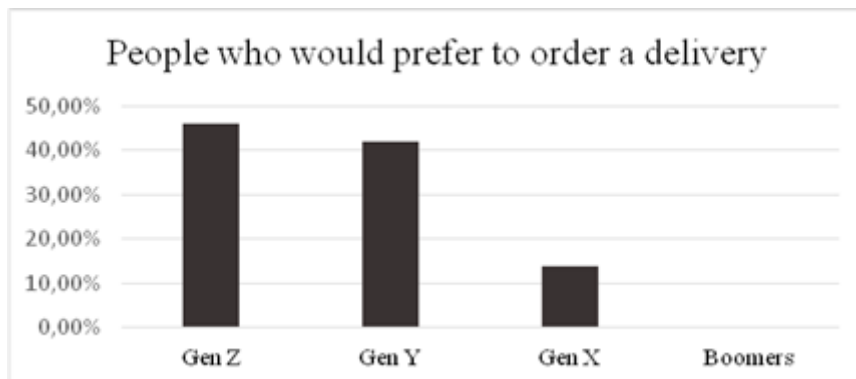
One of the common judgments about Gen Z is their propensity for staying home and ordering delivery. Reflection of this fact can be found in the data obtained.

Firstly, percentage of people who are not ready to pay for the delivery is increasing with age (picture 2). Delivery is most popular among representatives of the age group from 14 to 20 and also from 21 to 38 years old (picture 3). The explanation can be that the generation over 39 years old perceives the delivery worse, since they are more accustomed to cooking on their own.

But still among younger generations people are more likely to eat in a restaurant or at home rather than ordering delivery, as the percentage of Generation Z choosing to order delivery is 45%, which is less than half of surveyed. It can be assumed that the reason is financial dependence on parents, as well as a young age, which does not imply making independent economic decisions. However, younger respondents have a significant volume of demand for home delivery, as they perceive it not only as a snack or order for a special occasion, but also as an alternative to traditional food within the walls of the house.

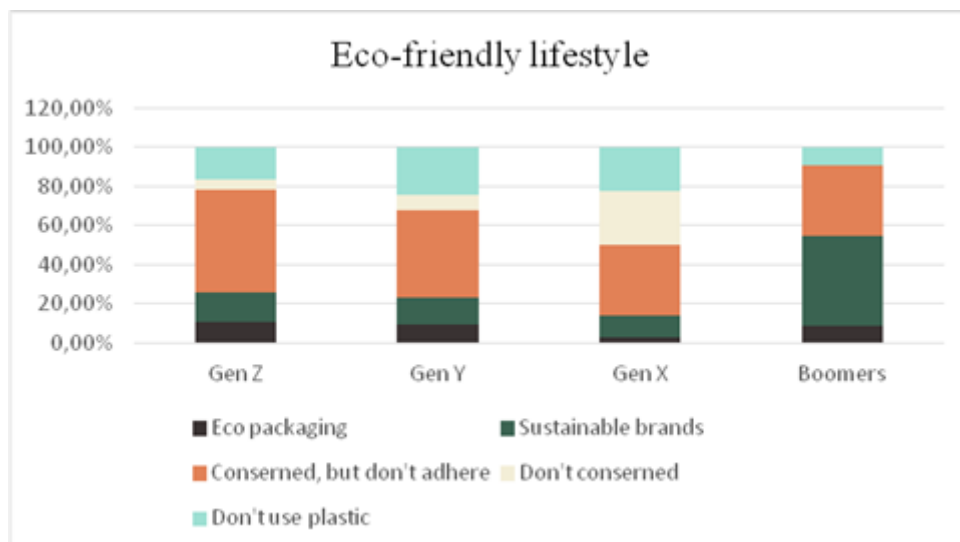


Picture 2 – Percentage of respondents who are not ready to pay for shipping



Picture 3 – Percentage of people who would prefer to order a delivery

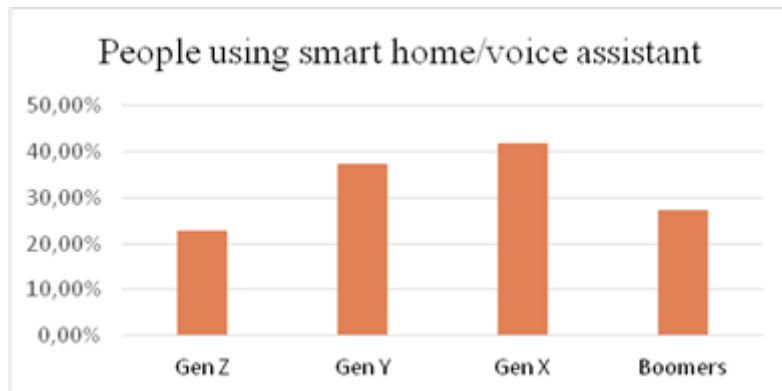
The desire to make the world a better place is manifested in the issues of concern to respondents (problems of climate change and environmental pollution). As we can see from the picture 4, most of respondents are concerned about ecological situation. This leads us to conclusion, that consumers care about sustainability and are ready to pay extra for ecologically clean and locally grown products with eco-packaging, and also prefer brands that support sustainable ideas.



Picture 4 – Eco-friendly lifestyle of respondents

Despite understanding of the harm done by social media, respondents generally have a positive view of new technologies: 32,5% of all respondents use smart home or voice assistant technologies. According to the picture 5, 42% of generation X use such technologies, which means that people of elder generations are looking for new ways to simplify their life. Low percentage of

users in “baby boomers” generation is appearing because it is hard for people of 57+ years old to cooperate with it, while low percentage of users in Gen Z may be explained by the fact that most of them live with their parents, so parents make decisions about using technologies at home.



Picture 5 – Percentage of people using smart home/voice assistant technologies

Companies need to provide consumers with convenient mobile apps and websites and expand the network of check-in terminals and points of delivery. Working and improving delivery is also important, as research has shown that younger generations are willing to pay for fast, quality delivery. Improving customers’ experience in physical stores should also be mentioned, because representatives of elder generations prefer to go offline shopping for example in case of foods.

Sustainable development should become a part of the corporate brand strategy as in all generational group people would prefer sustainable brands and willing to choose eco packaging or products without plastic. Companies need to pay attention to various projects in the field of sustainable development, so that when buying products customers felt involved in global responsibility to nature.

Representatives of all generations have a positive attitude towards new technologies, such as smart home or voice assistants. It means that the demand for these products will grow, so companies can pay attention to the development of technologies in their products and their introduction into smart home systems.

In today's reality, most organizations need to invest much more in improving the customer experience. The evolution of retail is driven by the need to adapt to a changing environment and respond quickly to these challenges. Companies need to be able to work with a new, only growing generation of consumers who dictate their own rules and have new views of the world.

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