Analysis of Researching Dynamics and Structure of Consumer Expenditure of the Russian Population

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ABSTRACT

The model of consumption, consumer behavior (character of consumption), volume and structure of consumption are determined by the person’s style and lifestyle. In their turn, style and lifestyle are formed on the basis of the consumer’s level of life, i.e. the level of prosperity and benefits consumption defined by the needs, ways and forms to satisfy them based on the real consumer demand. The article shows the results of the analysis related to the researches that prove the influence of the consumer factor on the level of people’s lives by dynamics and structure of consumer expenditures.

Key words: Level of People’s Life, Consumer Factor, Resources’ Provision of Consumption, Households, Economic Entities, Consumption Factor

JEL Classifications: D01, D14, I31, J31

1. INTRODUCTION

Due to the evolution of the labor economy, a complex of categories was formed in its categorical apparatus. These categories are basic for cognizing social and economic relations, terms and conditions, and factors of their formation and development. The category “level of people’s life” holds a special place among these categories. No scientific research devoted to the problems of developing economy and social area, including those of forming the population profits and consumption of benefits produced by the society, is made without this category (Klimenko et al., 2005).

Studying the essence of the category “level of people’s life” interpreted by thesaurus and encyclopedic sources in Economy as well as by the researchers working at these problems showed practically complete coincidence of the interpretations. In every definition of the level of people’s life it is directly related to the measure or level of satisfying needs in spite of slight differences in defining their composition, terms and conditions of forming the level of life and basis for its comparison (Klimenko and Oberemko, 2013).

In our research the subject is determined as a process of forming the level of people's life under the influence of the consumption factor. Based on the subject of the research, we adhere to the identity of understanding the level of people’s life and prosperity, consumption of benefits created by the society in economy (as material products) and social area (as non-material benefits, i.e., services).

2. METHODOLOGY

Due to the diversity of factors related to the consumption formation and following the requirement related to the specifics of the subject and object to be researched, the basics of the methodology must be made by those factors that form general terms and conditions of benefits consumption and affect their quantitative and qualitative
changes. Leading factors of the consumption formation must be singled out on the basis of such research method that allows taking into account the system interrelations of factors, and analyzing their impact on the consumption with the aid of qualitative indicators by using veracious statistical data reflected by the system of federal statistical surveillance. The system of indicators that enter calculation procedures of the methodology should not be “congested” qualitatively. In the contrary case the methodology will cause difficulties when used in the analytical practice. The area of using the methodology must be reflected by its title that will allow analysts to minimize temporary expenditures for searching for the methodological tool to solve the set research task (Klimenko and Sonnikov, 2012).

Taking into account the set provisions, the method of parameterization was selected as a basic method for the development of the methodology to analyze factors of the consumption formation. Its implementation means distinguishing parameters that reflect the essential characteristics of the system or process under research.

In the offered methodology the object of the research includes the consumption as a system economic phenomenon. Its subject is a process to form consumption that takes place under the influence of interrelated factors. Taking it into account, in the methodology group parameters of analyzing factors are determined in compliance with the determining factors of the consumption formation: Macroeconomic – the state of economy and dynamics of its development, infrastructural – the population provision with crediting and state of indebtedness under credits, and structural – structure of consuming goods and services, inclination of the population to savings.

The methodology was tested as a whole in Russian households in 2013-2014. It showed that the state of the economy is characterized by the growth of macroeconomic parameters of consumption. It is stipulated by two basic reasons caused by negative consequences from complicating international economic relations, slowing down the tempo of economic growth due to the sanction policy of the EU countries and the USA, and a growth of the expenditures for final consumption due to the development of inflation processes.

Our conclusions became the results of generalizing works of the researchers: Hill et al., 2010; Engel et al., 2001; Erhard, 2001; Johansson, 2001; Klimenko and Klimenko, 2015 p. 251-259).

3. RESULT

3.1. Researching Dynamics and Structure of Consumer Expenditures

We define the revealing of problems peculiar of the life level to be the subproblem of analytical researches related to the influence of consumption on the level of people’s life. We are based on the hypothesis about the pre-determination of the state and dynamics of consumption by the conditions formed in the economic system. Its element is a sector of households (population) as a special category of economic entities.

As it was specified when setting the research task, researching of the resources’ provision of consumption and dynamics of the economic state of households that reflects the profit component is determined as the first area of researching the influence of the consumer factor on the level of people’s life.

We determine the next direction of analytical researches of the consumer factor in the system of factors that form the level of people’s life, as it was specified above, as the research of the expenditure component of consumption expressed by the indicators of the size and composition of consumer expenditures of households and their structural allocation for various social and economic categories.

3.2. Dynamics of Expenditures for Final Consumption Made by Russian Households Depending on the Place of Residence

The research showed that for 2009-2013 the expenditures of the Russian households increased by more than 150%, the most noticeably - by 160.33% as compared to 2009 in households that live in the rural area (Profits, Expenses and Households Consumption, 2010-2014; Russian Statistical Annual, 2010-2014).

In terms of expenditures classified by the federal statistical survey, the maximum tempo of growth characterizes the expenditures for transportation – 207.73% as compared to 2009 as a whole for all households, including 204.42% for urban and 221.36% for rural households. In our opinion, this circumstance is explained not so much by the growth of the transportation services used by the population but by the growth of the transportation tariffs.

The minimum tempo of growth for the researched period was formed for the expenditures for education – 100.53% as compared to 2009 as a whole for all households. It was stipulated by the growth of expenditures for these purposes carried out by the households living in the urban area (104.10%), while in rural households the expenditures for education for the research period decreased by 20.27% and made up only 79.73% as compared to 2009.

In our opinion, this fact requires a special research of the reasons that stipulated the decrease in the population’s expenditures for education that cannot be explained by the deficiency of financial resources spent for final consumption, especially taking into account high tempos of the realized irrational demand for alcohol and tobacco: 171.28% as compared to 2009 as a whole for all households, including 168.83% for urban and 179.33% for rural ones.

In absolute terms the top-ranking area of expenditures included expenditures for food. They accordingly made up RUB 4,216.8 on average per one member of the household, including RUB 4,325.7 per one member of the urban household, and RUB 3,905.0 per one member of the rural household.

In 2013 the minimum amount of expenditures accrued on average to one member of the household was spent for education, accordingly RUB 133.7 per month for all households, RUB
157.3 for urban and RUB 66.1 for rural ones (Profits, Expenses and Households Consumption in, 2010-2014; Russian Statistical Annual, 2010-2014).

Value changes of expenditures of households for final consumption were accompanied by adequate changes of their structure.

The maximum percentage in the total amount of expenditures during the whole period of the researches steadily includes expenditures for table food, with its share as a whole in households varying within 30.0%, 29.0% in urban ones, and 42.0% in rural households.

By the end of the research period the percentage of the expenditures for education in all categories of households has not made even 1%.

According to the dynamics of structural indicators of households’ expenditures for final consumption, there is a tendency of the decrease in the percentage of expenditures for table food (as a whole per 3.3% points for all households), clothes and footwear (0.7% point), and education (0.6% point). It coincides both in urban and rural households.

At the same time if in urban households the percentage of expenditures for housing and utilities services and fuel materials, signal communication decreased (by 0.3% and 0.4% points, respectively), by 2013 in rural households the share of these types of expenditures in total expenses for final consumption remained stable.

Concurrently with this, in the researched period there was a tendency of rather considerable growth of the percentage of expenditures for transportation – by 4.3% points for all households, including 4.3% points for households from the urban area, and 4.1% points for households from the rural area.

3.3. Dynamics of Expenditures for Final Consumption Made by Russian Households Depending on the Number of Children in Households

In the demographic layer according to the criteria related to the presence of children aged under 16 in households, the dynamics of expenditures for final consumption accrued to one member of the household had an incremental nature. However, in this case it is impossible to distinguish a definite area of expenditures that dominates according to tempos of their growth simultaneously in all categories of households with a different number of under-age children.

So, for the research period expenditures for transportation grew most quickly in families with one or three children. They have made up 249.42% and 366.43%, respectively, as compared to 2009. In families with two children expenditures for hotels, cafes and restaurants grew. They have made up to 244.95% as compared to 2009. Expenditures for the health care grew in families with four and more children. They have made up 312.11% as compared to 2009 (Profits, Expenses and Households Consumption in, 2010-2014; Russian Statistical Annual, 2010-2014).

The positions of outsiders according to tempos of the growth of expenditures in households with under-aged children were accordingly taken by expenditures for education (in families with one child or two children 110.14% and 152.44% as compared to 2009), hotels, cafes, and restaurants (in families with three, four and more children 106.85% and 117.88%, respectively, as compared to 2009).

It is necessary to especially emphasize that for the research period only in one category of households with under-aged children – families with three children – expenditures for the organization of rest and cultural events, education decreased. In 2013 the expenditures for these purposes made up 94.64% and 92.83%, respectively, as compared to 2009.

In absolute terms of expenditures of families with children regardless of their number, expenditures for table food are at the top. For example, in 2013 in families with one under-aged child they made up RUB 3,324.8 per month per one member of the household, RUB 3,275.4 in families with two children; RUB 3,100.5 in families with three children; RUB 2,109.2 per month in families with four and more children (Profits, Expenses and Households Consumption in, 2010-2014; Russian Statistical Annual, 2010-2014).

Similarly to the current tendencies for households as a whole revealed by us before, expenditures for education hold outsiders positions. Herewith, the more children in families, the more considerable these expenditures decrease from RUB 167.3 per month per one family member in households with one child to RUB 34.1 per month per one family member in families with four and more children.

In households with children as well as in a whole for all population the percentage of expenditures for education is at the bottom in total expenditures for final consumption: 1.3% in families with one child with the decrease by 0.5% point as compared to 2009, 1.1% in families with two children with the decrease by 0.1% point, 0.6% in families with three children with the decrease by 0.4% point, and 0.7% in families with four and more children with the increase by 0.2% point as compared to 2009.

From the point of view of tendencies related to the decrease in share of separate areas of expenditures for the final consumption, only the decrease in expenditures for table food is peculiar of all households regardless of the number of children.

For the research period this decrease made up from 3.8% points in families with one child to 8.7% points in families with four and more children.

Herewith, in the total amount of expenditures for the final consumption, the percentage of expenditures for table food grows in direct ratio to the increase in the number of children in households, and according to the data of 2013, it holds 28.0%, 29.3%, 32.3% and 42.9%, respectively, in the categories of households under consideration (with one, two, three four and more children).
We think this fact is natural and corresponds to the current realities in final consumption that is peculiar of households with children.

However, it is impossible to make a similar conclusion in relation to the appeared growth of irrational consumer demand for alcohol and tobacco. The growth of the percentage of this area of expenditures for final consumption shows it. So, in families with one child the growth of the indicator for 2009-2013 was 0.2% point, it was 0.3% point that is up to 2.4% in families with two children, 0.6% point up to 2.3% in families with three children, and 0.1% point up to 2.1% in families with four and more children.

As it goes from this appendix, during the research period the share of expenditures for transportation grew as quickly as possible in families with one, two and three children. It was by 6.4%, 4.7%, and 9.6% points, respectively. As for families with four and more children, the share of expenditures for household goods, household appliances and homecare had grown by 3.0% points by the beginning of the research period.

3.4. Dynamics of Expenditures for Final Consumption Made by Russian Households Depending on Social Status, Education, and Age of the Household Head

It is determined that from the point of view of maximally high dynamics expenditures for final consumption, as compared to 2009, according to the basic tempo of growth the leading positions in the growth of expenditures are held by the households, where their heads perform economic activity in the form of hotel or restaurant business (219.62% as compared to 2009), they are employees involved in accounting and servicing (175.78%); they have post-graduate professional education (220.23%) and are aged from 20 to 25 (187.95%).

In households where heads are not involved in the formal sector of economy, i.e., are not involved in any kind of business, the maximum tempo of growth of expenditures for final consumption is peculiar of households whose heads are unemployed – 191.91% as compared to 2009.

In their turn outsiders according to the minimum tempos of the growth of expenditures for final consumption during the research period include the households whose heads were involved in areas related to real estate operations, leasing and services providing (115.42% as compared to 2009); they were managers of government authorities of all levels (124.17%); they had higher professional or incomplete higher professional education (150.85%); they were aged under 20 (89.63%). The latter characteristic related to the differentiation of households heads (age) is correlated to the minimum tempo of the growth of expenditures for final consumption that is peculiar of households heads that are not involved in economy in the “students” category that has made up 90.45% as compared to 2009.

In absolute terms of expenditures for final consumption in 2013, the positions of leaders and outsiders in the considered criteria related to distinguishing households are allotted as follows:

- According to the criterion related to the involvement in types of economic activity, households whose heads are involved in financial activity are at the top (RUB 24,439.7 per one member of the household per month), while outsiders include households heads involved in agriculture, hunting and forestry (RUB 9,240.5 per month per one family member),
- According to the criterion related to the type of professional work – accordingly heads that are specialists of the highest qualification level (RUB 18,968.6 per month per one member of the household), and households heads that are skilled agricultural and forestry employees (RUB 8,344.3 per month per one family member),
- According to the criterion related to non-employment in the formal sector of economy – household heads that are students (RUB 13,666.0 per month per one household member) and unemployed heads of households (RUB 7,300.3 per month per one household member),
- According to the criterion related to the educational level – households heads with post-graduate professional education (RUB 35,967.2 per month per one household member) and households heads that have primary or no elementary education (RUB 9,067.7 per month per one household member),
- According to the age criterion – heads of households in the age group from 21 to 25 (RUB 15,644.4 per month per one household member) and heads of households in the age group up to 20 (RUB 7,648.7) (Profits, Expenses and Households Consumption in, 2010-2014; Russian Statistical Annual, 2010-2014).

3.5. Dynamics of Consumer Expenditures of the Russian Population Depending on the Place of Residence

One more area of our research included analysis of the dynamics and structure of specifically consumer expenditures of the population. It was revealed that in the territorial layer according to the place of households residence the quickest tempos characterize the growth of consumer expenditures of rural households – 165.78% as compared to 2009 against 155.57% in urban households under the average value of 157.78% for all households.

In the macro-structure of areas of consumer expenditures of households expenditures for non-grocery goods hold the leading positions in both categories of households, rural and urban. The tempo of their growth was accordingly 167.41% and 181.89%.

For households as a whole as well as households living in the urban area consumer expenditures for non-grocery goods are maximum according to the size calculated on the basis of one member of the household per month. For example, in 2013 they made up RUB 5,600.3 as a whole for households, and RUB 6,250.9 for urban households (Profits, Expenses and Households Consumption in, 2010-2014; Russian Statistical Annual, 2010-2014).

In 2013 in rural households consumer expenditures for food topped and achieved RUB 4,073.8 per month per one household member.

In its turn, the minimum size of consumer expenditures was formed for such area as alcohol: As a whole for households such
expenditures made up RUB 233.2 per month per one family member including RUB 259.7 in urban households and RUB 157.5 in rural households (Profits, Expenses and Households Consumption in, 2010-2013).

However, in our opinion, the growth of consumer expenditures for alcohol, 159.40%, 159.72% and 155.79%, respectively, cannot be acknowledged as positive because of irrational character of this type of consumer expenditures.

Value changes of consumer expenditures of households naturally came with changes in their structure.

In particular, in spite of the domination of expenditures for food in rural households mentioned above, their percentage in the total amount of consumer expenditures for 2009-2013 decreased by 5.8% points down to 41.8% with the relevant growth of profits for non-grocery goods by 4.6% points.

For the research period in urban households the decrease in the percentage of expenditures for food was 2.4% points, down to 31.3%, and the growth of the percentage of expenditures for non-grocery goods was 3.0% points, up to 39.8%.

It stands out the multidirectionality of the dynamics of the percentage of expenditures for paying for services: In urban households - the decrease by 0.5% point down to 27.15% by the end of the research period; in rural households - the growth by 1.1% point up to 18.1%.

3.6. Dynamics of Consumer Expenditures of the Russian Population Depending on the Number of Children in Households
The dynamics of consumer expenditures in the demographic layer of households differentiation, i.e., depending on the number of children also had a positive directionality towards the growth. It varies from 160.36% as compared to 2009 in families with four and more children, to 166.12% in families with three children according to the total amount of consumer expenditures.

The decrease in the full size of consumer expenditures accrued to one family member per month related to the increase in the number of children is a natural tendency for households. For example, in 2013 in households with one child RUB 12,831.8 were accrued on average to one family member per month, RUB 10,710.1 in families with two children, RUB 9,149.2 in families with three children, and RUB 4,422.7 in families with four and more children (Profits, Expenses and Households Consumption in 2010-2014; Russian Statistical Annual 2010-2014).

It is obvious that the largest families with four and more children suffer specific problems with the consumption of non-grocery goods. It is possible to judge about this by the fact that in 2013 according to the full size expenditures for non-grocery goods topped in households with the smallest number of children (RUB 5,437.1, 4,605.4 and 3,984.3 per month per family member), and expenditures for food in households with four and more children (RUB 2,152.7 per month per one family member).

According to the tempo indicators of the dynamics of consumer expenditures of households with children, it is impossible to make a firm conclusion about the character of their changes. So, according to the growth tempo expenditures for non-grocery goods top in families with one child (177.28% as compared to 2009); expenses for alcohol (accordingly 180.68% and 227.76%) in families with two and three children; and expenditures for paying for services (203.94% as compared to 2009) in families with four and more children.

The dynamics of structural indicators of consumer expenditures of households with families according to the directionality coincides with similar changes peculiar of households differentiated according to the place of residence. Besides, there is also a decrease in the percentage of expenditures for food from 3.4% points (31.5% in the total amount of consumer expenditures of families with one child) down to 8.8% points (43.9% in the total amount of consumer expenditures of families with four and more children) with the adequate growth of the percentage of expenditures for non-grocery goods: by 4.0, 3.1, 7.8 and 4.3% points in four categories of households with different number of children.

4. DISCUSSION
In the economic aspect the relation of needs and the level of life means the contradiction between something the person needs (it complies with the person’s idea about the desired level of life) and something he/she really has according to the achieved level of life.

Based on this, it is possible to make a conclusion that the process of consumption has a dual nature. It is possible to distinguish objective and subjective components in it. The objective component shows the character and level of implementing the person’s life suggestions, i.e. the satisfaction from the achieved level of life. The subjective component characterizes personalized estimation of the needs satisfaction level.

In other words, the objective component of consumption forms ideas of the person about the desired level of his life, i.e. it determines future needs, and the subjective component defines the real level of life that depends on the current level of consumption.

Hence, the level of life appears as a consequence of three conditions arising from the process of benefits consumption: To what extent the person’s needs are met; how much he/she is satisfied with it; and how the results of this implementation are correlated to social standards and resources of the company that are reflected by the consumption norms.

Generalizing the above, we will note that according to our idea of the mechanism of consumption influence on the level of people’s life, the relation between the phenomena - pieces of mechanism - has a cyclic and insular nature. It is stipulated by the impossibility to entirely satisfy the person’s needs due to the effect of the economic law of needs rising.

The occurrence of new, higher level needs is a natural consequence of an increase in the life level. In its turn, it causes new motifs of
the consumption behavior and as a new level of consuming benefits that are adequate to the occurrence of new needs.

5. CONCLUSION

The results of researching the dynamics and structure of consumer expenditures of the population showed that:

• Expenditures for final consumption grow quicker in the households from non-urban areas. The maximum tempo of the growth characterizes expenditures for transportation, while the minimum one characterizes expenses for education with a considerable decrease in expenditures for these purposes in households. Expenditures for table food top according to the absolute value and percentage in the total sum of expenditures for final consumption in all categories of households according to the place of residence.
• Analogous tendencies in forming expenditures for final consumption and their structural dynamics characterize the households differentiated according to the demographic criteria, i.e. according to the number of children. The difference includes only the value of the percent of expenditures according to their dominating type – expenditures for table food – is considerably lower than that in households as a whole,
• According to the dynamics, tempos expenditures for final consumption of the households where heads perform economic activity in the form of hotel or restaurant business, are employees involved in accounting and servicing; have post-graduate professional education and are aged from 20 to 25 grow as quickly as possible,
• Outsiders according to the dynamics tempos of the growth of expenditures for final consumption include the households whose heads are involved in areas related to real estate operations, leasing and services providing; are managers of government authorities of all levels; have higher professional or incomplete higher professional education; are aged under 20,
• In the territorial layer according to the households’ residence, consumer expenditures of rural households grow as quickly as possible, and in the macro-structure of consumer expenditures both categories of households, rural and urban, are characterized by a higher growth of expenditures for non-grocery goods. According to the full size, expenditures for non-grocery goods top in urban households, while expenditures for food top in rural ones. The percentage of expenditures for paying for services in urban and rural households is changed diversely: Towards the growth for the urban households, and towards the decrease for rural ones,
• In the demographic layer according to the number of children in households, consumer expenditures are also characterized by a stable growth that is maximum in families with three children. The natural tendency for households with children includes a decrease in the full size of consumer expenditures accrued to one member of the family per month with an increase in the number of children. The most multi-child families with four and more children suffer specific problems related to consuming non-grocery goods. It is proved by the domination of expenditures for food,
• According to tempo indicators of the dynamics of consumer expenditures of households with children in families where there is one child, expenditures for non-grocery goods top, expenditures for alcohol top in families with two and three children, and expenditures for paying for services top in families with four and more children,
• The dynamics of structural indicators of consumer expenditures of households with children according to the directionality coincides with similar changes peculiar of the households differentiated according to the place of residence. In particular, there is a tendency of a decrease in the percentage of expenditures for food with an adequate growth of expenditures for non-grocery goods.

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