

УДК 330.5
JEL D10 D12 R20

DOI: <http://dx.doi.org/10.30970/meu.2023.50.0.5013>

PECULIARITIES OF HOUSEHOLD CONSUMER BEHAVIOR IN THE FOOD MARKET OF UKRAINE DURING THE FULL-SCALE INVASION

Anastasiia Terendii

*Ivan Franko National University of Lviv,
79008, Lviv, Svobody Square, 18
e-mail: anastasiyaterendiy@gmail.com
ORCID: <https://orcid.org/0000-0003-4476-5585>*

Abstract. *The article is devoted to the study of consumer behavior of Ukrainian households under martial law. The significance of the functional role of households in the economic system of society is revealed. The changes in the consumer behavior of households that were caused by the pandemic and the full-scale invasion of russia are outlined. The results of the research conducted by the World Food Program are analyzed. The sources of household income, the use of survival strategies by households, and the lack of food security at the beginning of the war were analyzed. It was found that households mostly made food purchases in cash, consumed products of their own production and bought on credit. The article also analyzes the results of a study conducted by Gradus Research Company on the study of consumer behavior of Ukrainians during the 10 months of the full-scale invasion. According to the data of this study, it was established that the consumer behavior of households has become more rational, impulse purchases have decreased, and the demand for Ukrainian brands has increased.*

Keywords: *household, food market, consumption, consumer behavior, household consumer behavior.*

Problem statement. Modern socio-economic conditions caused by the impact of the pandemic and martial law have a significant impact on the consumer behavior, their preferences, purchasing power, etc. All these processes and trends have largely determined the transformation of consumer needs, in particular households, their preferences, making purchase decisions and the formation of new consumer practices in the food market. Under such crisis conditions, an important aspect of marketing research is the study of the peculiarities of the formation of consumer behavior of households in Ukraine. Consumer behavior of households is a dynamic entity that depends on the influence of internal and external factors and largely depends on changes that occur in society.

Literature review. The analysis of recent studies and publications shows that foreign and domestic scholars have studied household consumption, including: M. Vatamaniuk, T. Kizyma, O. Kuzyk, E. Libanova, V. Mandybura, Y. Stankevych and others. The analysis of demand for food products was carried out by such scientists as O. Varchenko, I. Volkova, N. Karpenko, I. Kovarsh, I. Svynous. Unfortunately, in the scientific literature, the question of the formation of consumer behavior of Ukrainian households in the conditions of martial law

has not yet been sufficiently disclosed. At the same time, it is necessary to conduct marketing research that would be aimed at studying the peculiarities of household consumption, their expenditures on food products, etc.

The purpose of this article is to analyze the peculiarities of household consumption behavior in the food market of Ukraine during the crisis period caused by the impact of the martial law.

Methodology. In the process of writing the article, the method of analyzing literature sources was used to study the essence and peculiarities of the formation of household consumer behavior. In addition, the method of comparative analysis was used to study changes in household consumer behavior in the food market of Ukraine during the full-scale invasion. Statistical analysis was used to study the features of household consumption in the food market of Ukraine. The method of data visualization was used to improve the perception of statistical data and marketing research data.

Results and discussion. In the conditions of modern society, the coexistence of three main institutional agents is important: the state, business and households. Households play an important role among these subjects, because they are the mandatory element in the market circulation of goods and resources.

The special significance of the functional role of households in the economic system of society is determined by the following aspects.

First of all, the household itself forms the necessary level of consumer demand for basic economic resources. The functioning of the market mechanism is impossible without it.

Secondly, it should be remembered that a certain part of household income is spent on consumption, and the rest is used for savings. Household savings can be a source of accumulation and investment, which is quite important for the development of the economy.

Thirdly, households are subjects of supply in the market of factors of production (labor, entrepreneurial abilities, etc.).

Fourth, the demand in the consumer market determines the demand in the industrial market [1, c. 56].

Consumer behavior of households is a system of actions and acts of individuals in the consumer market, determined by directing available monetary resources to ensure the needs and interests of household members.

Consumer behavior of the household reveals the rational, cognitive, emotional, passive actions of the consumer that determine market demand, patterns and structure of consumption. It provides an opportunity not only to satisfy needs, but also to consume goods for personal development, confirmation of a certain social status, etc.

Thus, consumer behavior characterizes a set of consumer actions that are related to the emergence and awareness of a need, the decision to make a purchase, the process of choosing a product, and its use or disposal.

When studying consumer behavior of a household as a single economic entity, its actions should be analyzed as a single consumer in the process of satisfying its own needs. Receiving income from the sale of services of factors of production, the household spends them in full (after taxes) on consumption and savings. In addition, the household consumes consumer goods that are currently being produced [2, c. 40].

The following features of consumer demand for food products can be summarized [5, c. 26-27]:

- regularity of consumption (the demand for food products is constant);
- consumption is individual and necessary for everyone;

the availability of a range of products is necessary to meet needs (interchangeability of products is possible, but undesirable);

the consumer sets certain requirements for food products (first of all, for their quality, content of useful substances, freshness and environmental cleanliness);

habits, national characteristics and seasons are reflected to some extent in the nature of consumption;

consumption depends on demographic factors (household composition by age, occupations, number of members, presence of children, etc.);

in addition, consumption depends on the purchasing power of the household.

The peculiarities of food consumption by households are largely determined by the specifics of the food market. In modern conditions, among all types of markets, the food market occupies a special place, although it is not singled out as a separate market at the macroeconomic level of research. The food market participates in the life support of society, as the availability of food serves as a basic condition for human activity. The food market determines the state of development of the country's economy, the social stability of society, the course of socio-economic processes that shape the welfare of the nation as a whole, and determines the situation in the agrarian sector of the economy.

In the food market, there are relations between the subjects of entrepreneurial activity that are formed in connection with the purchase and sale of food. The food market is the place where the demand, supply and price for this or that food product are formed [1, c. 56].

Consumer behavior of households largely depends on different processes that take place in society, so that is why the consumer behavior of Ukrainian households has undergone significant changes during the last decade. The full-scale invasion of russia is the next crisis period after COVID-19 pandemic that has a significant impact on the consumption behavior of households in the Ukrainian food market.

Before the outbreak of full-scale invasion in February 2022, only households in Donetsk and Luhansk regions had suffered acutely from food insecurity for eight years due to hostilities in those territories, high food prices and limited access to markets and basic services, as well as loss or lack of opportunities earnings. The invasion affected food security in Ukraine, levels of poverty and unemployment; also, it caused massive population displacement and limited people's ability to access food. Overall, due to the outbreak of the full-scale war living conditions across the country significantly worsened, and because of that people living near the front lines now often lack access to basic services and functioning markets.

The results of research conducted by the World Food Program [7, 8, 9] in the spring of 2022 that indicated that at the national level one in five of the interviewed households had inadequate current food consumption at the time of the survey. When combining this with households that had unstable sources of income or lost their income completely, and used coping strategies, food insecurity increased to about one in three households nationwide. Therefore, the first and most significant trend of this period during a full-scale invasion is a decrease in household expenditures on food. The food insecurity in spring 2022 was mainly caused by lack of access to food and low purchasing power.

According to the study, only 5% of households experienced severe food insecurity at the beginning of the full-scale invasion, i.e., faced extreme food consumption gaps or extreme loss of livelihood assets. The remaining 28% were moderately food insecure.

The share of surveyed households with insufficient food consumption (with low and marginal levels) increased from 19% in March 2022 to 32% in December 2022. The proportion of households with insufficient food consumption was highest in the eastern

regions, while the lowest in the western regions. In the spring of 2022, Luhansk region had the largest share of households with insufficient food consumption (47%). By the end of 2022, the highest share of such households was in the central regions (45%) because of the continued increase in the number of internally displaced persons in these regions.

It should be noted that during 2022 in Ukraine, the level of consumption of meat and meat products did not comply with the rational norm (80 kg per person), recommended by the Ministry of Health of Ukraine in accordance with the norms of the population's physiological needs for basic nutrients and energy [4]. For example, usually Ukrainians consumed about 20% of fish and fish products produced from domestic raw materials [6], and the rest were imported. In connection with the war and the introduction of martial law, commercial fishing was stopped or partially stopped by about 80% of the users of aquatic biological resources.

After the start of the full-scale invasion, households mostly relied on cash purchases to access food, but also 34% of respondents reported that they no longer had a source of income or depended on assistance, and one in four had to borrow money to meet their basic needs.

In the survey, households indicated that they mostly bought food with cash (69%), consumed their own production (17%), and made credit purchases (6%). This may change over time, however, as people may run out of cash available to them, forcing them to rely on credit purchases instead. One in four respondents said they already had had to borrow money to meet their needs.

This leads directly to the next trend of that period – the spread of coping strategies in household consumption behavior. The survey results indicated that 76% of households had relied on coping strategies in their consumption behavior at least once in the previous week. The overwhelming majority of households preferred less desirable and less expensive food products. More than a third of households reduced the size of food portions to make available food last longer. A similar proportion limited the number of daily meals, and 29% of households reported that adults restricted their consumption to increase the consumption of children. About a third of respondents reported that they did not have any food at home. Among those respondents who did have food stocks, 30% said they would last less than a week, and 34% said they would last one to two weeks.

Borrowing money and/or giving up their assets were expected ways in which people tried to cope with the shock of war and displacement. Both of these strategies signaled that household resources are likely to decrease in the near future, which may harm the household's ability to meet its needs, including food needs.

After the start of the full-scale invasion, there was an increase in the share of households reporting no sources of income in the spring, but the situation stabilized somewhat in the summer. Households claimed that the main reasons for insufficient funds for them were too low salaries (75%), lack of opportunities to work (30%), irregular salary payments (9%). According to UN, 65% of households reported a decrease in income since February 2022. Internally displaced persons, persons with disabilities and the elderly had the lowest level of income. At the same time, 45% of the population of Ukraine belonged to at least one vulnerable group [3].

The average number of household members changed during the full-scale invasion period. The survey showed that in modern conditions, the average household size is 3.5 members. This is higher than the average size reported by the State Statistics Service of Ukraine, which was 2.6 members in 2020. This is due to the fact that 19% of the surveyed population host internally displaced relatives and friends in their homes. When grouping this

number of household members, the results show that most of them belonged to small and medium-sized households [7].

More than one in three surveyed households reported that they had been displaced from their place of residence at the time of the survey due to the full-scale invasion. A quarter of respondents reported that they were separated from other members of their households, and this figure rises to about 50% for displaced households. The regions with the highest proportion of separated households are Zhytomyr, Kyiv, Kharkiv, and Kyiv city. On average, one out of every two separated households experienced food insecurity compared to about one out of every four non-separated households.

It is advisable to analyze the food security of Ukrainian households taking into account the status of displacement and separation of households (Figure 1). Displaced and separated households have the highest level of food insecurity (56%). Households that are neither displaced nor separated have the lowest level of food insecurity (78%). In addition, larger households tend to be more food insecure.

Although the share of food insecure households increased among both displaced and non-displaced individuals during 2022, the gap between these two groups widened markedly with the onset of the winter season. In the 4th quarter of last year, the share of households with insufficient consumption was 26% among non-displaced individuals and 33% among displaced individuals.

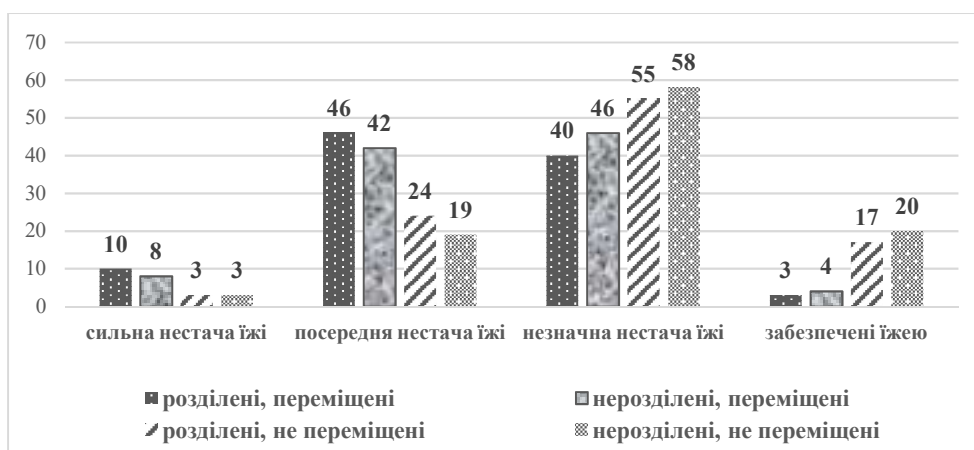


Figure 1. Households' food supply, in %

Source: based on [7]

During 2022 year, consumers began to adapt to the conditions of martial law. Consumers' adaptation to changes in the socioeconomic situation in the country, the fading of panic caused by the possible lack of food and essential goods, and the stabilization of the situation in the country in general led to a change in trends in household consumption behavior.

That is why a study conducted by Gradus Research Company on the consumer behavior of Ukrainians during the 10 months of the full-scale invasion made it possible to identify somewhat different consumer trends [9].

Among them were rationalization of demand. Modern conditions force consumers to be more rational in their consumption. The vast majority of consumers (76%) plan their purchases, and only 15% of surveyed consumers make purchasing decisions directly at the

point of sale, i.e. tend to make impulse purchases. All this is due to the low purchasing power of households. As 37% of respondents remain unemployed, and 78% report a decline in income. All of this forces households to buy products of cheaper brands (64% of respondents), and only 18% of respondents can afford to buy products of expensive brands.

Today, consumers pay special attention to the brand when making purchases (54% of respondents). However, the remaining 33% of consumers said that in today's environment, the brand of a product does not matter to them. The majority of consumers (74%) prefer to shop in supermarkets and stores (where branded products are available) rather than in markets (16%). At the same time, half of consumers (48%) tend to shop at their favorite outlets, while 41% shop at convenient outlets and are not tied to a familiar place.

It is also worth noting the growing demand for Ukrainian brands since the full-scale invasion. Today, 69% of Ukrainian consumers consciously choose products of Ukrainian brands. Among those who have started buying Ukrainian brands in the last year, 56% do so to support Ukrainian producers. The desire to support Ukrainian producers is stronger than the need to save money.

At the beginning of 2023, a significant increase in food prices led to a decrease in their economic availability. Eggs and fruits rose in price the most. The reason for this was primarily an increase in the cost of agricultural production because of a significant increase in the prices of fuel, lubricants, fertilizers, food storage costs, etc. At the end of 2022 and at the beginning of 2023, strict energy restrictions and the lack of a stable electricity supply for economic entities in the agricultural sector due to massive shelling by Russia of energy facilities and energy infrastructure of Ukraine became an additional factor in the increase in food prices [6].

Conclusions. After COVID-19 pandemic, Ukrainian people continue to spend less and buy the most necessary goods now, during the full-scale invasion. Given the highly volatile and rapidly evolving situation in Ukraine, trends in household consumption behavior in the Ukrainian food market are likely to continue to change over time.

1. Городняк І.В. Особливості споживання продуктів харчування домогосподарствами України. *Інтелект XXI*, 2020. №2. С.55-59.
2. Городняк І.В., Терендій А.Б. Споживча поведінка домогосподарств на продовольчому ринку України. *Економічний простір*, 2020. №159. С.39-43.
3. Доходи 65% українських домогосподарств знизилися з початку війни. URL: <https://finclub.net/ua/news/dokhody-65protsent-ukrainskykh-domohospodarstv-znyzylsya-z-rochatku-viiny.html> (дата звернення: 27.11.2023 р.).
4. Закон України «Про затвердження Норм фізіологічних потреб населення України в основних харчових речовинах і енергії. URL: <https://zakon.rada.gov.ua/laws/show/z1206-17#Text> (дата звернення: 27.11.2023 р.).
5. Міжнародний агробізнес: Навчальний посібник. За редакцією д.е.н., проф., акад. Сіваченка І.Ю. Київ: ЦУЛ, 2003. 208 с.
6. Стан продовольчого забезпечення України під час війни. URL: <https://niss.gov.ua/news/komentari-ekspertiv/stan-prodovolchoho-zabezpechennya-ukrayiny-pid-chas-viynu>. (дата звернення: 27.11.2023 р.).
7. Ukraine Food Security Report. URL: <https://bitly.ws/32IZm> (date of the application: 15.01.2024 p.).
8. Ukraine Food Security Trend Analysis. URL: <https://bitly.ws/32IZp> (date of the application: 15.01.2024 p.).
9. Ukraine Needs Assessment: Food Security and Essential Needs. URL: <https://bitly.ws/32IZs> (date of the application: 15.01.2024 p.).

References

1. Gorodnyak I.V. (2020) Osoblyvosti spozhyvannya produktiv xarchuvannya domogospodarstvamy` Ukrainy` [Peculiarities of food consumption by Ukrainian households]. *Intelekt XXI. no. 2*, pp. 55-59. (in Ukrainian).
2. Gorodnyak I.V., Terendij A.B. (2020) Spozhyvcha povedinka domogospodarstv na prodovol'chomu ry`nku Ukrainy` [Consumer behavior of households in the food market of Ukraine]. *Ekonomichny`j prostir. no. 159*, pp. 39-43. (in Ukrainian).
3. Dohody` 65% ukrajins`ky`x domogospodarstv zny`zy`ly`sya z pochatku vijny` (2023) [Incomes of 65% of Ukrainian households have decreased since the beginning of the war]. Available at: <https://finclub.net/ua/news/dokhody-65protsent-ukrainskykh-domohospodarstv-znyzylysia-z-pochatku-viiny.html> (accessed 27 November 2023). (in Ukrainian).
4. Zakon Ukrainy` «Pro zatverdzhennya Norm fiziologichny`x potreb naselennya Ukrainy` v osnovny`x xarchovy`x rechovy`nax i energiyi (2017) [The Law of Ukraine "On approval of norms of physiological needs of the population of Ukraine in basic food substances and energy]. Available at: <https://zakon.rada.gov.ua/laws/show/z1206-17#Text> (accessed 27 November 2023). (in Ukrainian).
5. Sivachenko I.Yu. (2003) Mizhnarodny`j agrobiznes [International agribusiness]. Ky`yiv: CzUL. (in Ukrainian).
6. Stan prodovol'chogo zabezpechennya Ukrainy` pid chas vijny` (2023) [The state of food security of Ukraine during the war]. Available at: <https://niss.gov.ua/news/komentari-ekspertiv/stan-prodovolchoho-zabezpechennya-ukrayiny-pid-chas-viiny> (accessed 27 November 2023). (in Ukrainian).
7. Ukraine Food Security Report (2022). Available at: [Ukraine Food Security Report \(2022\).pdf](#) (accessed 12 January 2023). (in English).
8. Ukraine Food Security Trend Analysis. (2023). Available at: <https://bitly.ws/32IZp> (accessed 15 January 2024).
9. Ukraine Needs Assessment: Food Security and Essential Needs. (2023). Available at: <https://bitly.ws/32IZs> (accessed 15 January 2024).

ОСОБЛИВОСТІ СПОЖИВЧОЇ ПОВЕДІНКИ ДОМАШНІХ ГОСПОДАРСТВ НА РИНКУ ПРОДОВОЛЬЧИХ ТОВАРІВ УКРАЇНИ ПІД ЧАС ПОВНОМАСШТАБНОГО ВТОРГНЕННЯ

Анастасія Терендії

*Львівський національний університет імені Івана Франка
79008 м. Львів, проспект Свободи, 18
e-mail: anastasiyaterendiy@gmail.com
ORCID: <https://orcid.org/0000-0003-4476-5585>*

Анотація. Стаття присвячена дослідженню споживчої поведінки домогосподарств України в умовах воєнного стану. Розкрито значення функціональної ролі домогосподарств в економічній системі суспільства. Окреслено особливості формування споживчого попиту на продовольчі товари. Окреслено зміни споживчої поведінки домогосподарств, спричинені повномасштабним вторгненням Росії.

Першою і найсуттєвішою тенденцією цього періоду є скорочення витрат домогосподарств на продукти харчування. Поточна відсутність продовольчої безпеки здебільшого була спричинена відсутністю доступу до їжі та низькою купівельною спроможністю.

Водночас були проаналізовані результати досліджень, проведених Всесвітньою продовольчою програмою. Згідно з дослідженнями, проаналізовано джерела доходів домогосподарств під час війни. Проаналізовано використання домогосподарствами стратегії виживання та відсутність продовольчої безпеки на початку війни. Виявлено, що домогосподарства здебільшого купували продукти харчування за готівку, споживали продукти власного виробництва та купували в кредит. Згідно з результатами дослідження, переважна більшість домогосподарств віддавали перевагу менш бажаним і дешевшим продуктам харчування і змушені були зменшити розмір порцій їжі, щоб розтягнути доступну їжу на довший період. Зазначається, що більше ніж кожне третє опитане домогосподарство повідомило, що на момент опитування було відселене з місця проживання через війну. У статті також аналізуються результати дослідження споживчої поведінки українців за 10 місяців повномасштабного вторгнення, проведеного дослідницькою компанією «Градус». За даними цього дослідження встановлено, що споживча поведінка домогосподарств стала більш раціональною. Низька купівельна спроможність домогосподарств призвела до зменшення імпульсивних покупок та придбання дешевих продуктів. Також варто відзначити зростання попиту на українські бренди з початку повномасштабного вторгнення.

Ключові слова: домогосподарство, продовольчий ринок, споживання, споживча поведінка, споживча поведінка домогосподарств.

Стаття надійшла до редколегії 21.10.2023

Прийнята до друку 29.11.2023