

CERTAIN ASPECTS OF CONSUMER BEHAVIOR IN GEORGIA DURING 2020-2021

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**მომხმარებელთა ქცევის გარკვეული
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ანოტაცია

ქცევითი ეკონომიკისადმი მდგრადმა ინტერესმა მკვლევარებს საშუალება მისცა თვალყური ადევნონ და შეაფასონ მომხმარებელთა ქცევაში არსებული ცვლილებები. კითხვები იმის შესახებ, თუ რა სურთ მომხმარებლებს, რა უბიძგებს მყიდველებს ყიდვისაკენ და რა ფაქტორები იწვევს შესყიდვის გადაწყვეტილებებს, კვლავ რჩება მნიშვნელოვან აქტუალურ თემად, განსაკუთრებით იმ გამოწვევების ფონზე, რაც გამოწვეულია COVID-19 პანდემიით.

მომხმარებელთა შესყიდვის შესახებ გადაწყვეტილებების მიღება ხდება ეკონომიკური პირობების მიხედვით, როგორც საკუთარ, ასევე ფართო ეკონომიკაში, განსაკუთრებით კი ბაზარზე შექმნილ გაუთვალისწინებელ პირობებში. COVID-19-მა გამოიწვია მილიონობით ადამიანის სიკვდილი და მკვეთრად შეანელა ეკონომიკური აქტივობა მთელ მსოფლიოში.

საქართველოში, საშუალო შემოსავლის მქონე ქვეყანაში, 3,7 მილიონი მოსახლით, განსაკუთრებით პანდემიის პირობებში მომხმარებლის ქცევის შესახებ მონაცემები უკიდურესად შეზღუდულია. ჩვენ ჩავატარეთ წინამდებარე კვლევა, რათა შეგვეფასებინა მომხმარებელთა დამოკიდებულება შესყიდვების პროცესის გარკვეული ასპექტების მიმართ და COVID-19 პანდემიის გავლენა მომხმარებელზე საქართველოში.

საკვანძო სიტყვები: COVID-19 პანდემია, მომხმარებლის ქცევა, ქცევითი ეკონომიკა.

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RESUME

A sustained interest in behavioral economics has allowed researchers to track and evaluate changing patterns of consumer behavior. Questions of what consumers want, what motivates buyers, and what factors lead to purchasing decisions has continued to be a topic of considerable urgency, particularly in light of the challenges posed by the COVID-19 pandemic.

Consumers' purchasing decisions are informed by

economic conditions, both their own and in the wider economy, especially during unforeseen market conditions. COVID-19 has caused the death of millions of people and dramatically slowed economic activity worldwide.

The data on consumer behavior in Georgia, a middle-income country with 3.7 million population, particularly, in the context of the pandemic is extremely limited. We conducted the present study to assess the consumer attitude towards certain aspects of the purchasing process and the impact of the COVID-19 pandemic on the consumers in Georgia.

Key words: COVID-19 pandemic, consumer behavior, behavioral economics.

BACKGROUND

A sustained interest in behavioral economics has allowed researchers to track and evaluate changing patterns of consumer behavior. Questions of what consumers want, what motivates buyers, and what factors lead to purchasing decisions has continued to be a topic of considerable urgency, particularly in light of the challenges posed by the COVID-19 pandemic which by mid-June 2022, resulted in more than 543 million cases, and approximately 6.7 million deaths worldwide and more than 1.6 million cases and more than 16,800 deaths in Georgia (Worldometers, 2022).

Consumers' purchasing decisions are informed by economic conditions, both their own and in the wider economy, especially during unforeseen market conditions. COVID-19 has caused the death of millions of people and dramatically slowed economic activity worldwide (Donthu & Gustafsson, 2020; McKinsey and Company, 2020). Equally urgent measures are necessary to address its broadest effects, such as increasing the production of competitive domestic products to satisfy domestic demand, encouraging export-oriented industrialization, increasing the rate and volume of export to attract foreign investments, and taking measures against oligopolistic markets (Silagadze et al; 2022).

The data on consumer behavior in Georgia, a middle-income country with 3.7 million population, particularly, in the context of the pandemic is extremely limited. Two small surveys conducted early in the pandemic demonstrated a high level of concern among consumers in Georgia, along with significant disruptions in their everyday life, hygienic practices, work situation,

mobility, etc. (BMG, 2020; Miroi, 2020).

We conducted the present study to assess the consumer attitude towards certain aspects of the purchasing process and the impact of the COVID-19 pandemic on the consumers in Georgia.

METHODS

We conducted a survey among residents of Georgia using a self-administered questionnaire composed of the basic demographic characteristics of participants and questions regarding their purchasing behavior and preferences, the impact of economic condition (Table 1). We also asked questions about changes in their buying behavior caused by the COVID-19 pandemic; the results of the analysis of the impact of the pandemic on consumer behavior are reported separately. The options for answers to each of the questions included seven categories according to Likert scale.

Data were collected between March 2020 and September 2021 in three stages: March-August 2020, September 2020-January 2021, and September 2021.

As main outcome measures were percentages and 95% confidence intervals (CI) for responses in each category. We used univariate and multivariate logistic regression to assess associations between purchasing practices and independent variables such as age, sex, student and employment status, and the timing of the survey enrollment.

To ensure sufficient statistical power for analysis, the seven-category answers to questions were compressed to three categories: “positive”, “negative” and “neutral.” When calculating odds ratios (OR), the following categories were considered as reference groups for independent variables: male, age 18–29 years, currently employed, and currently student. P values <0.05 were considered statistically significant. Due to large numbers of comparisons, OR and p values for variables with no significant associations are not reported below.

RESULTS

The survey questionnaire was administered to 414 residents of Georgia during 2020–2021, including 214 (51.7%) females and 200 (48.3%) males. The characteristics of respondents are given in Table 2.

Responses to questions addressing the potential influence of consumers’ economic situation upon their decisions related to purchasing products or services are presented in Figure 2. The vast majority of respondents (93.5%) reported that their financial situation affects their purchasing decisions. This impact was associated with being a female (98.2% among females versus 85.5% among males; OR, 8.85, 95% CI, 2.51–29.80; $p=0.0006$).

Similarly, most respondents (91.6%) reported that their choice of products/services changed along with changes in their economic situation. This influence

was associated with age group and employment status. Persons aged 30–49 years were more likely to have their choices influenced by changes in economic situation than persons aged 18–29 years (OR, 2.74; 95% CI, 1.06–7.12; $p=0.0384$), as were persons who are not currently employed versus those who are (OR, 3.80; 95% CI, 1.38–10.46; $p=0.0097$).

Approximately 1/3 of responders reported feeling irritated when they could not afford to buy the desired product (37.7%), avoided some stores (37.2%) or asked someone to go shopping with them to avoid buying too much (33.1%). The only association observed with these behaviors was the female predominance among those who avoided going to some stores for fear they would buy too much: 57.1% among females versus 42.9% among males; OR, 1.67; 95% CI, 1.10–2.53; $p=0.0165$.

Only a small proportion of respondents (22.7%) continued to buy products despite economic problems. Females were more likely than males to report this behavior (28.0% among females versus 17.8% among males; OR, 1.80; 95% CI, 1.10–2.91); $p=0.0191$).

Responses to questions to assess the potential impact of an effective stimulation campaign on customer behavior are given in Figure 3. Most respondents (71.7%) considered expensive products better than cheaper ones. Having this opinion was associated with older age groups (increase from 52.7% among 18–29-year-olds to 80.9% among 30–49-year-olds and 86.15 among ≥ 50 -year-olds; OR, 2.46; 95% CI, 1.33–4.55; for $p=0.0041$ for 30–49 years versus 18–29 years; OR, 3.89; 95% CI, 1.78–8.50; $p=0.0007$ for ≥ 50 years versus 18–29 years). An even higher proportion (79.5%) of respondents reported that for them personally, luxury means quality. This opinion was associated with age group, gender, and employment status in univariate analysis but none of these associations remained significant in multivariate analysis.

Slightly more than half of respondents reported that being able to buy luxury products would make them happy (53.9%). This opinion was associated with younger age groups (62.7% among 18–29-year-olds and 55.6% among 30–49-year-olds versus 34.9% among ≥ 50 -year-olds; OR, 0.52; 95% CI, 0.27–0.99; $p=0.0463$ for ≥ 50 -year-olds versus 18–29-year-olds) and being a student (68.8% among students versus 49.4% among non-students; OR, 2.13; 95% CI, 1.11–4.00, $p=0.0209$).

A substantial proportion of respondents (41.8%) reported that they try to purchase products that will enhance their image in other people’s eyes. This behavior was less common among females than males (33.0% versus 50.0%; OR, 0.46; 95% CI, 0.29–0.70; $p=0.0003$), and among younger age groups (44.7% among 18–29-year-olds and 52.3% among 30–49-year-olds versus 15.1% among ≥ 50 -year-olds; OR, 0.21; 95%

CI, 0.10–0.45; $p=0.0001$ for 30–49 years versus 18–29 years).

Having the logo of the brand visible was highly important for approximately half of respondents (53.9%). This opinion was more common among younger age groups (58.0% among 18–29-year-olds and 62.3% among 30–49-year-olds versus 29.1% among ≥ 50 -year-olds; OR, 0.30; 95% CI, 0.15–0.58; $p=0.0003$ for ≥ 50 years versus 18–29 years).

Exclusivity of the product mattered for a substantial proportion of respondents (40.8%) who reported that if they would change their mind about buying a product they want to buy it were owned by too many people. In multivariate analysis, this behavior was associated with a younger age group (50.7% among 18–29-year-olds versus 37.6% among 30–49-year-olds and 30.2% among ≥ 50 -year-olds; OR, 0.52; 95% CI, 0.27–0.99; $p=0.0464$).

The opinions of persons working in the industry about a product mattered for most respondents; 59.2% of respondents reported that they seek information about a product they want to buy from those who work in the industry. Females reported this behavior more commonly than males: 65.7% among females versus 50.7%, among males (OR, 1.54, 95% CI, 1.03–2.32, $p=0.0374$). There were no associations with age group, employment, or student status.

The preferences of their family and friends influenced their choice of a product they purchased for more than half of respondents (56.5%). This influence was associated with being female (62.0% among females versus 51.4% among males; OR, 1.56; 95% CI, 1.04–2.34; $p=0.0335$) and employed (57.9% among employed versus 53.3% among those not currently employed; OR, 1.79; 95% CI, 1.07–3.03; $p=0.0263$).

For approximately 3/4 of respondents (74.6%), the quality of advertisements changed their perceptions about the product). This behavior was associated with age group, gender, and student status. It was more commonly reported by persons aged 30–49 years (80.3%) than by 18–29-year-old and ≥ 50 -year-old respondents (68.0% and 74.4%, respectively; OR, 2.02; 95% CI, 1.07–3.82; $p=0.0298$ – 30–49 years versus 18–29 years) and less commonly by females than by males (70.0% versus 79.0%; OR, 0.55; 95% CI, 0.34–0.87; $p=0.0119$). Also, the behavior was more common among non-students than among students (77.0% versus 66.7%; OR, 2.01; 95% CI, 1.03–3.93; $p=0.0420$).

The survey was conducted at the time when the COVID-19 pandemic was unfolding. Coronavirus has affected respondents' social activity and buying behavior (reported by 95.4% of survey participants) and the choice of retailers from which to buy (79.2%). It also made them consider how to better allocate their existing budgets (81.2%) and to purchase more practical goods (84.5%) and buy products online (38.9%), (Figure 4).

DISCUSSION

The present survey provided previously unavailable information on certain aspects of general consumer behavior in Georgia and revealed their complex relationship with demographic variables. Consumer's economic situation was a major determinant directly affecting their decision-making related to purchasing goods or services. Changes in financial situation led to customers modifying their purchasing behavior influencing the choice of products, resulting in irritation when unable to afford, and leading to utilization of various strategies to limit spending.

Although the impact of consumer's personal economic situation on purchasing decisions was widespread, it was not homogenous across various demographic groups. Females, along with persons aged 30–49 years and those not currently employed were affected to a greater extent. This is not surprising, considering that these are the groups most likely to have families, generate income and be responsible for running the household in Georgia. The feeling of irritation when unable to afford a desired product and use of strategies to limit spending, were not associated with basic demographics except with higher likelihood for females to rely on social connections for this purpose (e.g. shopping with someone else). On the other hand, continuation of buying despite economic problems was also more likely to be reported by females, highlighting the need for additional research to characterize in more detail specific characteristics associated with customer's response to financial problems.

Respondents' purchasing behavior was highly influenced by their attitudes about what constitutes a desirable and high-quality product and depended on several factors. The survey revealed high level of interest in owning luxury products that would enhance respondent's outward image. For survey respondents, quality was often equated with luxury, and higher price was generally considered an indicator of better quality. Respondents had much lower interest in products owned by many other people and those that did not display a brand logo. Being able to buy luxury product would make happy approximately half of respondents. The heightened interest in luxury products has been also observed in other emerging economies, including former Soviet Union countries (Kivenzor, 2015; Statista.com, 2022), and reflects increased familiarity of customers with luxury brands, as well as wider availability of such products in these markets and their association with perception of being successful and affluent, along with greater social mobility of customers (Kumar, 2016; Kumar, 2022). As a result, these products are highly desirable even among consumers who might not currently afford them, as demonstrated in our study by high interest in luxury products among younger persons, including students.

Among factors commonly taken into account by Georgian customers was seeking information about the product. Opinions of persons working in the industry were important for most respondents and responder's choice of product was frequently influenced by family members and friends. The advertisements had even greater overall influence, with 3/4 of respondents being likely to make change mind about a purchase because of advertisements.

However, the relative importance of the factors influencing purchasing decisions varied by demographic characteristics of respondents. E.g., opinion of industry representatives and family and friends was more prominent for females, while males were more likely to be influenced by advertising. In addition males were more interested in products that enhance their image than females.

Age was associated with attitude toward luxury products. Younger age groups were more interested in products what enhance their image, display a brand logo, and are not owned by many other people. Also, age was inversely associated with being happy when able to buy luxury products. Persons aged 30–49 years were more likely to be influenced by advertising than younger adults and those aged ≥ 50 years. Currently

employed persons were more likely to take into account preferences of their family and friends, while students were more likely to feel happy when able to buy luxury products.

The differences in purchasing behavior across demographic groups highlighted by this survey likely reflect diversity of motivations, social roles, degree of economic independence and sense of security in their standing, and patterns of interactions within and between subgroups, the factors that should be explored in more depth in additional studies. These findings could help companies operating in Georgia guide marketing and advertising decisions or other interventions to specific audiences. The research in consumer behavior should be carried out continuously, to monitor evolving patterns and identify changes over time. This is particularly important under current circumstances as the pandemic is still evolving and the direction of its long-term effects are unclear. Continued research will also help to identify which of the findings in Georgia in 2020-2021 were associated with inherent patterns of consumer behavior and which ones were brought by the pandemic and can inform decision-making to effectively guide the recovery of economic indicators

TABLES AND FIGURES

Table 1. Questions included in the survey questionnaire (translated from Georgian).

Question
<i>Impact of customer's economic situation</i>
• My choice of products/services changes as my economic situation changes
• My financial situation affects my purchasing decisions
• I have continued to buy products despite the economic problems
• I have asked someone to go shopping with me so that I would not spend too much
• I have avoided some stores because I was afraid that I would buy too much
• I have felt irritated when I have not been able to buy
<i>Impact of effective stimulation</i>
• I seek information about a product I want to buy from those who work in the industry
• The preferences of my family and friends influence my choice of a product I purchase
• I try to purchase the products that will enhance my image in other people's eyes
• If I see that the product I want to buy is owned by too many people, I change my mind since there is no uniqueness
• It would make me happy if I could afford to buy luxury products
• Personally for me, luxury means quality
• It is highly important for me that the logo of the brand is visible
• The quality of advertisements changes my perceptions about the product
• I think that expensive products are better than the cheaper ones
<i>Impact of COVID-19 pandemic</i>
• Coronavirus has affected my social activity and buying behavior
• Coronavirus has affected my choice of retailers from which I buy
• During coronavirus, I mainly buy products online
• After coronavirus, I try to purchase more practical products
• Coronavirus has made me think how to allocate my budget more adequately

Table 2. Distribution of survey respondents by age group, gender, employment and student status and survey enrolment period (N=414)

Variables	Categories	No.	%
Age Group	18–29 years	150	36.2
	30–49 years	178	43.0
	≥50 years	86	20.8
Age	Median (range), years	34 (18–86)	
Gender	Male	214	51.7
	Female	200	48.3
Currently employed	Yes	292	70.5
	No	122	29.5
Currently student	Yes	96	23.2
	No	318	76.8
Survey period	March-August 2020	141	34.1
	September 2020-January 2021	186	44.9
	September 2021	87	21.0

Figure 1. Answers to questions to assess impact of the economic situation of respondents on their purchasing decisions among respondents residing in Georgia, 2020–2021 (N=414)

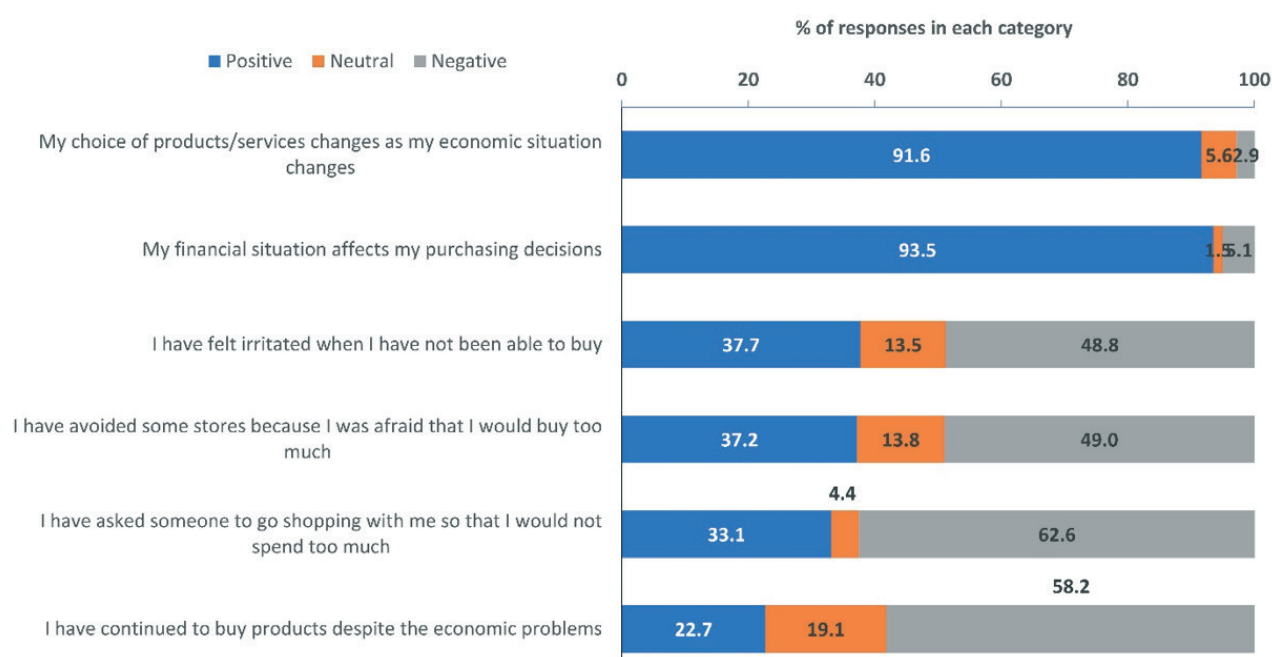


Figure 2. Answers to questions to assess purchasing behavior and preferences among respondents residing in Georgia, 2020–2021 (N=414)

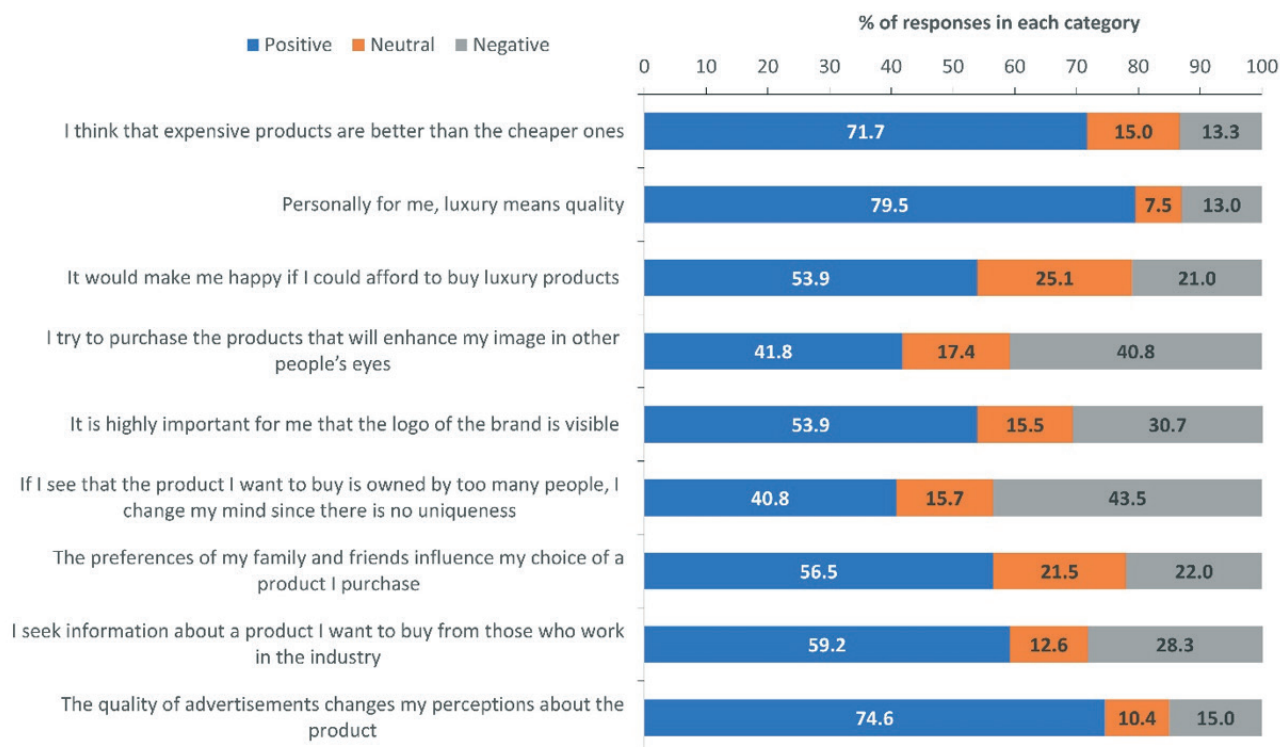


Figure 3. Answers to questions to assess the impact of COVID-19 pandemic on customer behavior among respondents residing in Georgia, 2020–2021 (N=414)



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