

## THE DYNAMIC OF CONSUMPTION: A MAJOR CUT IN HOUSEHOLDS' SPENDING<sup>1</sup>

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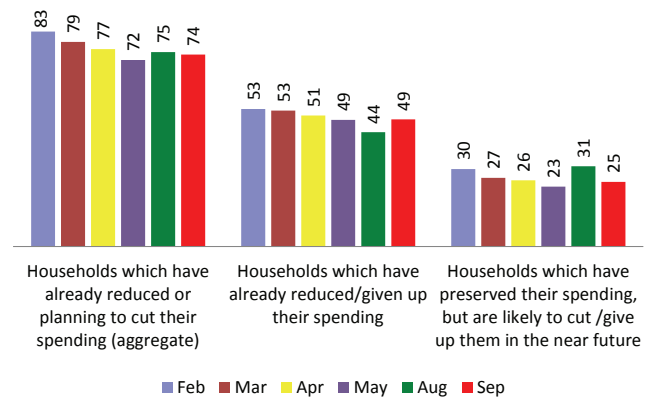
*Reduction of consumption is observed with all the groups of households. Households start to give up consumption of relatively expensive products, while a quarter of respondents of the social monitoring is prepared to save on food. Spending on pharmaceuticals, particularly, among low-income individuals have decreased. Maximum cuts were observed in spending on tourism abroad. Households have started to use less babysitting services and nursing services for sick relatives.*

The data of the *Social Well-Being of the Population* monitoring<sup>1</sup> permits to assess the dynamics of consumption both in general and by individual types of goods and services.

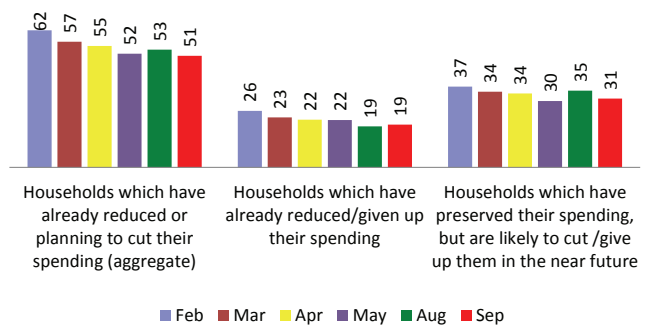
As seen from *Fig. 1*, about 50% of households which in the pre-crisis period used to buy relatively expensive products<sup>2</sup> reduced consumption of those products. Another 25% of households believes that they are going to save on food in future.

Also, dramatic cuts in spending on pharmaceuticals<sup>3</sup> took place; it is to be noted that negative expectations of the prospect that consumption of pharmaceuticals is to be given up in future is typical of the sentiments of the one-third of households which earlier used to spend money on pharmaceuticals (*Fig. 2*).

As seen from the data shown in *Table 1*, the largest cuts in spending on pharmaceuticals took place in the group of low-income households. It is to be noted that only about 50% of representatives of relatively high-



*Fig. 1. Purchasing of expensive food products, as % of the number of respondents for whom such spending were of interest in the pre-crisis period.*



*Fig. 2. Purchasing of pharmaceuticals, % of the number of respondents for whom spending were of interest in the pre-crisis period*

1 The monitoring is carried out by the Institute of Social Analysis and Forecasting of the RANEP. Six sessions of the monitoring were done (February, March, April, May, August and September 2015) on the basis of the representative sample of 1600 respondents in each session. The field part of the research is carried out by the Levada-Center.

2 In the formulation of the question, the notion of "relatively durable products" was stated in order to single out goods of everyday demand on which spending are constant and determined by the rate of inflation.

3 According to the formulation of the question, relatively expensive pharmaceuticals were meant there.

Table 1

### CONSUMPTION OF RELATIVELY EXPENSIVE PHARMACEUTICALS DEPENDING ON THE LEVEL OF MATERIAL SECURITY, %

The level of material security (on the basis of subjective self-assessment)	Consumer behavior				
	Spending preserved in full volume but are unlikely to be cut	Spending preserved so far, but are likely to be cut/given up in the near future	Spending have been cut / given up	No such spending	Difficult to answer
Low-income	20.0	32.9	28.7	13.8	4.7
Average	30.5	31.4	21.0	13.1	4.0
Above average	46.1	19.9	8.1	19.6	6.2

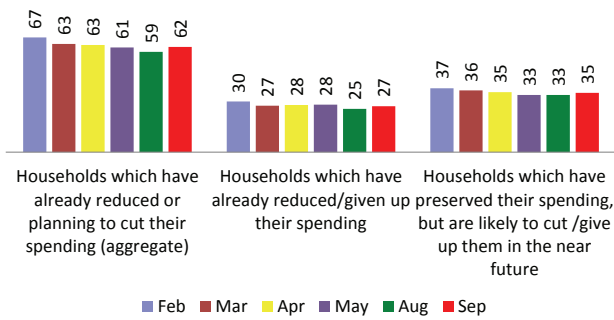


Fig. 3. Payment of medical services, % of the number of respondents for whom spending were of interest in the pre-crisis period

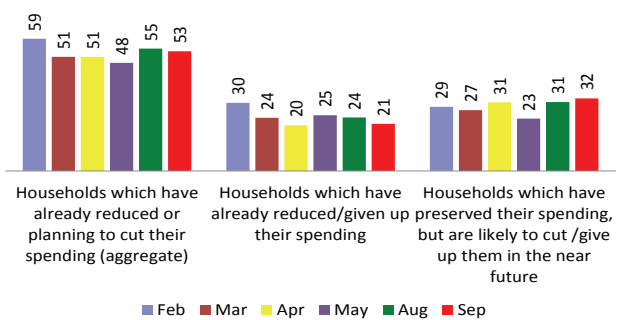


Fig. 4. Payment of educational services, % of the number of respondents for whom spending were of interest in the pre-crisis period

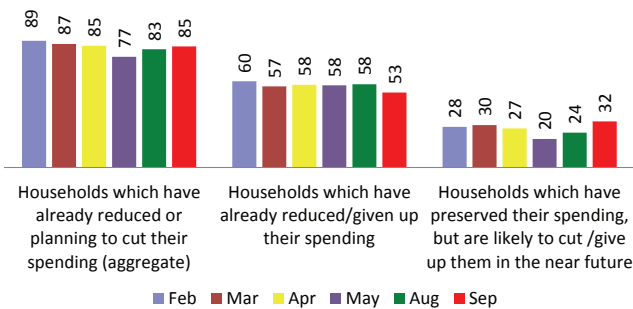


Fig. 5. Tourism abroad, % of the number of respondents for whom such spending were of interest in the pre-crisis period

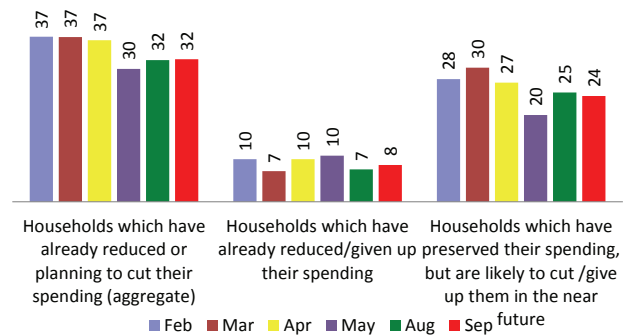


Fig. 6. Auto insurance, % of the number of respondents for whom such spending were of interest in the pre-crisis period

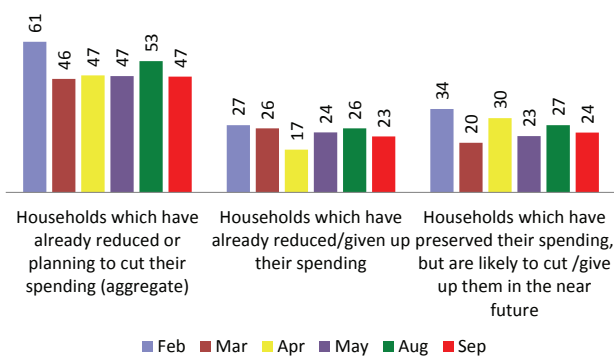


Fig. 7. Payment of babysitting services, % of the number of respondents for whom such spending were of interest in the pre-crisis period

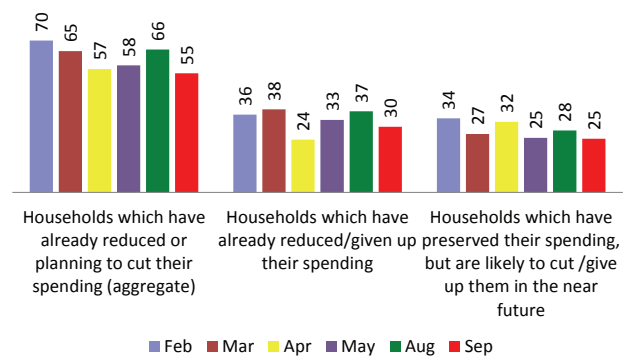


Fig. 8. Payment of nursing services for sick relatives, % of the number of respondents for whom such spending were of interest in the pre-crisis period

income households believes that they are able to retain the required level of provision with pharmaceuticals, while among low-income households — only 20%.

Similar data was received in respect of reduction of consumption of paid medical and educational services (Fig. 3, 4). Let us refer to the dynamics of those types of consumption which underwent minimum and maximum changes.

The maximum negative dynamics designates households' spending on tourism abroad. (Fig. 5). It is to be noted that over 50% of those who could earlier afford those spending gave them up and another one-third (the latest September sample) expects to do that in future.

The minimum negative dynamics is related to purchasing of auto insurance (Fig. 6). About 10% of car owners has cut their auto insurance costs and about a quarter — according to the data of the latest survey — is going to do that in future.

The negative dynamics is observed in consumption of social services, too. About 50% of citizens who earlier used babysitting services either gave them up or reduced consumption of such services or expects to do that in future (Fig. 7).

A larger portion of households has reduced spending on nursing services for their sick relatives (Fig. 8).

Generally, the monitoring shows explicit reduction of consumption not only among low-income groups of households, but also among medium- and high-income ones<sup>1</sup>. If low-income groups of households reduce

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<sup>1</sup> High-income groups of households are not normally among respondents of mass surveys, so, it is higher-income households as compared to other groups of households that are meant here.

spending mostly on food, relatively high-income households do that in respect of tourism abroad and social services. It is to be noted that weak monthly dynamics is observed: the expenditures reduced during the acute phase of the crisis (late in 2014, that is, beyond the limits of the monitoring) fluctuate weakly around the indices of that period. ●