

St. Petersburg University  
Graduate School of Management  
Master in Management Program

The effect of perception of economic situation on consumer behavior in  
the Russian smartphone market

Master's Thesis by the 2<sup>nd</sup> year student Concentration - Marketing

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St. Petersburg

2018

## ЗАЯВЛЕНИЕ О САМОСТОЯТЕЛЬНОМ ХАРАКТЕРЕ ВЫПОЛНЕНИЯ ВЫПУСКНОЙ КВАЛИФИКАЦИОННОЙ РАБОТЫ

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## ABSTRACTS

Master Student's Name	Martynenko A. Olga
Master Thesis Title	The effect of perception of economic situation on consumer behavior in the Russian smartphone market
Faculty	Graduate School of Management
Major subject	Marketing
Year	2018
Academic Advisor's Name	Alkanova N. Olga
Description of the goal, tasks and main results	<p>The goal of current study is to determine whether perception of economic situation had impact on consumer behavior in the Russian smartphone market and whether the rise of Chinese brands in Russia is connected with the economic situation. The behavior aspects are linked to rationalization of purchases, price orientation, brand orientation and perception of Chinese brands.</p> <p>In order to achieve the main goal the author evaluates the theoretical background of different models of purchase decision making (the ones presented by Kotler, Hoyer; McKinsey loyalty loop) as well as provides analysis of the economic situation after 2014. For the study the author conducts exploratory analysis via online questionnaire as the preliminary stage for the research of the changes in behavior in the Russian smartphone market.</p> <p>Based on the empirical results of the study it was identified that consumers buy Chinese brands not because of low price and purchasing of them is accepted by reference groups. Besides, the research showed that improved economic situation has negative effect on rationalization, positive effect on purchasing new models of smartphones and has moderating effect that decreases impact of rationalization and social influence on price orientation.</p>
Keywords	Consumer behavior, decision-making models, Russian smartphone market, rationalization of purchases, price orientation, brand orientation, Chinese smartphone brands

## АННОТАЦИЯ

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Факультет	Высшая Школа Менеджмента
Направление подготовки	Маркетинг
Год	2018
Научный руководитель	Ольга Николаевна Алканова
Описание цели, задач и основных результатов	<p>Цель настоящего исследования – определение влияния экономической ситуации на поведения потребителей на российском рынке смартфонов, а так же связи успеха китайских брендов с восприятием экономики. Исследуемые в работе поведенческие аспекты связаны с рационализацией покупок, ценовой и брендовой ориентациями, восприятием китайских смартфонов.</p> <p>Для достижения главной цели работы, автор провел анализ различных моделей принятия решений о покупке, представленных Ф. Котлером, В. Хойер, McKinsey, и экономической ситуации после 2014 года. Для тестирования гипотез был разработан он-лайн опрос для исследования изменения поведения потребителей.</p> <p>Основываясь на эмпирических результатах исследования, было выявлено, что потребители покупают китайские бренды смартфонов не из – за низкой цены, а покупка в свою очередь одобряется социальным окружением. Кроме того, исследование показало, что положительное восприятие экономической ситуации негативно влияет на рационализацию, положительно на покупку новых моделей, и оказывает модулирующий эффект, который уменьшает влияние рационализации и социального влияния на ценовую ориентацию.</p>
Ключевые слова	Поведение потребителей, модели принятия решений, рынок российских смартфонов, рационализация покупок, ориентация на цену, ориентация на бренд, китайские

	бренды смартфонов
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## **Introduction:**

Companies focused on the concept of marketing, should mostly address their proposals to those types of consumers which were selected as the target segments, and do it more efficiently and faster than the competitors. In such difficult conditions, success will be on the side of those firms whose priority goal of marketing activities is a deep study of consumer behavior.

Changes in consumers' preferences and behavior can occur naturally. In this case companies have some time to track the dynamics of the ongoing displacement and take measures. This is the best development since the company has a chance to take account changes with the most profitable for the company and consumers outcomes. Alternatively, such shift can be sudden and result in very different consumers' behavior. It can be caused by political events, changes in economy, its perception or new technologies.

There are three stages of consumer behavior that are associated with the level of consumption. The pre-crisis stage is characterized by the growth of income and purchasing power of citizens. The next stage is called the crisis; it is a sharp decline in consumption. The last stage (post-crisis) associated with a slow increase in all indicators. (Gilpin, 2008)

Savings, reduction of consumption, as well as the reorientation of consumers in the domestic market products were the result of decrease in purchasing power and reduce the income of the population. But despite the pressure of the above factors, consumers have remained part of the habits that have been formed before the crisis. (Gilpin, 2008)

The events of four years ago heavily influenced the relations between Russia and the West. The consequence of that were the limit of economic activity and the introduction of mutual sanctions. This news came as a shock to the population, because the embargo was associated with empty shelves in stores. In addition, the complicated situation occurred in the currency market: from 33 rubles in 2014 the dollar rose to the level of 80 rubles, and then gradually reached the level of 63 rubles in 2016. (Vedomosti.ru, 2018)

Savings, reduction of consumption, as well as the reorientation of consumers in the domestic and East markets products were the result of decrease in purchasing power and reduce the income of the population. But despite the perception of the situation, consumers may have remained part of the habits or brand loyalty that has been formed before the crisis. (Pwc.ru, 2015)

In February 2015 Bloomberg published the results of the study of the Russian smartphone market by IDC analysts. Sales of devices in 2014 increased by almost half, largely due to the high pre-New Year's demand, but further market growth is in question. According to IDC experts, in 2014 the volume of the Russian smartphone market reached 27.4 million units and \$ 6.3 billion in money. A year earlier, these figures were 18.8 million units and \$ 5.4 billion, respectively. (Retail-loyalty.org, 2018)

As expected the smartphone's market faced a decrease and stagnation during the crisis years. In 2015 the number of sold gadgets was only 25,3 million units and it fully depicted the shift in consumers spending. In 2016 sales amounted 26,4 million units and resulted in stagnation of the market. (Json.tv, 2016)

As a respond to crises consumers may change their behavior. The main change could be that consumers reduce their spending and the tendency would continue until they perceive the situation as more stable. In this situation consumers start searching more for the information needed in order to rationalize the purchase. The tendency could be supplemented by the overall economy on different products and huge ones could be possibly purchased in extreme cases. (Musso and Druica, 2014). At the same time consumers still have emotions, perceptions and risks that accompany their purchases. Even though they cut down purchases, consumers could worry about how others perceive their purchase and what effect it could have on their social status. (Grundey, 2009).

Interestingly, during the economic situation after 2014 occurred the market phenomena - shift in the structure of the Russian smartphone's market: in terms of sold units Chinese producers reached 33%, while Apple gained 10,4% and Samsung 20,6%. (Json.tv, 2017) It could possibly be explained if, for example, consumers began to perceive iPhones as very expensive purchase and irrational. It means that consumers started economize and rationalize their purchases. As well, worsened economic well - being could possibly turn consumers to more affordable options. (Musso and Druica, 2014).

To summarize the motivation for the research, it could be divided into three groups. The first one is economic environment, which includes such economic consequences of a crisis as ruble's devaluation and the decrease of purchasing power of 90% of the population. [pwc.ru] Secondly, as mentioned earlier changes in the market structure occurred: stagnation of smartphone's market during the 2014-2016 as well as rapid strengthening of business of Chinese manufacturers. Finally, changes in consumer behavior was evident: consumers created new



habits of purchasing lower price segment brands, demand patterns changed as well as Russian buyers of smartphones less willingly "overpaid for the brand," preferring to buy similar devices at a lower price [Retail-loyalty.org, 2018]

Thus, one of the main goals of the work is to reveal whether the economic perception changed the consumer behavior in Russian smartphone market and led to the success of Chinese brands in the market.

In order to reveal behavior changes in Russian smartphone market it is essential to start with analyzing approaches regarding purchase behavior. In the literature review a classical approach toward consumer buying behavior introduced by Kotler and Keller would be studied. However its limitations (goals of consumers are not deeply investigated as well as that in the modern world stages of the model are shifted and consumers are engaged in different types of information search) make essential analyzing the approach suggested by McKinsey "Loyalty loop" that helps to see what stages consumers go through and most importantly it enables consumers to enter decision journey at different stages and shift them, which is crucial for marketers nowadays. In addition, another "enhanced" version of the purchase behavior by Hoyer, Macinnis and Pieters would be analyzed. Finally, to make the whole picture and prepare for developing new model, the article of Michel Pham "Seven sins of consumer psychology" would be discussed, which gives an opportunity to discover issues and limitations of many researches and not to make mistakes further.

#### Research gap:

The lack of identification about whether the change in consumer behavior was triggered by the perception of economic situation or not.

#### Research problem:

The exploration of the effect of economic perception on the consumer behavior in Russia's smartphone's market.

#### Research questions:

1. Whether the changes in economic perception led to changes in behavior patterns in smartphone's market in general.
2. Whether the rise of Chinese brands in Russia is connected with economic situation.

### Research method:

The research method is exploratory analysis of smartphones market of Russia via online questionnaire.

So, the overall goal of the work is to explore the possible influence of the perception of economy on the consumer behavior in the Russian smartphone market. To reach the goal it is essential to study the existed models of consumer behavior, make the analysis of the economic situation of 2014 – 2018 as well as the market research. It would give the foundation to developing the new models connected with the rationalization of purchases, adherence to price or brand orientation and attitude toward Chinese brands.

## **Chapter 1: The overview of behavior models**

### **1.1. Decision making model developed by P. Kotler**

Consumer behavior science is rather new, it developed only after the Second World War, however consumers existed for hundreds of years. The study of consumer behavior uses theoretical background of psychology, economics and sociology. (Stoicescu, 2016)

There are several assumptions that most of the authors adhere to. The first one is that many factors influence the way consumers behave. The first group - cultural factors - includes social class, culture and subculture of the consumer. Secondly, family, social roles and status can be united as social factors. The next group is personal factors which include lifestyle, working position and age. Finally, attitude, motivation and life perception constitute psychological factors. (Kotler, Keller, 2014)

The second assumption claims that consumers are capable of rational decision making, can successfully go through all stages of buying process and choose the best from alternatives. Thereby, consumers attempt to maximize the utility of goods, they are not eager to change their tastes and preferences and tend to behave in a rational way. (Kotler, Keller, 2014)

To understand how consumers behave it is essential to start with stimulus – response model. Different stimuli influence consumers' minds and in combination with special features of character it results in purchase decision. It is crucial to determine what is in consumer minds after the influence of stimuli and before purchase. Memory, motivation, learning and perception could be the answer. (Kotler, Keller, 2014)

According to Kotler, a need has to become strong enough to make a consumer act and in this case it transforms to a motive. Different approaches on motivation exist. One of famous theories belongs to Sigmund Freud, who assumed that people behave unconsciously. Therefore people cannot fully understand what motivates them. As an example, consumers who evaluate brands will not only focus on characteristics which were mentioned by producer, but also to such ones as color, brand name, shape and etc. However, it seems that this approach lacks empirical base, because studied the behavior and responses of mostly women of middle age and generalized findings to the whole population. In addition, case study method, which was chosen by the author, makes research bias. It is said that Freud sometimes chose individuals to fit the research. (Kotler, Keller, 2014)

One more approach to motivation belongs to Frederick Herzberg, which he published in his book “Motivation to work”. He claimed that there are satisfiers and dissatisfiers, which affect the final purchase decision. According to Herzberg, if there are no dissatisfiers it does not guarantee that the consumer will buy the product, because it will not simply motivate him. As an implication it is crucial for sellers to get rid of dissatisfiers and point out that the product has satisfiers that exist on the market. However, the theory does not concern situational factors, which can drastically change the decision. Moreover, the approach does not consider individual characteristics of consumers and does not state the value for number of motivators. (Herzberg, Mausner and Snyderman, 1959)

The next component of the model is perception. It affects consumer behavior, because perception stands for choosing and interpreting information, which constitutes consumer’s view of life. However, it should be mentioned that every person can react differently. For instance, strong gesturing can annoy one person, but for another it helps to see emotions. According to Kotler, every person sees about 1500 ads a day, but because it is impossible to remember and react to everyone, there is a process called selective attention. As a managerial implication, it is important for marketers to make advertisements the way to be noticed. Consumers tend to react to the stimuli that diverge from normal ones. Thus the discount of 50% will be noticed more than 10%. Furthermore, consumers are used to interpret information. They can contort information because of their reliance to specific brands. Thus, it can be used by strong brand marketers when consumers get rid of bad information to support their perception of the brand. One more advantage of strong brands is selective retention, using which consumers remember good features of beloved brands and leave behind that of competing ones. Finally, consumers can be affected by subliminal messages, even though they do not think that they are. However, there is no evidence that there is an opportunity to regularly influence consumers’ minds and that it can strongly change their perception of a particular brand. (Kotler, Keller, 2014)

Theory of learning suggests marketers can create additional demand for a product if they succeed in associating it with a strong internal stimulus (drive), manipulate time, place and the way consumers’ response. So, there is a way for a new entrant to copy the same cues and drives the strong brand adheres to and in this way the new company can make consumers loyal to it. Nevertheless, this theory lacks social component in the form of different decision – makers. It means that the theory needs to be revised by adding sociological concepts. (Kotler, Keller, 2014)

One key to success is to make right brand associations. Knowledge of brand consists of a node in memory with different associations. The stronger the associations, the easier it is for consumer to remember about the brand in the right moment of time.

All reviewed processes play a significant role in decision – making process. However, the more sophisticated model was developed later by F. Kotler and K. Keller, the idea of which is that consumers usually go through five stages when they buy goods:

1. Problem recognition
2. Information search
3. Evaluation of alternatives
4. Purchase decision
5. Postpurchase behavior

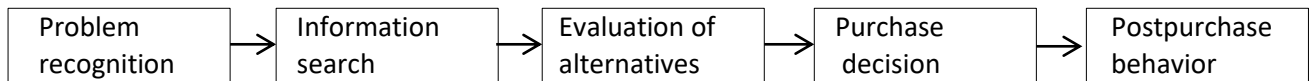


Figure 1 Decision making model

It is worth mentioning that consumers may skip some of the stages. As an example, people buy low equity goods, for instance commodities, which they consume on the regular basis. These goods are homogenous and almost don't differ from each other by utility features and quality. Therefore, consumers do not look for external information about the product and make a decision based on price and availability. (Kotler, Keller, 2014)

The first stage of decision – making process begins when customer faces a need that has to be satisfied. The need or a problem could be caused by different stimuli. A hunger or a thirst could be internal stimuli, which can be defined as a change of customers' body condition. On the other hand, external stimuli refer to influences from the world, such as advertisements, recommendations from friends, family and etc. For example, if a consumer moved to Florida he may not think that he needs diving equipment before watching advertisement on TV, which induced a need. In this case, the job of the marketers is to determine what stimulates consumers' needs by questioning them and then design to achieve that. (Kotler, Keller, 2014)

When the need becomes strong enough, it translates a consumer to the second stage of decision – making process. According to Kotler, most of the consumers if they need something it is enough for them to go to one shop, and only 30% of consumers consider several brands. Thus, search efforts or involvement in the search (engagement in the search), may be of two levels:

1. Heightened attention - a consumer becomes more sensitive to information regarding the desired product;
2. Active information search – higher level of involvement in search that includes searching the Internet, going to supermarkets, calling friends or family and etc. (Kotler, Keller, 2014)

The sources, from which the collection of information is carried out (information sources), in the model are divided into four groups:

1. Personal (the group includes friends, neighbors, family);
2. Commercial (the type of sources comprises web – sites, advertisements, sales representatives);
3. Public (the group is represented by the media and various consumer organizations);
4. Experiential (the type of sources includes consumers, who testing, using, examining the product) (Kotler, Keller, 2014)

At the same time, there is another approach that divides information search. The type of the product influences the engagement of consumers to external or internal information search. When a person wants to buy low involvement good, he usually uses his memory to determine alternatives and it is called internal search. It is useful when a consumer wants to buy a low involvement product. For instance, people will not devote a lot of time deciding where to buy commodities, they are likely to retrieve several options on their way home and choose one. However, external search is a useful tool for buying high involvement products like tours, cars or apartments. In this case consumers are likely to devote time to searching the Internet for alternatives, asking friends or family. (Ghalandari, 2016)

In addition, in the process of gathering information, consumers learn about various brands, their characteristics. But when they get closer to the final stage, the number of brands decreases. So, the hugest set which could be found on the market comprises the total set. Those brands, which a consumer knows are included in awareness set. Consideration set is a set of brands that meets the requirements of the consumer. As more and more information and brands are studied, the customer makes a decision and chooses one brand. (Kotler, Keller, 2014)

Moreover, the significance of certain characteristics of the product to a consumer, which determines the final decision, should be studied by marketers. Market partitioning is implemented in order to determine hierarchy of those characteristics. For instance, when a buyer needs a wristwatch, he can firstly decide that it is going to be the one produced in Switzerland. It

is called nation – dominant hierarchy. If a customer wants a specific brand, like Boccia, then it is a brand – dominant hierarchy. The importance of the price makes another category – price dominant hierarchy. Finally, when the type of the wristwatch plays the most important role for a buyer, then he adheres to the type – dominant hierarchy. Using this approach it is possible to segment customers, identify brand perception, information sources in order to make the most effective strategy for its target segment. (Kotler, Keller, 2014)

After the consumer obtained necessary information, he moves to the third stage of decision – making process – evaluation of alternatives. It is impossible to determine a single algorithm that every consumer uses in order to evaluate options, however there are several basic principles on which the assessment is based:

1. The goal of a consumer is to satisfy his need;
2. The consumer seeks in a product benefits;
3. Each good is considered as a set of characteristics and each of them contributes to satisfying the need. (Kotler, Keller, 2014)

Beliefs and attitudes play a crucial role as factors that influence purchase behavior. A belief could be considered as a characteristic that a consumer has on a certain thing. While attitude is a negative or positive assessment, important are also emotions that consumer has about a certain product. As a managerial implication serves that it is almost impossible to change consumers' attitude and thus a company would rather adopt its products to attitudes. (Kotler, Keller, 2014)

As one of the tools to predict consumers' choice serves expectancy – value model. It assumes that consumers use their beliefs in order to rate products. If one product has higher grades on every criterion – it is obvious that a customer is likely to buy it. However, for more precise evaluation is essential to know weights of every criterion. But the model has obvious disadvantages: it could not be used in a group environment and does not include emotions, knowledge, and experience of consumer. (Kotler, Keller, 2014)

After evaluating the options consumers usually come to the fourth stage - purchase decision, which is formed on the basis of preferences of brands from the set of choice and intention to buy the one they like more. The decision to buy is made of five components:

1. Brand;
2. Dealer;
3. Quantity;
4. Time;

5. Method of payment. (Kotler, Keller, 2014)

In addition, even though a consumer successfully passed the stage of alternatives' evaluation, several factors could stand between stages. The first factor is attitudes of others. The more negative are attitudes of the person and the extent to which a consumer could submit to another view, the greater will be the change in the decision. The second factor is called unanticipated situational factors. A consumer might lose her job or other sudden purchase may occur. (Kotler, Keller, 2014)

Different risks may result in changing, delaying or even obviating purchase decision:

1. Functional risk – a product could not justify expectations;
2. Physical risk – a good cause danger to the consumers' health;
3. Financial risk – a product may not be worth the requested amount of money;
4. Social risk – a good may cause misunderstanding with other people;
5. Psychological risk - violation of the psychological state of a consumer;
6. Time risk - the inability of the product to satisfy consumer's needs leads to the search of another product and emergence of other expenses. (Kotler, Keller, 2014)

The significance of perceived risks to the consumer depends on the cost of the good, his doubt about the quality and characteristics and self – confidence. Thus, it is crucial for marketers to anticipate these factors and share information to minimize their impact.

The work of marketers is not over when consumer bought a good. It is crucial to be aware of emotions, actions of consumers after the purchase. Thus, the next stage is behavior after the purchase, which consists of three elements:

1. Satisfaction after purchase;
2. Actions after purchase;
3. Product use and disposal. (Kotler, Keller, 2014)

The level of satisfaction after the purchase is determined to the degree to which expectations of consumer correspond to its performance. There are three types of satisfaction:

1. Satisfaction – purchase meets expectations;
2. Dissatisfaction – purchase does not meet expectations;
3. Delight – performance exceeds expectations. (Kotler, Keller, 2014)

It is typical for some consumers to exaggerate the difference between performance and expectation, others, on the other hand tend to minimize it and hence are less disappointed. In addition, satisfaction affects consumers' actions after purchase. Disappointed consumer is likely



to return or refuse to use the product and could tell friends about the experience. On the other hand, the consumer who enjoyed the product tends to purchase the good again and spread good reviews. (Kotler, Keller, 2014)

Furthermore, marketers should monitor the use of the product and its disposal after purchase.

However, the model has several limitations. It is mainly concerned with two stages of decision making process – evaluation of alternatives and purchase decision, while other steps are not described with sufficient detail. In addition, goals of consumers are not deeply investigated as well as that in the modern world stages of the model are shifted and consumers are engaged in different types of information search.

## **1.2. Loyalty loop – McKinsey’s consumer decision journey approach**

For years marketers looked for specific moments when consumers can be influenced. A term “funnel” was used to explain the concept of touch points. Consumers search the Internet, ask their friends or family and form their consideration set of brands – the widest part of the funnel. Then the marketer’s job begins when consumers evaluate alternatives and come up with the choice, which is the thinnest part of the funnel. (Forbes.com, 2015)

The awareness and familiarity steps correspond to the second stage of P. Kotler’s model (information search). Consumers could be aware of the brand even without the intent for buying. Usually consumers come to this stage because of marketing campaigns, social media, advertising and etc. When initial connections are established consumers look for information about brands, producers and products and move to familiarity step. For marketers it’s the time to make connections with consumers through providing educational content and establish trustworthy relationship with potential buyers. (Forbes.com, 2015)

Consideration step could be associated with evaluation of alternatives stage (Kotler). Buyers decided between options, ask for advice those who have already bought the product, go on test drive and etc. For marketers it is essential to establish deeper relationship with consumer, provide additional information about the product, use targeting, free trials and other tools. (Kotler, Keller, 2014)

The final decision to buy or not is made on the fourth stage: purchase. When a consumer bought a product, he quickly forms opinion about it. It is common knowledge that for a firm it is

cheaper to retain the customer than to attract a new one that is why it is impossible to underestimate the importance of loyalty. (Forbes.com, 2015)

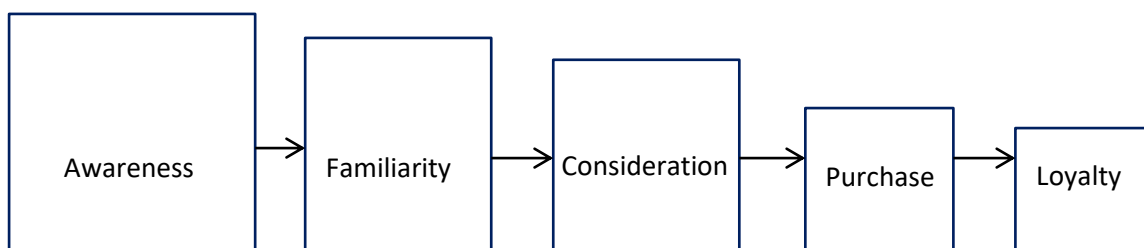


Figure 2 Decision making stages

The approach has obvious strengths. For instance, it helps to track behavior pattern of a typical consumer, estimate the brands' strength, plan marketing campaigns, introduce CRM and etc.

Nevertheless, the concept could not be completely implemented today due to the inability to take into account increased amount of goods available and digital tools that marketers use in campaigns. Consumers became very knowledgeable and the new method that would fit the environment and be more sophisticated was developed. It was called "The consumer decision journey". Moreover, buying process is not linear nowadays, which means that buyers could enter the funnel on every stage and move in various directions. (Forbes.com, 2015)

Day by day consumers watch news or see different advertisements, talk to their friends and family. But most of the impressions, which they gain by previously mentioned actions, disappear rather quickly from their minds if they are not involved in regular shopping. But at the very moment when a consumer decides to buy a good those impressions play an important role, because they form the initial consideration set, which could be defined as several brands that would be considered by a consumer as future choices. (Forbes.com, 2015)

Drawing an analogy to the funnel approach, it assumes that by means of evaluating alternatives, purchasing and utilizing products consumers exclude options from the initial – consideration set. The adherence to the brand as well as the possibility of repurchase is formed on the last two stages. The traditional marketing science suggests marketers influence consumers at every step of the funnel, however according to David Court, Dave Elzinga, Susie Mulder and Ole Vetvik, the McKinsey principals, the former approach does not fit such industries as telecom, automobile, skincare and others. (McKinsey & Company, 2009)

The consumer decision journey approach defines four stages, which comprise a circle, when marketers could influence consumers:

1. Initial consideration;
2. Active evaluation;
3. Closure (analog for purchase stage);
4. Postpurchase (experience). (McKinsey & Company, 2009)

#### Brand consideration

According to McKinsey research a consumer who wants to buy a certain good, for instance a cell phone, has already in mind several potential brands. Besides, buyers tend to believe that social media as well as the increased choice among brands on the contrary help to reduce the initial consideration set. But at the same time it is still important for companies to invest in branding, because if it is in the first thought set then the probability is three times greater for it to be purchased. (McKinsey & Company, 2009)

#### Active evaluation

However the game is not over for those brands that were not included into initial consideration set. Opposed to the funnel approach, the loyalty loop suggests that during the evaluation stage consumers are likely to increase the number of brands under consideration while searching for information. As mentioned before brands may appear on stage of decision making and also make competitive brands disappear. The amount of brands that emerged in stages two or three are various in different industries. According to McKinsey research consumers who were on evaluation stage choosing automobile included 2.2 brands into initial consideration set, those who searched for computers – 1, and skin care – 1.8. (McKinsey & Company, 2009)

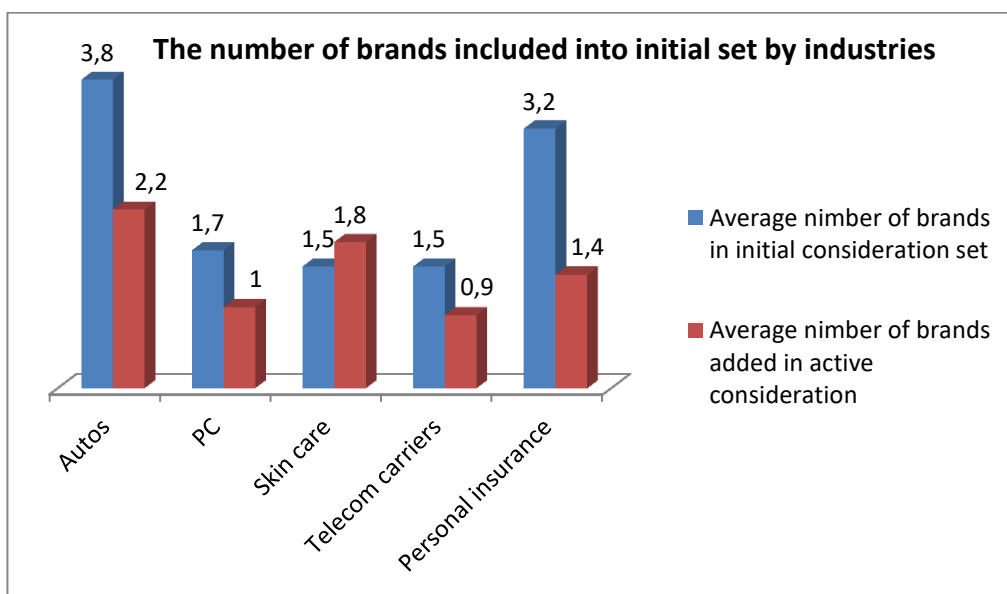


Figure 3 The number of brands included into initial set by individuals

The funnel model assumed that marketers should push consumers on every stage using different tools and channels like direct marketing, traditional ways of advertising and etc. At every step when consumers gradually decrease the number of considering brands marketers try to lean them on their side. However, this approach showed inability to influence target buyers at the right moment. (McKinsey & Company, 2009)

It is hard to underestimate the advantages of consumer – driven marketing. Nowadays buyers tend to take all the information necessary for a purchase. The research revealed that such tools as word – of – mouth advice from friends and family, reviews from bloggers on the Internet, conversations at shops and experience from the past constitute two thirds of touch points. Another way of influencing consumers that include traditional advertising, sales person contact, and sponsorship amounts to one third of touch points. As an implication it is essential for marketers to shift away from pushing consumers at every stage, but learn how to guide consumers using touch points and emphasize word – of – mouth and information available on the Internet. (McKinsey & Company, 2009)

The example of wrong marketing campaign could be named American automobile corporation General Motors. For a long period of time it made a wrong focus on sales incentives and on dealer programs. The goal which it wanted to achieve was to win during evaluation and purchase stages, not taking into account consideration and post purchase phases. It did not respond to the tendency to shift toward producing crossovers, labor practices were dramatic, quality decreases and it lost touch with its buyers and even the loyal ones, who flock to Japanese brands. The problem laid in the evaluation and purchase phases which were professionally manage by such Japanese companies as Toyota, Nissan and Honda, which attracted buyers by quality of cars and increased strength of the brands. Consumers became loyal to these car manufacturers and with the help of hearsay Japanese brands were likely to be in the initial – consideration set. (Harvard Business Review, 2009)

McKinsey research revealed that the consumer journey is circular. It is crucial for marketers to continue influencing consumers after a purchase was made, because post - purchase phase forms the impression and opinion about the product and would influence future decisions. The example provided by McKinsey states that about 60 percent of consumers who bought a facial care item are likely to continue searching the Internet, asking friends and family. These facts contradict the funnel approach. (Harvard Business Review, 2009)

Nowadays, the complexity of the world alters loyalty. Even though it was not a secret that post purchase stage is very important to increase loyalty and chances of repeat purchases, and loyal customers cost less to maintain than to attract new ones, the approach of managing loyalty should be changed. There two groups of loyal consumers: called active and passive loyalists. Buyers from the first group purchase more, tell their friends or family about the brand and its products and so increase positive word – of mouth. On the other hand, passive loyalists despite of the great number of competitive brands' products stick to the brand, however their attachment is not deep and they could easily switch to competitors if their offerings are better. (Harvard Business Review, 2009)

As an example could be taken insurance industry in the niche of automobiles. Most of the companies have many regular customers who annually extend an insurance policy. The research conducted by McKinsey showed that the number of passive buyers is six times larger the active ones. It means that there is a huge opportunity for companies to provide tempting offers, discounts and thus stop loyalty loop by enticing customers. (Harvard Business Review, 2009)

However, maintaining customer loyalty is a difficult job, but in the new environment marketers' priority should be increasing the number of active loyalist. It could be achieved by not only maintaining high customer satisfaction, but also by investing in digital tools, and increasing word – of – mouth.

One more important thing is to connect marketing practices with consumer journey. Understanding of what influences consumers' decisions, how fast they make them and other aspects is just the beginning. The toughest part comes next – the marketers' choice of the strategy to implement at touch points. According to McKinsey, sometimes it is essential to put the main focus not to the first step of consumers' journey, but to the stage of active evaluation and provide materials in order to involve consumers in more deep understanding of the brand. Another way is to put an emphasis on active loyalists instead of passive or on such instore activities such as promo actions, differentiated customer experience, provide mini – classes or demonstrations of the goods and etc. Thus, the more consumers' journey gets complicated, the more complex practices should companies adopt in order to measure effectiveness of marketing activities or attitudes of consumers. (Harvard Business Review, 2009)

If marketers do not react to the ongoing changes, they are likely to encounter several risks. First of all, it could turn to simply loss of money. When it is crucial for the company to gain profit, marketers could choose wrong advertising channels and customers could receive

information not at the time when it should stimulate them to purchase. Moreover, simply pushing consumers to buy products could be a wrong strategy while it is more sufficient to let them make decisions by themselves, but give all information needed or educate consumers.

There are several practices, which could be implemented by the marketers to deal with the new consumer journeys.

For many years marketers paid most of their attention to creating awareness and ensuring loyalty of consumers. Nevertheless, the McKinsey research found that consumers should be addressed throughout the whole journey in order not to lose the moments for investments and target the wrong audience. For instance, the research revealed that some companies from the beauty industry have paid much attention to the first stage of the decision journey and some of them, for example purchase, have lack of attention. It means that the brand could be remembered by consumers, but it could suffer from the lack of in – store activities, which influence the purchase phase. (Harvard Business Review, 2009)

The second practice essential for successful manage of the journey is tailor messaging. The company could create a message targeting the most profitable part of consumer journey. It could help to resolve the problems in other stages. The example suggested by McKinsey considered automotive industry. In America losing a job is the worst nightmare for many customers and Hyundai was very smart to address the message on preventing it. South Korean corporation designed financial protection of customers offering an option of returning the car in case of losing the job. This message helped Hyundai to get into the initial consideration set of American customers and made the corporations' share of market larger in the country. (Harvard Business Review, 2009)

To be successful managing consumer journey marketers should look wider on opportunities to communicate with consumers during the time when they learn about products, brands and its characteristics. In the digital era the most useful tool is the Internet, which is used by consumers to search information, listen to opinion leaders and their recommendations. It could be successfully implemented by creating specialized web pages, YouTube educational videos, working with popular bloggers. In this case the company could stimulate word – of – mouth that plays one of the most important roles in affecting the buying decision.

Establishing the connection between brands by creative consumer – friendly apps gives a chance to involve them more into learning. Applications could help to identify what characteristics and which elements a consumer wants to see in the good, construct it if possible

and evaluate alternatives. For instance, many car manufacturers, like Ford, provide an opportunity for customers to choose the model of the car and then select the functions, attributes they need and visualize the result. This novelty supports consumers at every stage of the decision – making process and increases conversations either in the Internet or word – of – mouth. (Harvard Business Review, 2009)

Nowadays, digital marketing allows tracking behavior of customers, their preferences by means of targeting engines and content – management systems. The example provided in the article describes how airline companies combine pricing, destinations, creative elements to attract potential customers with the most suitable offers. (Harvard Business Review, 2009)

All the efforts of marketers to make the image and increase awareness of their product could simply not work if they do not win the battle in a store. In the article the data provided shows that consumers postpone their final purchase decision till they see the product, its package, and the place where it is stored or speak with salespeople. Obviously, packaging, merchandising and signage become crucial activities in order to successfully manage consumers' decision journey. For instance, in the skin care there are plenty of brands that are not usually considered by customers as the ones to be bought, however, because of the beautifully made packages and promotions customers eventually choose them over the ones from initial consideration set. It clearly shows the importance of touch points that could be managed in – store. (Harvard Business Review, 2009)

Analyzing the article, it should be highlighted that McKinsey approach does not state that marketers should take into account only pre-determined touchpoints. It suggests an innovative view that companies should figure out on what stage is a consumer and influence it with specific message in the right place and time.

The decision – journey approach gives the opportunity to understand customers, manage the non – linear buying process and influence customers in the right place and time, which is crucial nowadays due to the possibility of consumers to enter the journey at every stage. The second advantage is that the model is more circular and it visualizes how consumers move through stages and emphasizes touchpoints that marketers could use. The McKinsey's approach also digs deep to understanding of reasons, motivation of customers, pointing out touchpoints which help to create an action plan for marketers.

However, the model could be misinterpreted by marketers. For example, marketers could believe

that the purchase is located in the middle of the process, however customers could think it is not. The opinions differ in whether the experience or the purchase goes first. For instance, Jonathan Becher, the CMO at SAP believes customers go through the experience stage before purchase. (Bonchek, M., France, K., 2014) One more issue with the decision journey is that it lacks modern approach that in many cases a product is integrated with marketing. The new trend implies that to be successful products should be created the way to market themselves. Finally, the gift approach was discussed by Mark Bonchek in Harvard Business Review, which suggests that people use social currencies in order to highlight relationship. For example, “Like” in vkontakte social network is social currency which has its market value. So, this approach undermines the premise of the decision journey that there is a strong bond between purchase and advocacy. It basically means that a person might not be a customer, especially loyal one, to advocate by means of social currencies. (Harvard Business Review, 2012)

### 1.3. Decision model by Hoyer, Macinnis and Pieters

The last model which describes consumer decision making was developed by Hoyer, MacInnis and Pieters. According to authors, the decision making process has three stages: problem recognition and information search, judgment and decision – making, post – purchase processes. (Hoyer, MacInnis and Pieters, 2013)

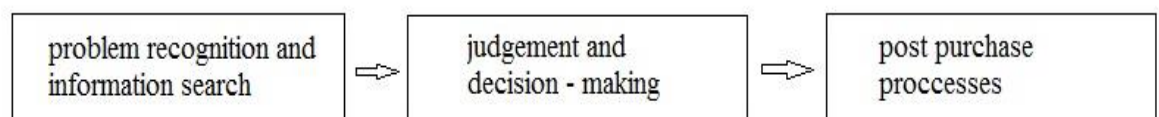


Figure 4 Decision making model of Hoyer, MacInnis and Pieters (Hoyer, MacInnis and Pieters, 2013)

It is possible to draw analogy for the model suggested by Kotler and Keller. Its first four stages are very similar to the first two stages of Hoyer’s model. Possible, the authors wanted to emphasize that the grouped stages have many common features. (Hoyer, Macinnis and Pieters, 2013)

Almost identical with Kotler’s model is the description of a need which is defined as a difference between the actual and ideal states. The bigger this difference the more motivated is a customer to put actions in order to satisfy the need. The actual state could change due to several factors: running out of a product, product malfunction or unexpected need of a service. Other reasons could be needs and external stimuli. (Hoyer, MacInnis and Pieters, 2013)



The second element of the first stage is the information search, which could be categorized into internal search and external search. Internal search is when a person seeks for information in his memory and it could be influenced by time pressure and distraction. Obviously, those consumers who are interested in brands, novelty and etc. have more information in their memory. Also, if a consumer looks for high involvement product, the degree of search would be more intense in comparison with the low involvement product. (Hoyer, MacInnis and Pieters, 2013)

As for external search, a customer typically uses the Internet, advice of friends to obtain necessary information. The authors point out that external search is divided into five groups:

1. Retailer search (visits to supermarkets, studying of packages, leaflets and etc.);
2. Media and social media search (studying of product's website, social media, forums and etc.);
3. Interpersonal search (asking advice from friends, family members not only in person, but also via Internet, telephone calls and messages);
4. Independent search (for example, websites, books and journals);
5. Experiential search (usage of product samples or service trial). (Hoyer, MacInnis and Pieters, 2013)

The second stage of decision – making process is judgement and decision making. The goal of the customer in this stage is to choose the best option among alternatives. The level of customer's involvement defines the stages of judgement:

1) Estimation likelihood (ex: the item would make a customer popular among friends or it would be loved by his parents);

2) Judgement of goodness/badness (emphasizes the importance of these or that feature to a customer);

3) Mental and emotional accounting (a customer mentally divides all of his savings and expenditures into different accounts). (Hoyer, MacInnis and Pieters, 2013)

If the level of customer's involvement is low, he is likely to use heuristics or simple rules of thumb that help in decision – making. Usually such heuristics could be brand, price, manufacturer and etc.

After a customer did the judgement he is ready for decision making, which as most of the components of the model, is affected by the level of customer's involvement. When involvement is high a customer tries to answer the following questions: how to make a decision if alternatives could not be easily compared, which factors are more significant, when to make decision, what to compare and choose. (Hoyer, MacInnis and Pieters, 2013)

As well, there are three groups of factors that may influence the decision making in high – involvement case:

1. Consumer characteristics (the purchase decision is highly influenced by the current state of a customer: his mood, experience, memory and etc.);
2. Characteristics of the decision (the situation in which the decision is made influences by the availability of the information and trivial attributes of alternatives);
3. Group context (if a consumer belongs to a certain group and has specific group goals or if his decision could be affected by the group's members). (Hoyer, MacInnis and Pieters, 2013)

The decision making in low – involvement case is characterized by the will of a customer to save time and efforts. Cognitively – based decision making process involves cognitive component, whereas affective – based decision making process uses emotions and they both usually lead to different outcomes. (Hoyer, MacInnis and Pieters, 2013)

After the decision is made a person moves to the last stage – post purchase processes. It is rather common situation when a customer feels post – purchase dissonance since he is not completely sure about whether the right decision was made. Post – purchase regret could happen when a customer thinks that he should have chosen another alternative. One more post – purchase reaction is satisfaction, it happens when a customer positively evaluates the purchase. The opposite case is known as dissatisfaction. (Hoyer, MacInnis and Pieters, 2013)

The discussed model has many similarities with the Kotler's one, however it complements by using the involvement component at each step. Besides, the model does not take into account that consumers may skip several stages or not to start with the first one. Finally, the model has rather high level of abstraction and is very descriptive since it does not give concrete variables, which could be used in the analysis. (Hoyer, MacInnis and Pieters, 2013)

#### 1.4. Pham's discussion of consumer behavior theory shortcoming

Considering all approaches towards consumers' journeys and their behavior it is crucial not to lose the whole picture of consumer psychology. This issue was addressed by Michel Tuan Pham in his work called "Seven sins of consumer psychology". Michel Pham states that articles, which are published in top scientific journals, lack scientific impact. Interdependent causes of that are discussed in the article and so – called "sins".

The first sin addressed by the author concerns the narrow scope of consumer behavior science. Figure 5 shows Michel Pham's understanding of the field and the author tends to believe that every step of consumer behavior deserves perscrutation. The article says that marketers mostly focus on one stage – acquisition, which they believe is the most important one, that shows how to predict and stimuli purchase, include brands into initial consideration set or increase loyalty. But according to the figure 5 acquisition step is only a small part of what should be considered. Business wants to know what consumers want and need and how products are consumed. (Pham, 2013)

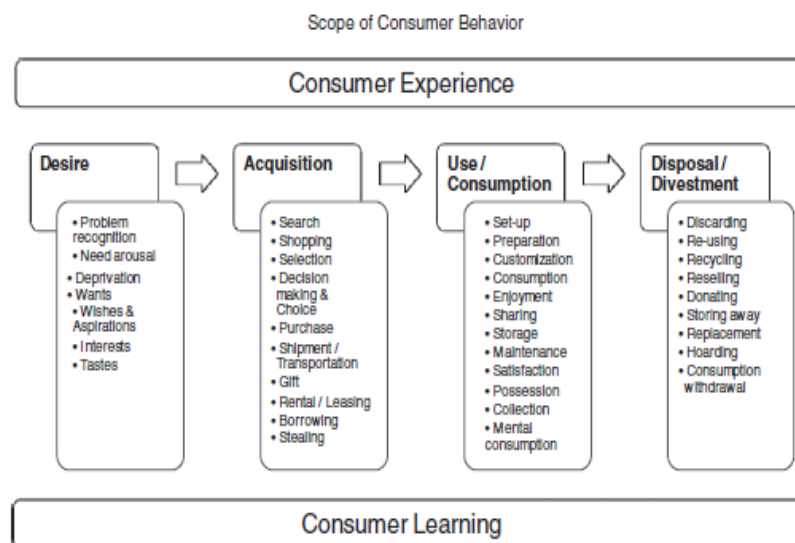


Figure 5 Scope of consumer behavior (Pham, 2013)

According to the article, most of marketers assume that needs and wants of customers come from outside (exogenous). But in fact for establishing successful campaigns marketers need to know what triggers the desires or reluctance to buy the good. For instance, why people purchase a cell phone or change their car. (Pham, 2013)

Concerning the phase of usage of goods, this area is also of primary importance for enterprises. One reason for that is that knowing how customers use products, it is possible to get unique insights for innovations and improvement of goods. Moreover, many approaches, which are widely used in marketing, typically include types of acquisition purchasing, borrowing, sharing, renting, gifting and stealing. Some business specialize in forms other than purchasing, however not much attention has been devoted to studying them. (Pham, 2013)

The stage of disposal of goods could also reveal useful insights. Environmentally friendly behavior concerns riddance and recycling goods. For government the thing of primary importance is dealing with people's addictions to drugs, alcohol and etc. (Pham, 2013)

The second sin suggested by Michel Pham is narrow lenses. The problem is that limited number of topics was discussed and most importantly very narrow. Cognitive and social psychologies, behavior theory were mostly studied during last half of the decade. The theory basically stated that if customers were exposed by a certain action/influence, then the process will be triggered and it will lead to the certain outcome. However, Michel Pham argues that this approach does not fully show the diversity of consumers' behavior. (Pham, 2013)

The author discusses the approach toward behavior theory and represents it as five circles, each showing different scopes of consumer behavior. Mechanical core consists of attention and perception, comprehension and beliefs, judgment and attitudes, choice rules and sensory experiences. Michel Pham emphasizes that this core was studied mostly extensively. The second layer is affective one, which represents emotions, mood, and feelings. Interdependence could be assumed between these two layers: "feelings influence judgment, mood influences memory, emotions influence time discounting." (Pham, 2013). The next layer is motivational one, which consists of needs and wants, goals and motives, values, regulatory focus, and it hugely influences processes in affective layer and consequently mechanical core. Clearly customers emotions, mood, feelings are influenced by needs and goals they want to achieve. In addition feelings, mood and emotions manipulate perception of information and judgement. Outside the motivational layer is social – relationship context elements of which are lifestyle, social roles, family, religious beliefs and social influences. The last but not least layer is called cultural background and it is responsible for purchasing behavior. The layer is composed of language, cultural background, norms, stereotypes, economic system and etc. The final elements of the system are forces that go in two directions. The ones that go from inside (processes that occur in the lower layers) affect the outside ones and vice versa. Summarizing, Michel Pham states that behavior theory was narrowly studied and a lot of emphasis was put on mechanical

core. Alternatively, it is crucial to study outside layers, consider emotional, motivation and role theories, cultural and family psychologies. As well, many authors try to suggest a unique or the best explanation for a particular phenomenon and hence the science is divided into different theories that do not complement each other. But according to Pham it is essential to admit the existence of many theories without constant attempts to defining the best one. (Pham, 2013)

The third sin detected by Michel Pham is “narrow epistemology”. The author points out that consumer knowledge was not widely considered and the way of its enhancement was narrowly studied. Also, in order to gain knowledge scientists mostly used two ways: hypothetico – deductive and inductive, forgetting about descriptive and external theory validation ways. (Pham, 2013)

The most popular path nowadays is hypothetico – deductive one. The approach has its advantages, for instance, it relies on observations, which everyone could check and prove, gives the opportunity to deny previous theories if they contradict observations, makes possible to develop new theories. However, the approach uses deductive logic and several logical mistakes could lead to wrong conclusions and it could use only phenomenon that could be measured and observed. (Pham, 2013)

The phenomenon – driven approach (inductive) suggests that firstly phenomena is identified, and then using induction after the empirical activities the phenomena is conceptualized. Its main advantage is that the approach supports the rationale for research on phenomena that is directly related to consumer behavior. (Pham, 2013)

Another approach, which has clear strengths, is called “empirical generalization”. Michel Pham argues that deductive and inductive ways mostly relate on relations between elements and discuss theoretical grounding. At the same time a problem lies in unacceptance of studies with empirical findings, which are not theoretically explained. However, the author provides an example of Hoyer’s findings about consumers who do little search while shopping in a supermarket. Or the results of Dickson and Sawyer research where they found that customers do not have a deep knowledge of prices and that initial consideration set of customers have typical size. The final example provided by Michel Pham states the importance of the finding that customers need some time and space to adjust to the store and only after that information provided by retailer would be perceived and used by customers. Nevertheless, these findings are not widely accepted in the consumer science because of its descriptiveness. Concluding, it is

crucial to be more loyal to descriptive researches if they are robust, useful and present new facts about consumer behavior. (Pham, 2013)

One more path that deserves attention is external theory validation. According to the author, researchers are good at making logical hypotheses and creating tests for them. However, it is difficult for them to suggest a proposition, which is useful from objective point of view. On the other hand, the field today is full of consultants who create theories in the field of consumer behavior, which are supposed to guide company's CEOs. But many of so – called theories are not supported by empirical data and scientific explanations. In this case, the approach suggested by Michel Pham, is aimed at testing those theories by validating (or not) them by empirical tests. (Pham, 2013)

The next sin suggested by the author is disregard for content. He states that researchers overemphasize psychological processes, but do not pay much attention to exploring mental contents. For example, when business wants to understand customers, it looks for what is in customers' mind, what they feel and want. In this case content of consumers' minds matters, because it includes thoughts, feelings, motives, actions and beliefs. Michel Pham mentions that if mental content is included in research, then it would increase both internal and external relevance. The author provides several examples of how the studies that comprised content made difference in psychology by mentioning Maslow's pyramid, Freud's psychoanalytic theory and others. Another example is "Handbook of consumer motivations" by Ernest Dichter, where he connected the choice of the goods to unconscious level. He states that men like huge fridges, stoves and other kitchen attributes because deep in their mind they want to be family's providers. All in all, Michel Pham suggests scholars take into account the mental content, because it is what businesses and consumers want and it would increase the quality of the researches. (Pham, 2013)

The fifth sin discussed by Michel Pham is "overgeneralization". According to Pham, the mistake is usually made by either researchers or reviewers. Concerning researchers, they work very hard to create the proposition, prove and test it. But when the study starts working, researchers immediately become very confident in it and in the robustness of the findings. They try to connect some features to patterns of data, forgetting about the situational factors that could have influenced the results. Besides, researchers do not make attempts to redo proposition testing the second time to prove the validity of results. That is why the problem of generalization of the research findings takes place and in the field there are plenty of so – called "false – positive" results. (Pham, 2012). Readers and researchers are also not exception of the ones who fall for the same problem. Usually if the work was done by the famous author, reviewers believe the

findings are true, forgetting about the possibility of the context – specific. All in all it slows the progress in the area, while many new approaches and findings are rejected due to the fact that the literature states the opposite. The example provided by the author refers to the famous study of Iyengar and Lepper, who stated that a huge choice as a negative impact on consumers. On the other hand, it was forgotten that the findings were gotten under specific circumstances: jams were considered of the one brand and popular ones were not included in the experiment. The results of the research were overestimated and believed as the only truth. Summarizing, Michel Pham suggests that in order to deal with the problem of overgeneralization researchers have to double test results excluding the influence of situational factors. By adding factors one by one and constant testing of proposition it is possible to obtain reliable results. One more way to deal with the situation is to increase sample sizes and carefully interpret results. Reviewers, on the other hand, should be open – minded to new researches, even if they repeat some of the previously mentioned findings, but offering new insights. (Pham, 2013)

One other very important sin is called “research by convenience”, which emphasizes that most of the researches in the sphere of consumer behavior used college students even though they did not generalize to the whole population. Michel Pham provides the example of Robert Ferber, who argued that student samples should not be used while testing hypotheses about purchasing a house, a car or making financial decisions. Including students in the sample seems rather convenient, but also in most of the researches were considered only American student, which are 5% of the global number. (Pham, 2012). So, a typical research using American students not only fails to represent the whole population, but does not include differences in gender stereotypes, family psychology, level of education, race, teaching styles and etc. Moreover, residents of the USA are weekly influenced by the advertisements on TV and are not likely to make “best – buy” calculations. [Capon, Kuhn, 1982]. One of the hypothetical solutions, Mechanical Turks, which gained popularity, was designed to solve “the convenience problem”. Without doubt, participants there are not college students and more likely represent general population. However, certain doubts still take place, for example, it is not clear if for a small amount of money they are able to turn off their minds while answering questions better than college students. In addition, researchers study the areas, which questions could be asked by means of MTurks, leaving behind fields that need to be studied. (Pham, 2013)

The final remark using the convenience research is that it allows using not proper instruments. Most of the researchers use hypothetical situations while asking college students and it raises the question of reliability of results. In addition, exaggeration in the statement of the

question makes strengths of the observed effect increase. For example, instead of asking “imagine purchasing a care next year” making it “next week”, the answers would probably differ. Furthermore, if participants try to imagine themselves in different situations, they will probably think analytically and it will definitely distort the results. Basically it means that business would not receive emotional answers, which it looks for. Concluding, it is essential to broaden the groups of respondents and geography of them as well as to decrease the number of vignette researches. Real respondents from various countries, economic conditions, age, backgrounds, and education who show their emotions, motives and possible behavior could reveal useful insights for business. (Pham, 2013)

The last sin revealed by Michel Pham is confusing “theories of studies” with “studies of theories”. Theories of studies are regularly published in many journals, but do not make discoveries in the field of consumer behavior and have no meaningful impact. It happens because they are mostly aimed at logical explanation of particular phenomena, which was made in conditions far from the real ones. So, it makes arguable if the phenomena works outside the lab and thus, findings of such researches should be tested several times in different environments and if the assumptions are not met, it should not occupy pages of journals. (Pham, 2013)

Analyzing the article, it highlights problems which are faced by the field of consumer behavior studies, the most important of which are the necessity of studying psychological content of consumer behavior, increasing the quality of researches by careful choosing respondents and methods of research, as well as encouraging not only descriptive, but also empirical studies. If the ideas of the article would be taken into account the researches would enhance the science, reveal useful insights for business, by providing empirical results. New approaches suggested by Michel Pham would also broader the horizons of consumer psychology in terms of not only relying on mechanistic explanations of the behavior, but also exploring emotions, personality, cross – cultural differences, values, motives, goals, social influences and roles. It would also help to shift the so – called best and unique explanations to the acceptance of the possibility that theories can be not mutually exclusive. However, the article does not have primary data analysis and it is mostly descriptive. It makes its conclusions rather vague.

To conclude the analysis of the literature gave the overview about the steps consumers go through while making the purchase decision. The insights derived from McKinsey’s article revealed that consumers are likely to skip stages especially in the case of brand orientation. As well, the necessity of including shortcut options could be also used for development of the models. Differences of price and brand – driven purchases would be complemented by the



economic context and also included into the propositions of the research. Finally, the “sins” mentioned by M. Pham would be kept in mind in order to get reliable results of the research.

## Chapter 2: Methods & Data Description

### 2.1. Analysis of the Russian smartphone market

In order to create the model of purchasing behavior of consumers and test proposition it is essential to firstly introduce the background information about the economic situation after 2014, the perception of which, hypothetically, triggered the change in the behavior of consumers.

In February 2015 Bloomberg published the results of the study of the Russian smartphone market by IDC analysts. Sales of devices in 2014 increased by almost half, largely due to the high pre-New Year's demand, but further market growth is in question. According to IDC experts, in 2014 the volume of the Russian smartphone market reached 27.4 million units and \$ 6.3 billion in money. A year earlier, these figures were 18.8 million units and \$ 5.4 billion, respectively. (Retail-loyalty.org, 2018)

The largest supplier of smartphones to domestic retail was Samsung, which in 2014 produced about 6 million units, which is 2.3 million fewer than in the previous year. During the same period, iPhone sales, on the contrary, doubled to 3.2 million units, and total revenue from their sale reached \$2.1 billion against \$1.5 billion from sales of Samsung gadgets. (Json.tv, 2018)



Figure 6 Volume of the Russian smartphone market

Thus, Apple has become the most profitable manufacturer of smartphones in the Russian market. In October-December 2014, when there was a rush in electronics in Russia in the conditions of devaluation of the ruble, retailers sold the iPhone in the amount of \$827 million,

which corresponds to 46% of the total volume of the Russian smartphone market. During that three-month period, Samsung's share in revenue was 18%. (Json.tv, 2018)

Because of the situation with ruble in 2014, Apple increased the cost of its phones by almost 70% at the end of 2014, while the rise in price of Samsung products was less significant. (Json.tv, 2018)

In a difficult economic environment in Russia, the local smartphone market was forecasted not to grow in 2015 relative to 2014, said IDC analyst Simon Baker. According to him, sales of the iPhone after the boom in 2014 would go into decline, and against the background of a decline in consumer spending, the most demand would be used inexpensive models based on Android. (Retail-loyalty.org, 2018)

The leading manufacturers of smartphones in the Russian market in 2014 were also Lenovo, Microsoft, Sony and LG, which in 2014 sold 2.2, 1.8, 1.6 and 1.1 million handsets respectively. Especially worth noting the leap Lenovo: the Chinese company's sales jumped almost 4 times in physical terms and 2.5 times - in cash. (Json.tv, 2018)

As it was forecasted the economic situation influenced the market of smartphones in Russia. According to J'son & Partners Consulting, total sales of smartphones in Russia in 2015 amounted to 25.3 million devices. And for the first time since 2009, they showed a negative trend: relative to the results of 2014, smartphone sales fell by 3% in physical terms. And the decline could be considered huge in comparison with huge increase in sales in last 6 years. (Json.tv, 2018)

Due to the crises certain trends appeared in the mobile device market of Russia in 2015.

First of all, there was a decrease in the share of sales of producers focused on the premium segment and a growth of popularity of new brands. In 2015, Russian buyers of smartphones less willingly "overpaid for the brand," preferring to buy similar devices at a lower price. A number of new manufacturers focused on the budget segment, in 2015, could take a more or less significant share in the smartphone market. The share of traditional smartphone manufacturers fell below 50%. (Json.tv, 2018)

Secondly, there was a growth of the average retail price of a smartphone. The trend of decreasing of the average retail cost of a smartphone, observed in recent years, due to the growth in the supply of budget-level devices, was interrupted in 2015. According to J'son & Partners Consulting, the average retail cost of a smartphone increased by 9% in 2015 compared to 2014.

At the same time, despite a significant increase in prices for consumer electronics in Russia in the past year and a half, the average retail value of smartphones has grown less so. Budget devices became popular on the market. (Json.tv, 2018)

Finally, increase in the functionality of smartphones took place. In 2015, the total sales of smartphones increased the share of devices supporting LTE, NFC and the ability to connect two or more SIM-cards. (Json.tv, 2018)

According to TrendForce, the average price of 67,8% of all smartphones sold in Russia in 2015 was about 10 thousand rubles. The increase in popularity of less expensive phones led to the rapid strengthening of the business of Chinese manufacturers such as Lenovo, Huawei, TLC that aim at increasing the recognition and popularity in Russia. (TAdviser.ru, 2018)

In summer 2015, one of the most anticipated Chinese mobile device manufacturers - Xiaomi, which the Western press likes to call "Chinese Apple" - came out on the Russian market. The company was founded by the Internet entrepreneur Lei Jun in the spring of 2010, which in 2015 ranked 23rd in the list of China's richest businessmen Forbes magazine with a state of \$ 8.8 billion. The manufacturer started with the development of Android firmware MIUI, and then switched to the creation of electronics. (TAdviser.ru, 2018)

In 2016 Chinese smartphone manufacturers significantly increased their activity in the Russian market. This is evidenced by the data released by the research company Counterpoint in April 2017. (TAdviser.ru, 2018)

Experts estimated that in 2016, brands from China for the first time earned sales of smartphones in Russia more than \$1 billion. The most popular among Russians enjoyed such brands as ZTE (0,5%), Lenovo (7,7%) and Fly (3,1%). (TAdviser.ru, 2018)

Thus, it could be stated that the smartphone market gradually began to recover from the consequences of the devaluation of the ruble (compared to 2015, the market grew by 4.4%, compared to 2014 - by 1%) and consumers started to get used to the new realities and adapt to new prices for devices. (TAdviser.ru, 2018)

Interestingly, the overall sales numbers of traditional phones are still rather high. For example, in 2012 about 30 million of them were sold. Year by year this number gradually decreases, but even in 2016 traditional phones account for about 10 million new ones sold. (TAdviser.ru, 2018)

The overall number of sold smartphones in Russia showed the positive dynamic comparing with the previous year and amounted 26,4 million units. (Json.tv, 2017)

In the market there were several tendencies:

First of all, there was explosive growth of smartphones with LTE support. In 2016, every second smartphone sold supported high-speed Internet technology LTE. Sales of smartphones with LTE-module grew in 2016 more than twice as compared with 2015. The main drivers of market growth are an increase in the range of LTE-devices, a decrease in their average cost, as well as increased demand for devices of the middle and premium price segment. (J'son.tv, 2017)

Secondly, the average retail value of smartphones grew by 22% in 2016 compared to last year and amounted to 12.1 thousand rubles. This is the highest average retail price of a smartphone since 2009. The increase in cost compared to last year was affected by the growing demand for devices of the price category "above 15 thousand rubles", which, in turn, contributed to the increase in sales of devices purchased on credit. (J'son.tv, 2017)

Thirdly, the average diagonal of the display of the smartphone sold in Russia in 2016 was 4.6 inches. In addition, the share of smartphones with a diagonal of 5 or more inches has grown from 31% in 2015 to 46% in 2016. The growth in sales of smartphones with a large display diagonal affects the increase in the use of video content, TV and applications. (J'son.tv, 2017)

Finally, there was growth of the share of Chinese producers - a trend that was born during the economic crisis, continued after the devaluation of the ruble. A number of popular manufacturers in the formation of the Russian smartphone market - Sony, HTC, Nokia / Microsoft - totaled only 5% of the smartphone market in physical terms in 2016. Their place was occupied by Chinese companies that sell devices at a more attractive price. In 2016, according to J'son & Partners Consulting, in the top ten of the best-selling manufacturers in Russia, Chinese companies occupy half of the positions. (J'son.tv, 2017)

In the first chart presented below could be seen several tendencies. To begin, during the crises Samsung's market share dropped by almost 40%. Apple felt more secure and the market share was balancing close to 10%. At the same time crises pushed sales of Chinese smartphones up due to their low price, comparable functionality and fashionable design.

The second chart depicts share of smartphone sales in Russia in monetary terms. Samsung lost again about 25% during the crises. Concerning Chinese phones the share in monetary terms showed very positive dynamics due to their increasing popularity. For Apple the period was even successful and it gained about 20%. It was possible due to the increase in prices for Russia and a huge margin that Apple has on every smartphone. Almost it raises a question, which is crucial in the work: could one of the factors that helped Apple avoid stagnation be the loyalty of its customers?

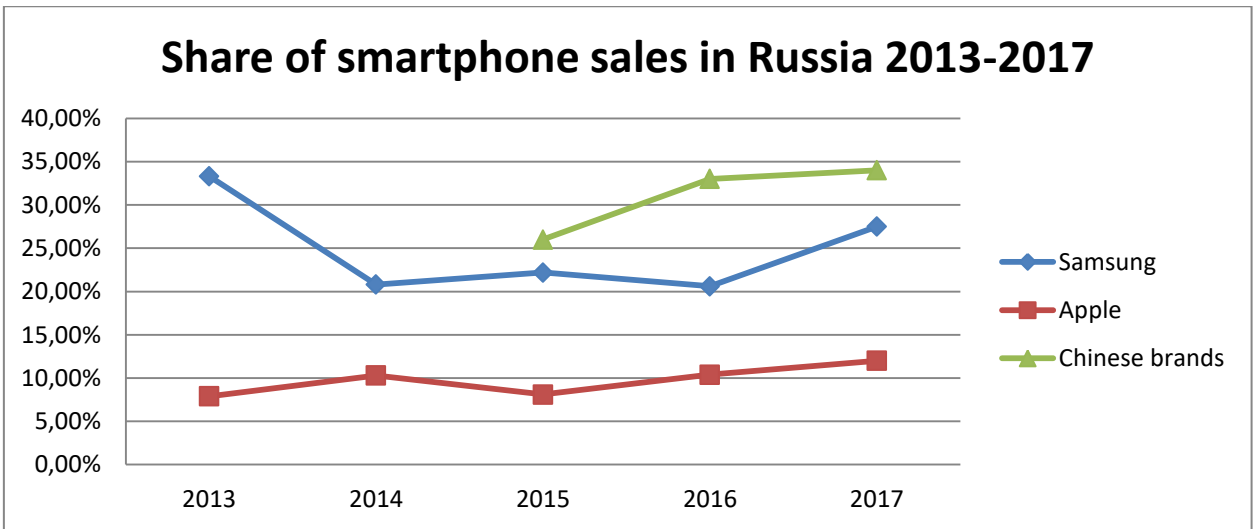


Figure 7 Share of smartphones sales in Russia 2013 – 2017

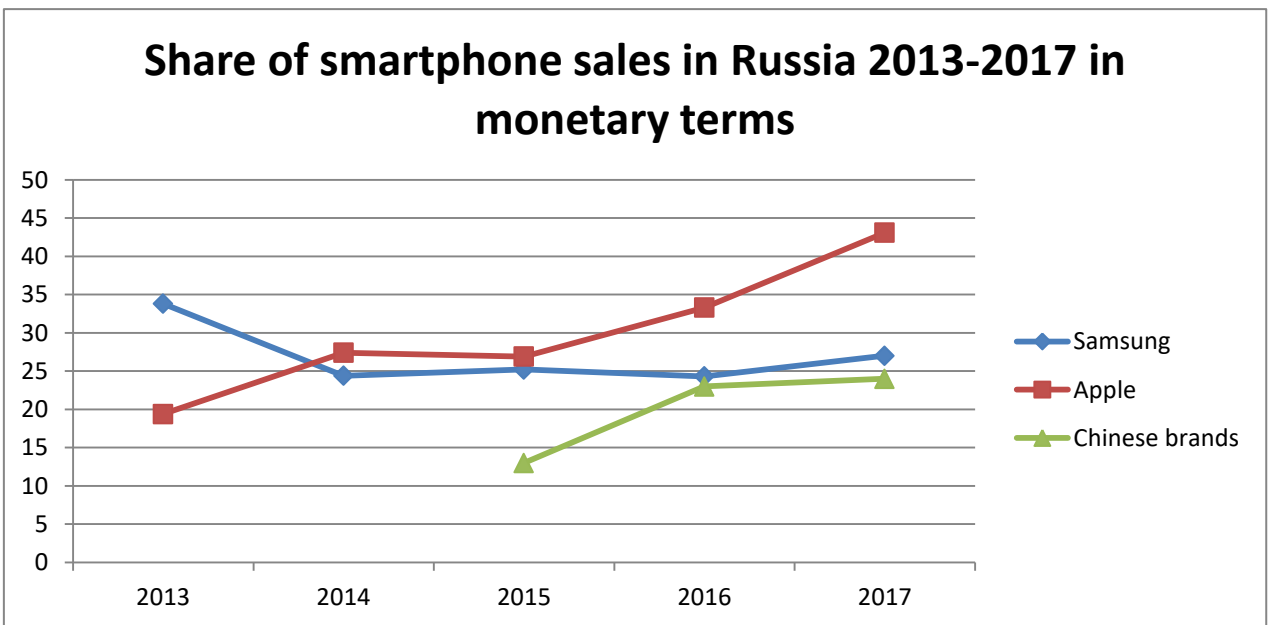


Figure 8 Share of smartphone sales in Russia 2013 2017 in monetary terms

Combining all that the decrease in sales of main smartphones manufacturers, orientation of some customers toward Eastern producers, demanding more functionality of devices and price sensitivity of customers that increased during the crises give a huge platform for the research.

## 2.2. Assumptions of the research

Summarizing the analysis of smartphone's market during the economic situation after 2014 it could be stated that the entry to the Russian market of Chinese manufacturers changed the market situation and possibly the decision making of consumers.

It is a well – known fact that when, for example, Apple introduces a new gadget highly loyal customers form lines outside of Apple’s stores. They could wait for a day or even more, when spending nights in tents outside the stores. Apple’s brand loyalty is a dream of thousand companies. The brand highlights its unique value proposition and always emphasizes simplicity, user friendly design and interface. This type of loyalty creates the demand for the company’s products and secures its position. Without doubt it also makes barriers for entering the market and gives a company an opportunity to increase the price 20-25% higher than competing brands. (Kotler, Keller, 2014)

According to Kotler, there are four groups of customers according to their loyalty. Hard – core loyals are the customers who always adhere to only one brand. Split loyals could purchase two or three brands. Switching from one brand to another is typical for shifting consumers and those customers who do not possess any loyalty at all are called switchers. (Kotler, Keller, 2014)

Using the above mentioned theory and McKinsey’s loyalty loop, which emphasizes the tendency of customers to skip some stages of decision making process, the first assumption for the thesis is that brand loyal customers could skip stages and typically start with purchase which is then followed by the post purchase behavior.

Besides, when customers make a choice their decision could be influenced not only by the brand, but also by the price. According to Kotler and Keller market partitioning helps to reveal which competitive forces triggered the decision. If a customer wants to buy a smartphone, for example, and first thing he does is deciding on the brand and then model, price and etc. it is a brand – driven purchase. On the other hand, if a person firstly identifies for himself the ideal price of the future gadget and based on that starts choosing brands, models, functional features, then it is a price – driven purchase. In addition, the decision could be influenced by the nation of the good, its functionality as a dominating factor. (Kotler, Keller, 2014)

Hence, the second assumption is that there are two major types of buying decision – brand orientation and price orientation.

Furthermore, if a consumer went through most of the stages of the decision making model, for example, searched and asked for information about different brands, their features, evaluated alternatives and came up with the best one in his opinion, there is a possibility for the purchase decision to be postponed. According to Hoyer, performance risk occurs when a customer doubts that the product would perform as he expected. As an example when companies use this type of risk is car manufacturers who buy used cars, check them and make warranty for

several years. In this case this perceived risk is minimized. The next type of risks is financial. It is typical for the situation when a customer doubts whether the product is worth the amount of money he should pay or paid for it. Safety risk could experience customers who want to avoid potential physical consequences. For instance, a person may be afraid to buy a cheap Chinese electric garland, because he is worried that it could cause a fire and harm his family. Customers could also be affected by social risk, which is when a person feels embarrassed in front of, for example, his friends because of the purchased item. Psychological risk could influence a consumer who fears that a product does not fit his personality. Finally, time risk is when a customer fears that a product involves huge amount of time for purchasing, using and disposing the good. (Hoyer, Macinnis and Pieters, 2013)

Consequently, the third assumption is that perception of economic situation made that decisions could be also impacted by social, psychological risks and perceived functionality.

### **2.3. Proposition of the research**

As a respond to crises consumers may change their behavior. The main change is that consumers cut down expenses and they would continue to do so until they perceive the situation as more stable. Consumers spend more time searching on information needed to make rational purchase decision. It could be also be accompanied by the overall economy on different products and huge ones could be possibly purchased in extreme cases. (Musso and Druica, 2014). At the same time consumers still have emotions, perceptions and risks that accompany their purchases. Even though they cut down purchases, consumers could worry about how others perceive their purchase, what effect it could have on their social status. (Grundey, 2009).

P1: The perception of economic situation has positive effect on rationalization of purchase behavior

As it was mentioned in assumptions of the research purchase decisions made by a customer could be affected by either price or a brand. In this case marketing partitioning would show the forces that guide the particular decision. As example, if firstly a customer decides on how much he is able to pay for a smartphone and only after that considers other attributes of the item such as technical characteristics, brand, country of production and etc., then it is a price orientation. Alternatively, if the brand serves as the main decision criteria, then it is a brand – orientation. Besides, because the new brands and models are frequently introduced into the market some consumers could have healthy interest for them even though being loyal to one



brand. The analysis of the Russian economy after 2014 revealed that consumers became more price – sensitive and rational. That is why it could be hypothesized that rationalization plays its part in this equation. As well consumers could be exposed to the risk of not acceptance of the purchase by their reference group, family, and colleagues or they could not take that into account and just listen to their heart while making a purchase. (Grundey, 2009). Finally, the perceived economic situation could also trigger that change.

P2: The perception of economic situation influenced consumers' price orientation, brand orientation, readiness to try new

During the crises occurred the market phenomena - shift in the structure of the Russian smartphone's market: in terms of sold units Chinese producers reached 33%, while Apple gained 10,4% and Samsung 20,6%. (Json.tv, 2017) It could possibly be explained if, for example, consumers began to perceive iPhones as very expensive purchase and irrational. It means that consumers started economize and rationalize their purchases. As well, worsened economic well - being could possibly turn consumers to more affordable options. (Musso and Druica, 2014). Finally, the economic situation could have possibly decrease social risk associated with the purchase of Chinese brands.

P3: The perception of economic situation changed the attitude toward Chinese smartphone brands.

As well, it is important to segment consumers. The segmentation could be based on the existing classifications. The first one divides customers based on geography (where people live: regions, cities, villages), demography (age, gender, family size), psychographic (social class, lifestyle, personal characteristics), behavior (occasion, benefit, service usage, intention to use). (Tuckwell and Jaffey, 2012)

Another classification was also developed in the United States of America. According to it there are brand advocators (ex: loyal to Apple), functionality seekers (huge memory, fast operating system and etc.), price sensitive customers (typically go for Chinese smartphones), risks avoiders (social, psychological)

#### **2.4. Development of the consumer behavior model's components in the smartphone's market**

The model presented by Hoyer could be used as a theoretical foundation for the development of the new model for smartphone's market.

The first stage is so – called the problem recognition. According to some statistics, about 50% of people in Russia buy a new phone in case the previous one broke down. Another reason is more applicable to young generation – the current smartphone is outdated and it does not possess valuable features for a customer. The mentioned reason could be also influenced by the availability of smartphone’s loans, which do not require the whole sum to be paid at once. The reason, which was popular during the economic situation after 2014 suggests that because the crises is around the corner people believed the purchase of a new smartphone was a smart decision due to upcoming increase in prices. In this case, people could want to spend money and smartphone could be perceived as an investment. For a comparatively small group of people a purchase could be a result of the absence of the phone before. (Hoyer, Macinnis and Pieters, 2013)

Without doubt, marketing activities heavily influence this stage. Being surrounded by marketing stimuli consumers could think that they need a newly introduced phone even if in fact they do not. Manufacturers use social media, TV, outdoor, online, exchange schemes, pre – orders to make customers purchase smartphones. Apple, for example, does not allow upgrading to the newest operating system owners of old iPhones. The same is true for some applications, which could not be used without the new operating system. (Hoyer, Macinnis and Pieters, 2013)

The next element of the first stage is information search. Theoretical concept was discussed in the first part of the thesis and it involves perceived risks, involvement and information search. Concerning risks, it depends on the group of customers which one is prevailing. For young generation social risk tends to be more important when they could feel embarrassed with, for example, Xiaomi smartphone in a group of friends loyal to Apple. Financial risk is more common among adults, who want to be sure that the newly bought smartphone is worth the amount of money they paid for it. Performance risk could dominate in several situations: when Chinese smartphones were introduced in Russia people tend to doubt their longevity and promised performance. Another case is when older generation believes smartphones are easy to break or they are overcomplicated. (Hoyer, Macinnis and Pieters, 2013)

Perceived risks determine customers’ involvement and the willingness to search for additional information. It is assumed that the search effort could achieve different degrees of intensity: heightened attention and active information search, which is related to the importance and rather high price of the devices and as well huge opportunity costs. This level of attention and involvement could be shown if a person wants, for example, to switch from one producer to another or is fond of exploring the new functions of the phone before the purchase. High

involvement but lower level of information search or even its abundance could be demonstrated by truly loyal customers, who enjoy new design, trust the enhanced functions and go to buy a new device. (Hoyer, Macinnis and Pieters, 2013)

Involvement could also determine which sources of information the customer will use and how active. Changes in consumer behavior could be also traced if consumers switch to different sources of information and as well the changed influence and significance of external stimuli. (Hoyer, Macinnis and Pieters, 2013)

The second stage is about judgement and decision making. Considering judgement it is highly influenced by personal characteristics of a person, his family or by other reference groups. Hence, certain influence has personal and group goals. For example, a teenager needs a smartphone in order to be respected in his class. In this case he is influenced by his reference group (classmates) and the personal goal to be respected. But when a person is not affected by such extreme cases, personal factors could dominate, for example, his admiration of Chinese brands. In addition, when choosing among alternatives customers may consider as determining factors – price, brand, quality of assembling, technical characteristics, brands motherland. As well, the place of purchase could impact the decision by some extent. Due to the perception of economic situation people tend to buy at the store that has the minimum price or promotion, it could also be done by the Internet. Today still about 59% of Russians buy smartphones in traditional stores. There one of the influencing factors is the consultation with a salesperson. (Hoyer, Macinnis and Pieters, 2013)

Post purchase processes in developed model are characterized by the purpose of usage and further purchase of the same brand or switching to competitor. The basic usage of smartphones is the same – to make calls, however then customers could be divided into many groups. Some people search the Internet most of the time, others are keen on playing games, for some people email and office products are the primary focus of having a smartphone and etc. As well, it is important to consider social – demographic factors such as gender, age, income. (Hoyer, Macinnis and Pieters, 2013)

## Chapter 3 Empirical study

### 3.1. The model of the research

Keeping in mind the information presented earlier it is possible to create models for each proposition that would reveal whether perception of economic situation triggered the change in consumers' behavior or not. As well it is essential to see if that shift was triggered by other influencing factors.

Concerning the first proposition, the increase in rationalization could be affected by economic factors such as the overall better perception of the economic situation and increased purchasing power. (Musso and Druica, 2014) As well, the rationalization could be influenced by social risk of purchasing a device and the degree of the importance of personal identity and decision. (Grundey, 2009) The last component of the model is control variables as income, age and gender.

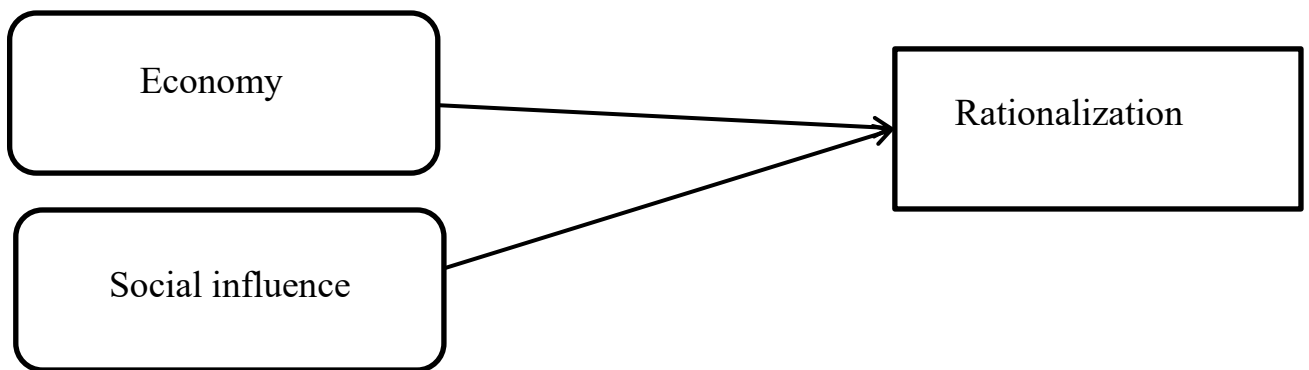


Figure 9 Model of the first proposition

For the first proposition was developed alternative case, which assumes the moderating effect of economy on the influence of social factors on rationalization. Control variables: income, age and gender are also included.

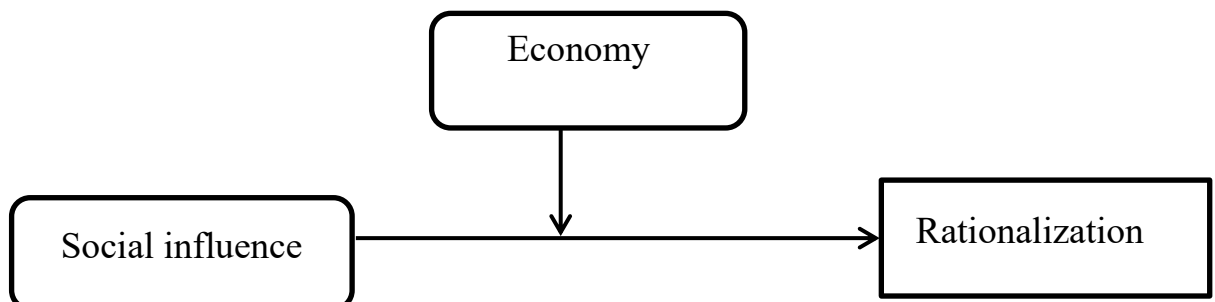


Figure 10 Alternative model of the first proposition

Considering the second proposition, questions would help to determine if a consumer is loyal to specific brand; if he is ready to try a new brand; whether he compares alternatives on price; if the lowest price is a determining factor; if a consumer sets a desired price for himself.

Due to the fact that the same questions would be asked several times (about the perceived situation in 2014 and nowadays) it would be possible to see whether the shift occurred and whether it is significant. The set of questions about the perception of economic situation after 2014 include whether a consumer perceives the economic situation as unstable; if he anticipates the increase in prices; whether the consumer is worried about the economic situation in Russia; if his economic well – being worsened recently and finally if he started to more save and economize. Questions would be asked about the degree of rationalization of purchases, whether consumers care about the opinion of others and their acceptance of the device or follow their personal decision and control variables as age, income and gender would be also included into the model as control variables. However, there could be a case when between economy and rationalization could have cross effect and it would be also revealed in the further research.

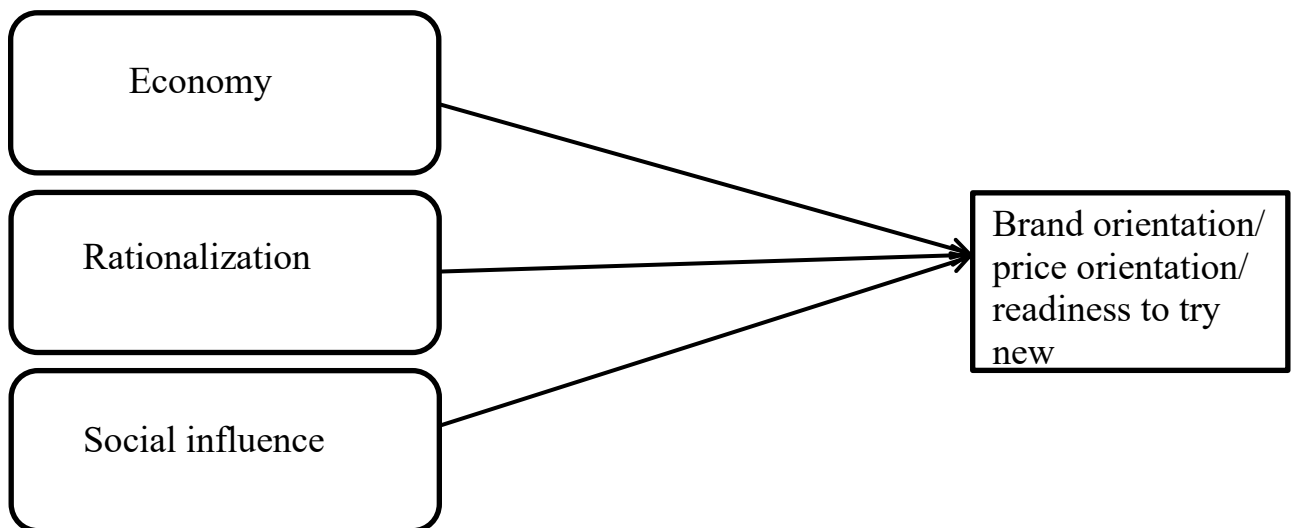


Figure 11 Model of the second proposition

Besides, the alternative model includes economic context as a cross – effect. Control variables are also included in the model.

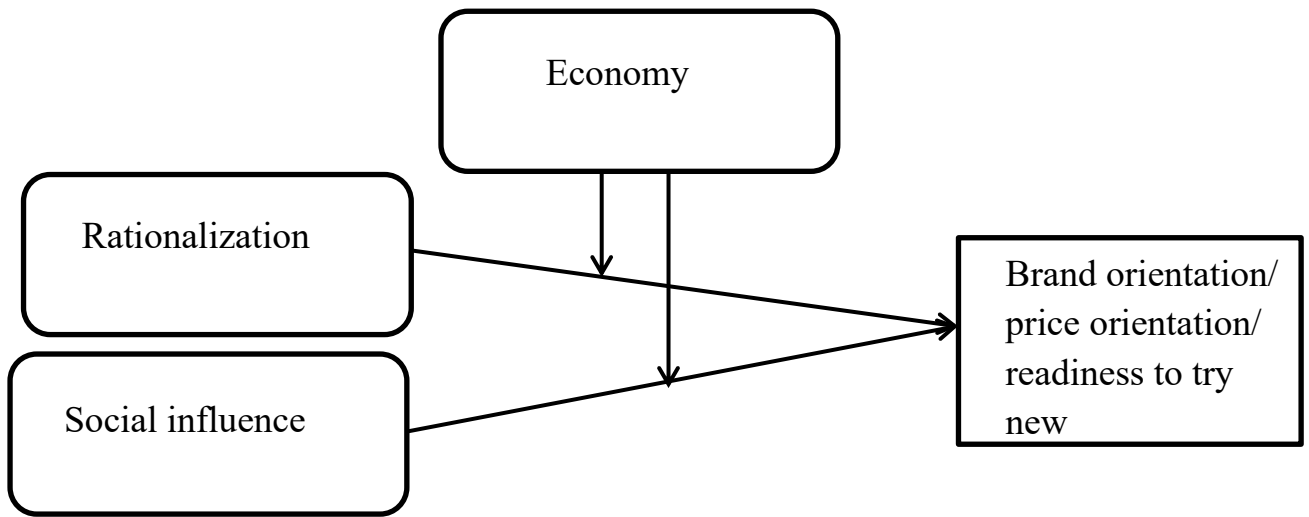


Figure 12 Alternative model of the second proposition

Considering the third proposition about whether the perception of economic situation changed the attitude toward Chinese smartphone brands it is crucial to determine the social risk of purchasing smartphone brands, whether positive word – of – mouth could trigger the purchase. As well in the model would be included economic factors since the market phenomena could have occurred due to the effect of the perception of economic situation and decreasing purchasing power of consumers. Besides, the possible explanation could be the adherence of consumers to price – driven purchases and the model has control variables.

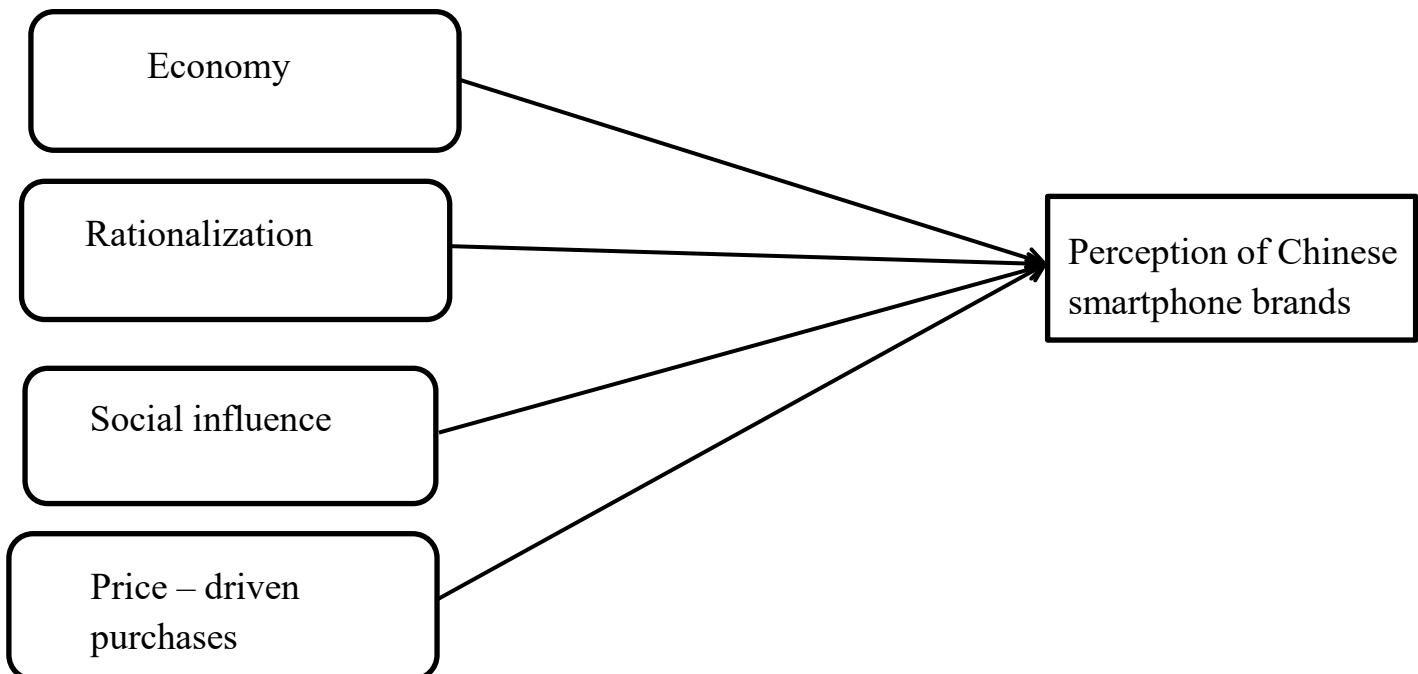


Figure 13 Model of the third proposition

In addition, the alternative model depicts the perception of economy as a cross effect.

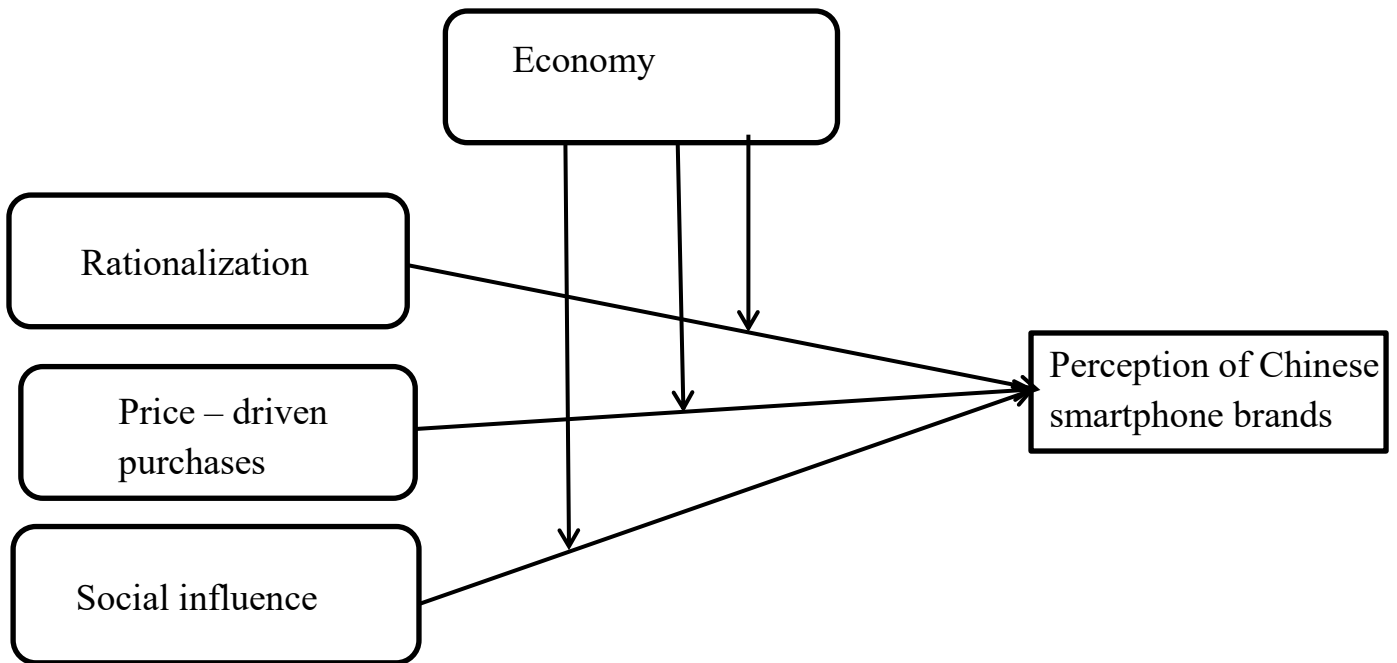


Figure 14 Alternative model of the third proposition

### 3.2. Data collection method

The type of the research of smartphones market of Russia is exploratory and it would be done via online questionnaire. It would give insights about purchase behavior in a new economic environment and the overall perception of the economic situation. The questionnaire consists of four parts. The first one helps to identify consumer’s characteristics. The second one reveals what customers think about the economic situation nowadays in comparison with the year of 2014. The next part of the questionnaire deals with the purchase behavior of customers in smartphone’s market in 2014. Without doubt, consumers would answer about 2014 from the position of 2018. Thus, the answers about the shift could be biased by current experience and not fully reliable. However, descriptive statistics could be done and this set of questions could help to tune respondents to comparative perception. Even though that this shift is not a foundation of the research, it could reveal additional insights about the change in behavior, but the main focus would be on 2018.

The questions in the research would be assessed by the Linkert – type scale response anchors. It would be reliable choice, because questions themselves were taken from the book “Handbook of marketing scales: multi – item measures for marketing and consumer behavior research” by Bearden, Netemeyer and Haws. (Bearden., Netemeyer and Haws, 2011)

In the research would be tested the level of agreement. Five point Linkert – type scale consists of the following answer choices:

- 1 – Strongly disagree
- 2 – Disagree
- 3 – Neither agree or disagree
- 4 – Agree
- 5 – Strongly agree (Bearden., Netemeyer and Haws, 2011)

For testing control question about income would be used scales developed by the Russian center for the study of public opinion. They include:

1. Money is not enough even to purchase food products;
2. Money is enough only to purchase food;
3. Money is enough to purchase the necessary food and clothing, larger purchases have to be postponed;
4. Purchase of most durable goods (refrigerator, TV) does not cause difficulties, but we cannot buy an apartment;
5. Money is enough to not deny yourself anything at all. (<http://www.levada.ru/>)

The table in the Appendix 1 demonstrates all 48 variables and identifies to what question each one belongs to, their measurement and processing. They could be grouped into three parts, the first one about the characteristics of consumers, the second one about the perception of economic situation and the final one – behavioral aspects in different time frame.

Due to the fact that parts of propositions were measured by a set of questions it is essential to conduct factor analysis in order to structure data and identify the number of dimensions, relationship between variables. The table below demonstrates the results of factor analysis.



Table 2 Factors

Name of the factor	Items included	Cronbach's Alfa
EconomicPerceptionFactor (Better economic situation)	Instability	,687
	IncreaseInPrices	
	WorriesAboutEconomicSituation	
PurchaseBehaviorFactor (Increased purchasing power)	WorsenedWellBeing	,652
	Economy	
	Entertainment	
PriceDrivenDecision (Purchase decisions based on price)	DeterminingPrice	,750
	ComparisonOnPrice	
	LowestPriceChoice	
	Price	
LoyalDecision2018 (Purchase decisions based on brand)	Loyalty2018	,612
	LoyalButReadyNEW2018	
LoyalDecision2014 (Purchase decisions based on brand)	Loyalty2014	,454
	LoyalButReadyNEW2014	
RationalizationEconomy2018 (Rationalization of purchases)	Economy2018	,722
	Rationalization2018	
	ExpensivePhoneIsIrrational2018	
ChineseBrands2018 (Attitude toward Chinese brands)	ChineseBrandPositive	,630
	WordOfMouthInfluence	

It could be derived from the table that there are seven factors: EconomicPerceptionFactor, PurchaseBehaviorFactor, PriceDrivenDecision, LoyalDecision2018, LoyalDecision2014, RationalizationEconomy2018, ChineseBrands2018.

EconomicPerceptionFactor describes the fact that consumers started to perceive economic situation as more stable nowadays. However, it is more about adjusted perception: during the first year when the ruble devaluated it was painful for consumers, but later they adapted to the situation, there is no longer emotional reaction, but the problems remained vital. That is why the perception improved.

PurchaseBehaviorFactor is about the situation when consumers economy less, could afford more purchases. However, the results could show that consumers want to spend money now because they are not sure about tomorrow.

PriceDrivenDecision is a factor that describes consumers who use price as a determinant for the purchase of a smartphone. It is about the choice with the lowest price, determining the price a consumer determines to pay for the purchase, comparison of alternatives based on price.

LoyalDecision2018 and LoyalDecision2014 explain brand orientation while purchasing a smartphone in different time frames.

RationalizationEconomy2018 is a factor that includes overall tendency of rationalization of purchases, the willingness to save money for “rainy day” and perceiving the purchase of expensive smartphone as irrational decision.

ChineseBrands2018 is about the attitude toward Chinese smartphone brands: whether the possessing of Chinese smartphone makes good impression and the influence of shared experience of reference group on the purchase of a smartphone.

It could be suggested that there are even more unexplored factors among items, however the abovementioned ones are crucial for the research. Factors were determined using SPSS. First of all, factor analysis among items was conducted and the variables that had in rotated matrix high coefficients were chosen and tested by the reliability analysis. Cronbach’s Alfas higher than 0,6 were considered good, however in “LoyalDecision2014” factor analysis revealed three items in this factor, but even though Cronbach’s Alfa is lower than 0,6 it was decided to have the factor keeping in mind that it is not fully reliable.

As it was mentioned earlier, in the survey questions about purchasing experience in 2014 were asked. The answers could help identify whether the shift in behavior occurred. Keeping in mind that the results could be biased by current experience and not fully reliable the descriptive statistics about the obtained data could be conducted.

Table 3 Shift analyses of consumer behavior (2018 vs 2014)

<b>Pairs of items</b>	<b>P – value</b>
NewModel2018, NewModel2014	<b>,003</b>
Economy2018, Economy2014	<b>,009</b>
ExpensivePhoneIsIrrational2018, ExpensivePhoneIsIrrational2014	<b>,020</b>
PreviousBroken2018, PreviousBroken2014	,493
Rationalization2018, Rationalization2014	,119
PriceMinusBrandFactor2018, PriceMinusBrandFactor2014	,249
ChineseBrandPositive2018, ChineseBrandPositive2014	<b>,000</b>
WordOfMouthInfluence2018, WordOfMouthInfluence2014	<b>,003</b>
Loyalty2018, Loyalty2014	,207
ReadinessToTryNew2018, ReadinessToTryNew2014	,146
loyalButReadyToTryNew2018, loyalButReadyToTryNew2014	<b>,016</b>
ComparisonOnPrice2018, ComparisonOnPrice2014	<b>,000</b>
LowestPriceChoice2018, LowestPriceChoice2014	<b>,000</b>
DeterminingPrice2018, DeterminingPrice2014	,083
Price2018, Price2014	<b>,000</b>
PreviousBroken2018, PreviousBroken2014	,493
StrongSocialInfluence2018, StrongSocialInfluence2014	<b>,017</b>
PersonalIdentity2018, PersonalIdentity2018	<b>,001</b>
PersonalDecision2018, PersonalDecision2014	<b>,002</b>

From the table above twelve shifts could be identified. In this case p – value should be lower than 0,05.

The research revealed the shift in variables “Economy2018” and “Economy2014”. It means that consumers started to economize in 2018 less than in 2014. The next pair is “ExpensivePhoneIsIrrational”. We could conclude that in 2018 the purchase of expensive smartphone is perceived less irrational in comparison with 2014. Besides, interesting results showed the variable “LoyalButReadyToTryNew”, which identified that even though that a customer could be loyal to a specific brand, he could try a new brand. In 2018 customers are slightly more likely to try a new brand while being loyal to another brand. Moreover, the variable “Comparison on price” revealed that for consumers in 2018 “the best way to choose a smartphone is to compare them on price” became less important. The same results were obtained for the variable “LowestPriceChoice”, which measured whether the cheapest smartphone is a choice of consumers. Similar answers were given to the variable “Price”, which measured whether price is the main criteria for choosing a smartphone. Very naturally is that consumers started to buy new devices when the new model was introduced more in 2018 than in 2014.

Furthermore, in 2018 the necessity of social acceptance of the purchased lowered, it was determined by the variable “StrongSocialInfluence”. On the other hand, variables “PersonIdentity” and “PersonalDecision” showed that consumers in 2018 purchase brands that complement their individuality and they rely on their personal judgements. Partly it could be explained that respondents started to be financially independent and it influenced this item. It was expected that in this case the strong social influence would lower and the answers proved this assumption. Considering the shifts connected with the perception of Chinese brands, the results showed that in 2018 consumers believe that they became more socially accepted and the positive shared experience obtained from the reference group about Chinese brand could influence their purchase decision.

Besides, it is crucial to note that each proposition consists of several cases depending on the number of dependent variables. Also, in the model were used two moderators because of the number of economic factors. In many cases moderator enhanced models and led to better results.

The table in Appendix 2 gives an understanding of what cases the proposition consists of, what factors are included, whether there is a shift in the variables used. The proposition states the perception of economic situation has positive effect on rationalization of purchase behavior. The second proposition says that the perception of economic situation influenced consumers’ price orientation, brand orientation, readiness to try new. The third one states that the perception of economic situation changed attitude toward Chinese smartphone brands.

The analysis of three propositions would be described later, but in this part it is crucial to describe components of regressions. The first proposition consists of three cases due to the number of dependent variables: RationalizationEconomy2018, NewModel2018, PreviouslyBroken2018. In all cases confirmed factors were EconomicPerceptionFactor and PurchaseBehaviorFactor. The shift occurred in three to four items depending on a case.

The second proposition also consists of three cases and dependent variables are LoyalDecisionFactor2018, PriceDrivenDecisionFactor, ReadinessToTryNew. The shift was identified in four items. Overall moderators did not help to significantly enhance models, however it would be showed in the next part of the research that some of them turned out to be significant.

The last proposition could be divided into two cases and dependent variables are ChineseBrandPositive2018 and WordOfMouthInfluence2018. The shift in comparison with other

hypotheses occurred also in WordOfMouthInfluence and ChineseBrandPositive. In all cases confirmed factors were EconomicPerceptionFactor and PurchaseBehaviorFactor.

In the research even though we asked questions about the purchasing behavior in 2014, the primary focus is paid on the current experience of consumers. Then it is essential to analyze each proposition more precisely.

Considering the first proposition, it states that the perception of economic situation has positive effect on rationalization of purchase behavior. Intuitively, the item that would reveal rationalization activity of consumers was taken as a dependent variable. According to factor analysis, not all items describing this process could be put together and that is why the first dependent variable is a factor RationalizationaEconomy2018, the second one could not be included into the factor and thus considered separately – NewModel2018 (consumer purchases a new smartphone because of the release of the new model), and third one is PreviouslyBroken2018 (consumer purchases a new smartphone because the last phone broke down). The model without moderators and with the dependent variable RationalizationaEconomy2018 turned out to be not significant and thus not included into the consideration.

The second proposition measures the perception of economic situation influenced consumers' price orientation, brand orientation, readiness to try new. Basically, there are three cases in it according to the number of dependent variables: LoyalDecisionFactor2018 (brand orientation), PriceDrivenDecisionFactor2018 (price orientation), ReadinessToTryNew (consumer even though is loyal to specific brand, but is open to try a new smartphone). In the case about price orientation it is essential to measure whether the perception of economy, increased purchasing power, rationalization and social influence triggered the price adherence or not. The same is true for loyal purchases. The last case about readiness to try a new brand (the item could not be included into loyal decision factor according to the analysis), it is essential to measure whether the economy, rationalization and social influence have an impact on the willingness of consumer to try a new brand when he sees it.

For the third proposition as dependent variables serve ChineseBrandPositive2018 (whether possession of Chinese smartphone makes positive impression) and WordOfMouthInfluence2018 (the shared experience obtained from reference group could trigger the purchase of Chinese brand). In order to measure the effect of the situation as independent variables were taken economic factors, rationalization, social influence and price – driven

purchases. As well control variables were included into every model of each proposition: age, gender and income.

Based on the table in Appendix 3 it is possible to make a graphical representation of the results.

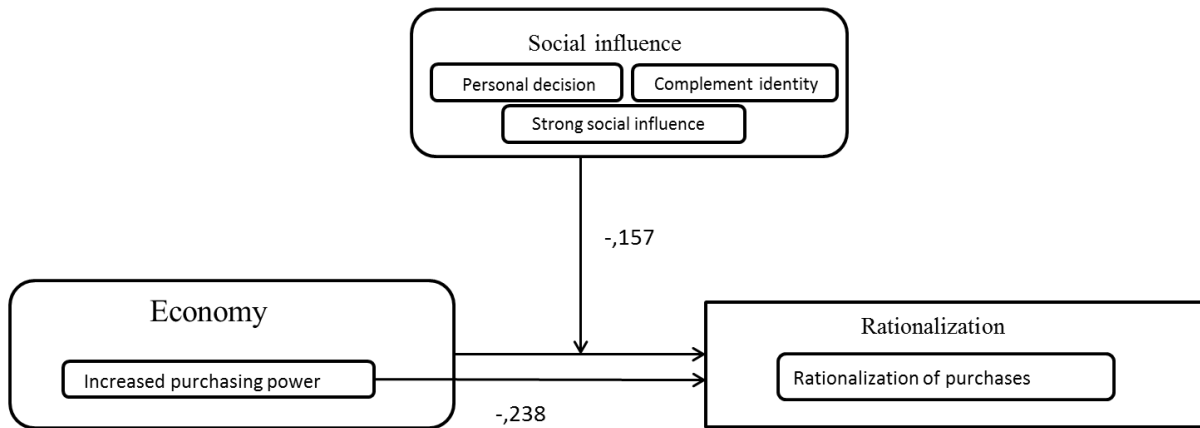


Figure 15 First case of the first proposition

In the first case of the first proposition when the dependent variable is “RationalizationEconomy2018” (rationalization of purchases), only the alternative model showed significant results. Increased purchasing power gave negative effect on rationalization. It means that people want to spend money today and the strategy goes against rationalization. Interestingly, social influence as a moderator weakens the effect of purchasing power. It could be explained by the fact that when the situation is rather intense and to spend a lot is bad and almost impossible, the society does not support it.

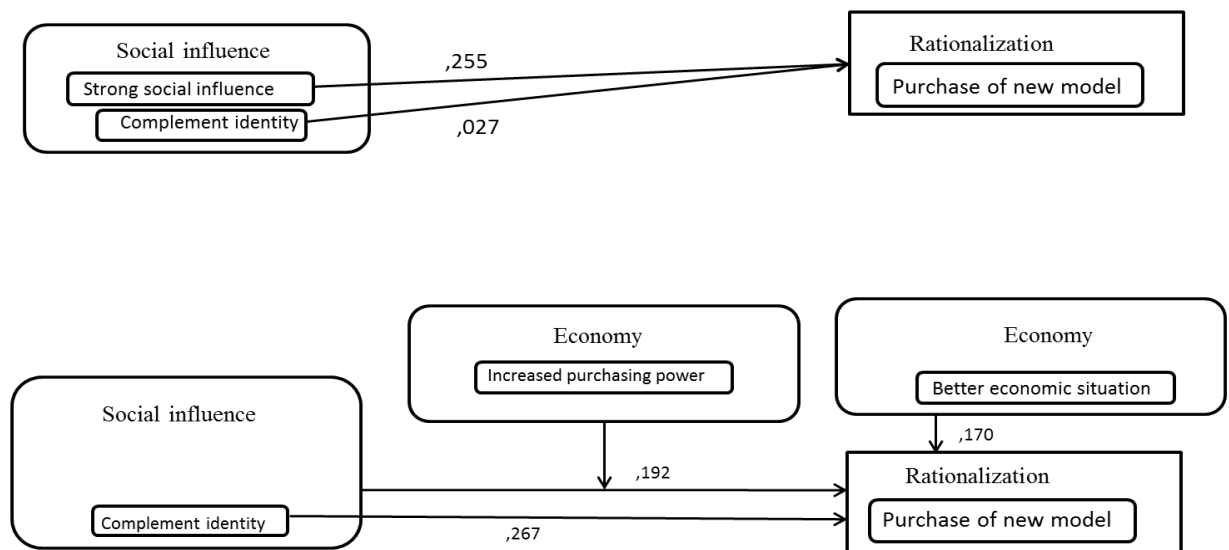


Figure 16 Second case of the first proposition

Concerning the case when the dependent variable is “NewModel”, meaning that people started purchasing new smartphones, because of the release of the new model both models turned out to be significant. The first model identified that reference groups positively impact purchasing a new model and very slight impact has the effect of the model of complementing consumer’s identity. The alternative model demonstrated that “EconomicPerceptionFactor”, which identifies that perceived economic situation is now better than in 2014, positively influence purchases of new models. Again, the necessity of the phone to align with personal identity showed its impact. Finally, the moderator with “PurchaseBehaviorFactor” showed its moderating effect on the influence of social media on rationalization. It could be explained that people want to spend money today, because they do not feel secure in tomorrow and purchasing new model seems as a good investment.

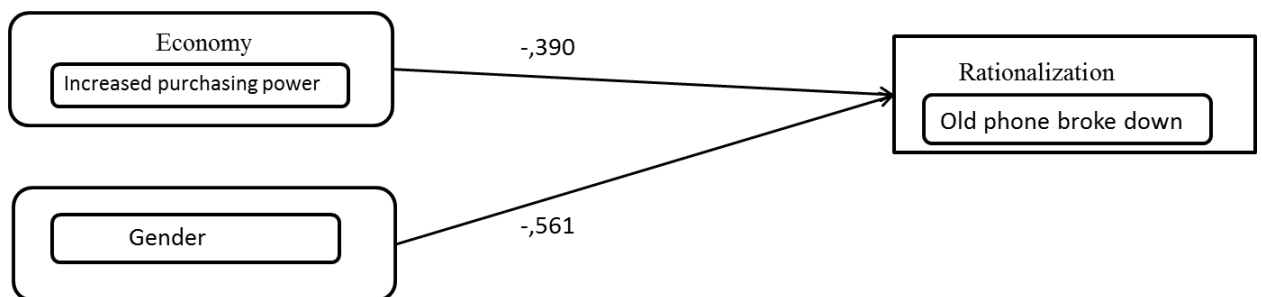


Figure 17 Third case of the first proposition

In the third case the alternative model turned out to be not significant. The first model revealed interesting fact, that if a consumer nowadays could afford more, then he is not likely to purchase a smartphone because to previous broke down. Besides, control variable income identified that for men the influence is lower than for women.

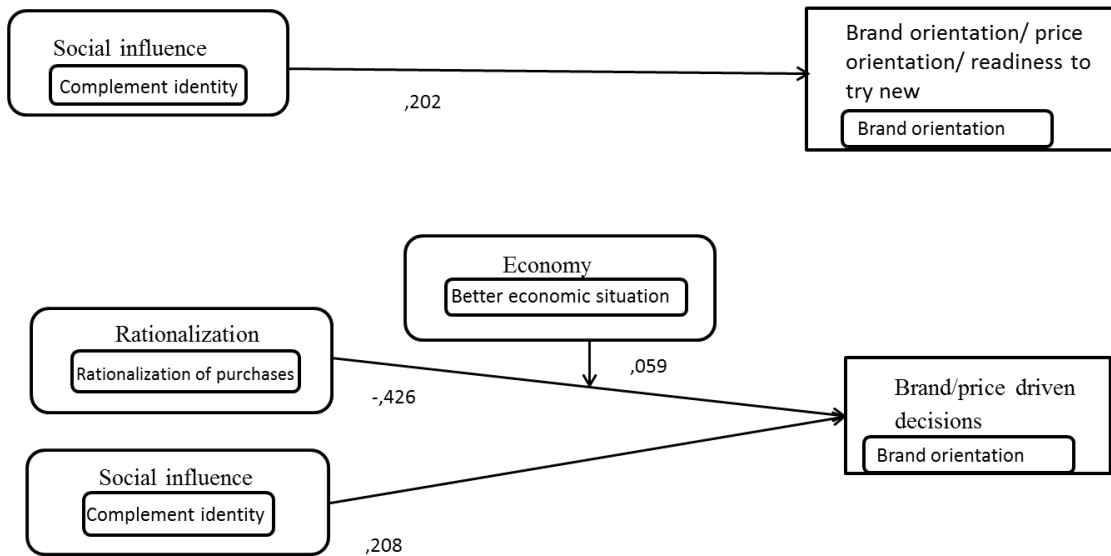


Figure 18 First case of the second proposition

For the first proposition as it was mentioned earlier there are three cases based on the dependent variable. The first variable is “LoyalDecisionFactor”, which assumes that people stay loyal to the brand and it influences their purchase decisions. The first model showed that the importance of brands to be in harmony and complement consumers’ individuality positively affects loyal purchase decisions. The alternative model proved this effect and as well identified the negative effect of rationalization of purchases on loyal decisions. It means that those who rationalize do not adhere to brand orientation in purchasing of smartphones. Without doubt the price of the beloved brand could be high due to the brand equity that the company possesses and it the purchase goes against rationalization. Besides, slight moderating effect of the perception of economic situation was detected on the rationalization. It could be explained that in the economic situation there is no need to hurry with the decision, consumers could have some time to choose among alternatives without the price increase.



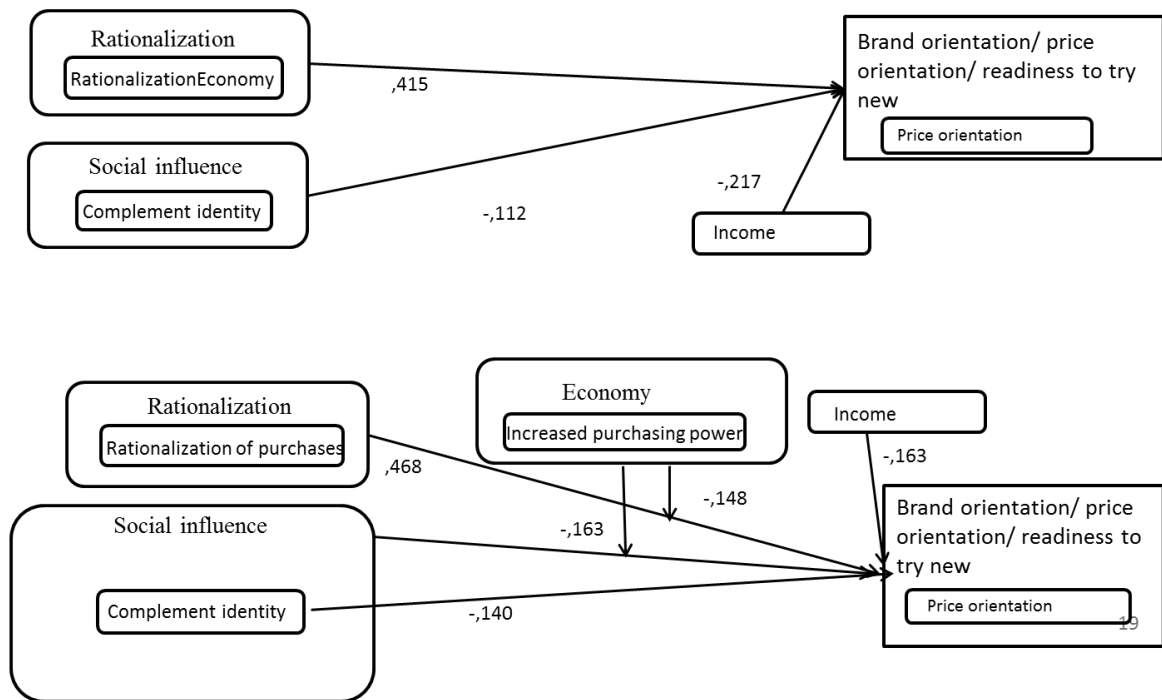


Figure 19 Second case of the second proposition

The next model has as a dependent variable “PriceDrivenDecisionFactor”, which focuses on the choices of smartphones, which are primary dependent on price (price orientation). The first model as expected showed the positive effect of rationalization on price – driven decisions. Intuitively, those people who rationalize their purchases are likely to consider smartphones not based popularity, loyalty, but on price. Besides, it could be derived that it is difficult to purchase a smartphone which would complement consumer’s individuality if he purchases the lowest price brand available. Finally, control variable “Income” showed that the higher the income of a consumer the lower the probability for him to adhere to price – driven purchases of smartphone. The alternative model identified even more insights. First of all, the effect of the influence of rationalization was also confirmed as well as the negative effect of personal identity and income. Besides, moderator (when the variable is purchase behavior factor – people started to purchase more) showed negative moderating effect on both rationalization and social influence. It could be explained by the fact that the more money consumers want to spend the less likely they would rationalize, as well as if they have money to spend it would diminish complementing effect of the smartphone if there is price orientation.

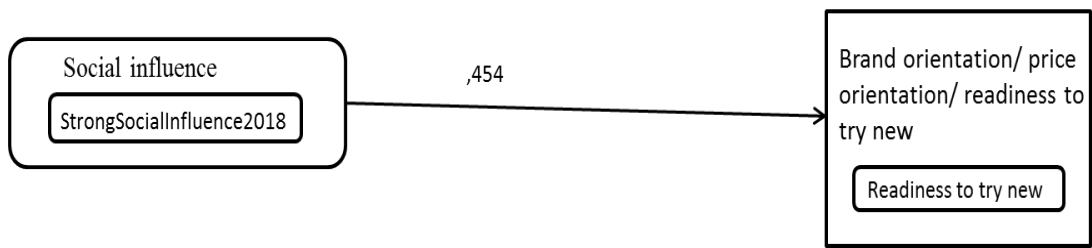


Figure 20 Third case of the second proposition

The last case of the second proposition includes as dependent variable “ReadinessToTryNew”, which elaborates on situation when a consumer is likely to try a new brand when he sees it, for example, on the shelf. It was identified that the influence of reference groups of consumer positively impacts this decision. It could be explained by the fact that nowadays many brands enter the market and consumers became open to trying new ones and studying the market.

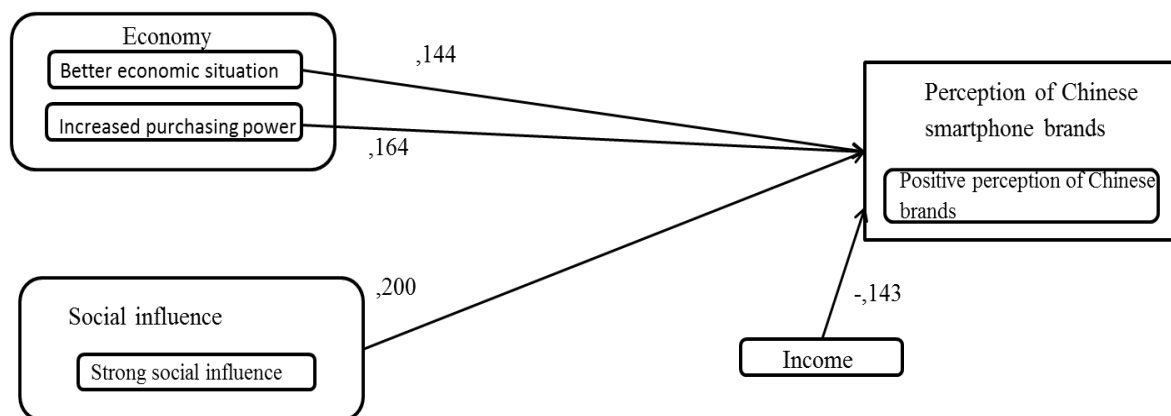


Figure 21 First case of the third proposition

The third proposition studies the market phenomena of the entrance of Chinese smartphones brands to the Russian market. The first case is when the dependent variable “ChineseBrandPositive” that measures the acceptance of Chinese brands by reference groups. Only first model showed significant results. It could be stated that both economic factors that show the increased purchasing power of customers and better perception of economic situation positively influence the perception of Chinese smartphone brands. The same is true for the acceptance of Chinese smartphones by reference groups. It could be derived that people do not perceive Chinese smartphones as low cost option, but rather value the brands, their functionality and other attributes. Finally, the negative effect showed income, which states that the higher the

income the lower is possibility of the purchase. It could be explained that consumers with high income are loyal to specific brands.

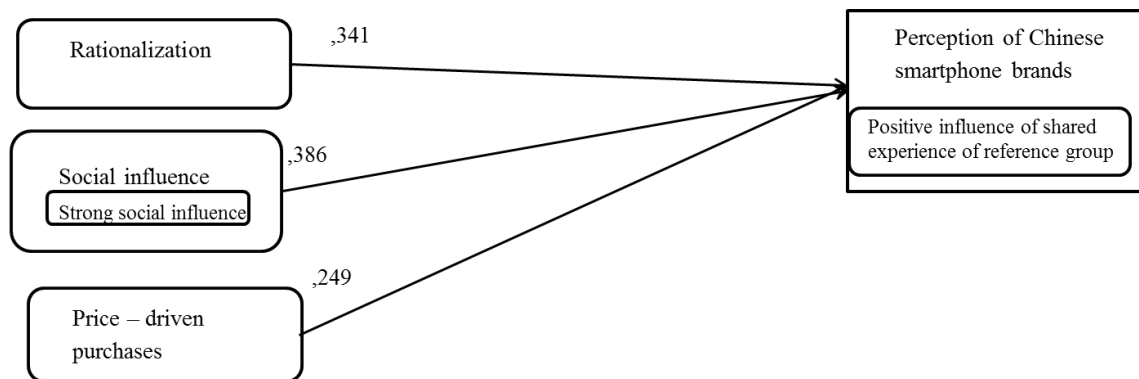


Figure 22 Second case of the third proposition

The next case of the third proposition has a dependent variable “WordOfMouthInfluence”, which states that the positive shared experience about Chinese brands of smartphones gained from reference group could trigger the purchase. It was detected that rationalization and price – driven purchases have impact on the impact of word – of – mouth. Probably, price sensitive consumers are more affected by word – of – mouth. In addition, social acceptance of Chinese brands was determined.

### 3.3. Discussion and implications of the study

The first result, which was obtained during the shift analyses identified that consumers in 2018 started to economize less than in 2014. Keeping in mind that the results are biased by the current experience they could be used in descriptives. Besides, consumers started to more purchase smartphones due to new model’s release. It could be explained by the fact that the perceived economic situation became better (it is adjusted result when consumers adapted to the economic situation and do not react emotionally on its consequences even though that the problems remained the same) and they felt increase in purchasing power (want to spend money today, because of unclear tomorrow). Intuitively, at the same time consumers lower adhere to price choices while purchasing smartphones and purchasing expensive model is now perceived less irrational than before. Interestingly, in 2018 consumers became more up to new models and they are likely to try new ones when they see them on the shelf and study the market. Furthermore, in 2018 the necessity of social acceptance of the purchased lowered and consumers nowadays purchase brands that complement their individuality and they rely on their personal judgements. Partly it could be explained by one of the limitation of the research about age group of respondents. In 2014 they could have financial support from family and today they started to

be financially independent and it influenced the results. Considering the shifts connected with the perception of Chinese brands, the results showed that in 2018 consumers believe that they became more socially accepted and the positive shared experience obtained from the reference group about Chinese brand could influence their purchase decision.

The first proposition of the research which states that the perception of economic situation has positive effect on rationalization of purchase behavior is not confirmed. It was identified that consumers perceive the economic situation better nowadays and it is adjusted result, because consumers simply adapted to the situation and react less emotionally. As well, the purchasing power increased and it could mean that consumers want to spend money today being insecure about tomorrow. This resulted in negative effect of economic factors on rationalization and the situation when a consumer purchases a smartphone because the last one broke down. On new model buying, increased purchasing power has positive effect. However, models revealed that society does not approve overspendings. In case of purchasing a new model of smartphone reference groups encourage that and the positive effect is on complementing identity by the new model of smartphone.

The second proposition which identifies whether the perception of economic situation influenced consumers' price orientation, brand orientation, readiness to try new is partly confirmed. Perceived economic situation had an effect on brand and price oriented purchases. In case of the brand – driven purchases better economic situation had a moderating effect on rationalization, which identified that in the economic situation consumers do not need to hurry with a decision, they could take some time to choose among alternatives without being worried about the possible increase in prices. For price oriented purchases increased purchasing power weakens the negative effect of rationalization and personal identity. It means the more consumers want to spend the less they are going to rationalize as well as if they have money to spend it would diminish complementing effect of the smartphone if there is price orientation. Apart from economic influence, it was identified that brand oriented purchases help on complementing personal identity of consumers, such type of purchases are negatively influenced by rationalization. Price oriented purchases are typical for consumers who rationalize purchases, they do not complement identity and the higher the income of a consumer the less likely his main criteria is price. For readiness to try new it was identified that society approves the tendency, which means that people are up to new models and study the market before the purchase.

The third proposition, which measures whether the perception of economic situation changed the attitude toward Chinese smartphone brands, is partly confirmed. It was identified

that there is a positive effect of perceived economic situation and increased purchasing power on the acceptance of Chinese brands. It could mean that Chinese brands are no longer considered as the low cost option, but rather valued for other characteristics. This trend was broken down. However, economic factors are not significant in the case of the influence of the shared experience of reference group of consumers on the purchase of Chinese brands. Besides, the analyses showed that Chinese brands became socially accepted and there is negative effect of income (the higher the income the lower the probability of the purchase of Chinese brands of smartphones). Concerning the effect of the shared experience obtained from the reference group it was identified that it is stronger for customers that tend to rationalize purchases.

Analyzing the results it is possible to make implications for the research. In brand communication of Chinese phones the focus should not be mostly on price. Due to the fact that Chinese manufacturers broke the trend that Chinese smartphones are the low cost option it is crucial to emphasize other competitive features of smartphones. Besides, in advertisements the emphasis could be on the social acceptance of brands. It was also identified that consumers are exposed to shared experience obtained from reference groups, so it is possible to create family discounts or give compliments if the feedback of the consumer led to the purchase made by his friend/ family member/ colleague.

For brands with loyal customers in advertising it is crucial to show how it aligns with personal identity of consumer and emphasize that it is worth the amount of money paid.

For brands competing on price the focus could be on rationalization of purchases and that it offers a good combination of attributes for fair price.

One more implication comes from the economic context. When consumers perceive the increase in purchasing power (it could be explained by the feeling of insecure about the future and the willingness to spend money today) in the situation of purchasing the smartphone due to the new model release, consumers are positively affected by the effect of complementing personal identity. So, in order to stimulate such purchases in brand communications companies could pay attention to the personality of consumers and how a new model complements it.

Besides, in the economic situation when consumers after the pic of the crises adjusted to its consequences and feel the economic situation improved, the research revealed the moderating effect of the perception of economy on rationalization and brand orientation. It means that consumers perceive the situation as they do not need to hurry in purchasing the smartphone they are loyal to, because they do not expect increase in prices. For companies in order to trigger the

purchase a slight hint should be given to the possibility for the rise of prices or they could make special offers with strict time frames.

In theoretical research connected with the rationalization should be included negative effect of social factors, which assumes that even though the perceived economic situation and

### **3.4. Limitations**

The model of the research has several limitations. First of all, it is mainly focused on two age groups of customers: customers of age 21 – 24 and age of 26 – 31. The next limitation is that the model does not take into account the possibility of marital status change. For example, if a person before had his own money, but now has a family and it makes him think twice about purchasing an expensive smartphone due to huge family spending. Another example is when a person during 2014 was financially supported by his family and he did not know the value of money and today the person has to rationalize expenditures due to financial independence.

Another limitation concerns the shift analysis. Even though that the questions were asked about different time periods, consumers answered about 2014 biased by the current experience that is why it is not fully reliable. Finally, the research has rather low adjusted R square, because the author studied only a part of possible influencing factors and it gives the opportunity for future research.

## Conclusion

Nowadays in order to have competitive advantage companies should not invest in marketing and address their target audience with appealing products more efficiently than their rivals, but better understand their customer. It could not be done without studying trends in consumer behavior and making it one of the marketing goals.

In the complicated environment such changes in the behavior could occur slowly, when consumers adjust their behavior as a response to the natural change of environment. This case is more beneficial to companies since they could have some time before the necessary reaction. Alternatively, the change could occur as a reaction to drastic changes in economy, political situation, laws and etc.

In the research were studied two time periods. According to the theory the crises stage is known for the decline in consumption, increase in savings and reorientation of consumers to purchase locally produced goods as a results of the lowered purchasing power and perception of the situation. The stage after the crises is characterized by the slow normalization of consumption. (Gilpin, 2008)

But even though that the perceived economic situation and the ability to purchase as before lowered, consumers may preserve the adherence to specific brand, which could be identified by the research.

In 2014 political events worsened the relationship between Russia and Western countries, which resulted in mutual sanctions. The situation itself was a negative surprise for Russian citizens and it was accompanied by the devaluation of the currency: from 33 rubles in 2014 the dollar rose to the level of 80 rubles, and then reached the level of 63 rubles in 2016. (Vedomosti.ru, 2018)

Without doubt, the events had an impact on the smartphone's market. In 2014 the volume of the Russian smartphone market reached 27.4 million units and \$ 6.3 billion in money and in comparison with the previous year it showed positive dynamics. (Retail-loyalty.org, 2018) However, a year later the market faced the crises and in 2016 the sales amounted 26,4 million units. (Json.tv, 2016)

In 2014 in the market occurred the phenomena of the entrance of Chinese smartphones brands. In terms of sold units Chinese producers reached 33%. (Json.tv, 2017) They put lower costs and possible consumers perceived them as low cost alternative, while purchasing expensive iPhone as irrational decision.

As mentioned before consumers could change behavior as a response to crises and the tendency would be true till they start to perceive more stability. But before, they are likely to rationalize purchases, search for information and avoidance of huge costly purchases. (Musso and Druica, 2014) However, consumers are human beings with emotions and worry about the perception of the purchases by others. they could remain the risk of social unacceptance of their changed purchase behavior. (Grundey, 2009)

That is why the motivation for the research was triggered by several factors. Economic environment with the consequences of ruble's devaluation and the decrease of purchasing power of 90% of the population are the first reason. [pwc.ru] The second one is the stagnation in the Russian smartphone market accompanied by the rapid strengthening of business of Chinese manufacturers. The final reason is that consumers changed their behavior as a response: tendency to purchase at a lower price, less willingness to overpay for a brand and rationalization of purchases. [pwc.ru]

In the research were made three propositions. The first one measures whether the perception of economic situation has positive effect on rationalization of purchase behavior. The next one is about whether the perception of economic situation influenced consumers' price orientation, brand orientation, readiness to try new. The final proposition is aimed to determine whether the perception of economic situation changed attitude toward Chinese smartphone brands.

The first proposition is not confirmed since perceived economic situation has positive effect on rationalization of purchases. Due to the fact that in the research questions were asked about 2014 and 2018, respondents were biased about the events of four years ago by the current experience. It was identified that they perceive the economy now better and the answers are adjusted, because consumers simply adapted to the situation and started to react without strong emotions. The same is true for the increased purchasing power, which could be explained by the willingness of consumers to spend today feeling not secure about the tomorrow situation. It explains the obtained results of the positive effect of economic factors on rationalization.

The second proposition which described whether the perception of economic situation influenced consumers' price orientation, brand orientation, readiness to try new is partly confirmed. For brand orientation, it was revealed that improved perception of economic situation economic had a moderating effect on rationalization, which means that consumers could take



time for studying alternatives and postpone the purchase decision without worries of the increase in prices. For price oriented purchases increased purchasing power lowers the negative effect of rationalization and personal identity. It could be concluded that if consumers are likely to spend more, they are not willing to rationalize and in this case price purchases would diminish the effect when a smartphone complements identity of a consumer.

The third proposition, which identifies whether the perception of economic situation changed the attitude toward Chinese smartphone brands, is also partly confirmed. The positive effects of perceived economic situation and increased purchasing power on the acceptance of Chinese brands were revealed. It means that the trend that Chinese manufacturers are competing only on price is broken. They are valued not for their price, but also for other characteristics.

The results of the research lead to implications. First of all, Chinese smartphone's producers should not make a huge emphasis on price since it is no longer the determining factor. It is essential to talk about other features, which could be valued today by consumers and mention social acceptance of the brands. Due to the fact that the analysis revealed the influence of the shared experience from the reference group it could be used in a marketing campaign. Consumers could invite into closed "Chinese brands community their friends, family members, colleagues. Producers may also give compliments to consumers by which advice their reference group member made a purchase. For brands with loyal consumers in marketing campaigns it is essential to connect the purchase of the smartphone with the complementing effect on personal identity. For brands that compete on price the focus could be on rationalization of purchases and that it offers a good combination of attributes for fair price.

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D1%8F:%D0%A1%D0%BC%D0%B0%D1%80%D1%82%D1%84%D0%BE%D0%BD%D1%8B\_(%D1%80%D1%8B%D0%BD%D0%BE%D0%BA\_%D0%A0%D0%BE%D1%81%D1%81%D0%B8%D0%B8)#.D0.9F.D0.B5.D1.80.D0.B2.D0.B0.D1.8F\_.D0.B2.D1.8B.D1.80.D1.83.D1.87.D0.BA.D0.B0\_.D0.B2\_.241\_.D0.BC.D0.BB.D1.80.D0.B4\_.D1.83\_.D0.BA.D0.B8.D1.82.D0.B0.D0.B9.D1.81.D0.BA.D0.B8.D1.85\_.D0.B1.D1.80.D0.B5.D0.BD.D0.B4.D0.BE.D0.B2 [Accessed 21 Jan. 2017].

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## Appendix 1

The table below describes variables, which are used in the research.

Item	Source	Question of the survey	No item	Measurement	Processing
Age	-	Specify your age	1	-	Regression analysis
Gender	-	Specify your gender	2	-	Regression analysis
Income	All-Russian Center for the Study of Public Opinion	Which of the following assessments most accurately characterizes the financial situation of your family?	3	-	Regression analysis
Instability	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	I perceive the economic situation now more stable than in 2014.	4	Five point Linkert – type scale	Factor analysis, regression analysis
IncreaseInPrices	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	Now when planning a large purchase, I can not hurry, because I do not expect a sharp increase in prices, compared with the planning of purchases in 2014 .	5	Five point Linkert – type scale	Factor analysis, regression analysis
WorriesAboutEconomicSituation	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	The economic situation now worries me less than worried about in 2014 .	6	Five point Linkert – type scale	Factor analysis, regression analysis
WorsenedWellBeing	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	My welfare has now improved in comparison with 2014 .	7	Five point Linkert – type scale	Factor analysis, regression analysis
Economy	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	Now I save less than in 2014.	8	Five point Linkert – type scale	Factor analysis, regression analysis
Entertainment	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	Now I can afford to spend more on entertainment than in 2014.	9	Five point Linkert – type scale	Factor analysis, regression analysis
Loans	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	Nowadays I will be more willing to take a loan, compared with 2014	10	Five point Linkert – type scale	Factor analysis, regression analysis
Loyalty2014	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	I was loyal to a certain brand in 2014	11	Five point Linkert – type scale	Factor analysis, compare means, regression analysis

Loyalty2018	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	I am a loyal customer to a certain brand.	12	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
ReadinessToTryNew2014	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	When I saw the new smartphone brand on the shelf, I would probably be interested in it.	13	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
ReadinessToTryNew2018	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	When I see the new smartphone brand on the shelf, I will probably be interested in it.	14	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
LoyalButReadyToTryNew2014	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	Even if I liked a certain brand of smartphone, I could try a new brand.	15	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
LoyalButReadyToTryNew2018	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	Even if I like a certain smartphone brand, I could try another one.	16	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
ComparisonOnPrice2014	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	For me, the best way to choose a smartphone was to compare brands at a price.	17	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
ComparisonOnPrice2018	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	For me, the best way to choose a smartphone is to compare brands at a price.	18	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
LowestPriceChoice2014	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	The smartphone with the lowest price was my choice.	19	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
LowestPriceChoice2018	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	The smartphone with the lowest price is my choice.	20	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
DeterminingPrice2014	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	Before purchasing a smartphone, I usually set for myself the price that I was willing to pay.	21	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
DeterminingPrice2018	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	Before purchasing a smartphone, I usually set for myself the price that I am willing to pay.	22	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
Price2014	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	The price was the main criteria for me when purchasing a smartphone	23	Five point Linkert – type scale	Factor analysis, compare means, regression analysis

Price2018	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	The price is the main criteria for me when purchasing a smartphone	24	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
PreviousBroken2014	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	When I bought a new smartphone, it meant that the old phone broke down.	25	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
PreviousBroken2018	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	When I buy a new smartphone, it means that the old phone broke down.	26	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
NewModel2014	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	The reason for buying a new smartphone - was the release of a new model.	27	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
NewModel2018	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	The reason for buying a new smartphone -is usually the release of a new model.	28	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
Economy2014	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	I would be more willing to save money for tough days or spend it on a bigger purchase than buying an expensive smartphone.	29	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
Economy2018	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	I am more likely to save money for a rainy day or spend it on a bigger purchase than buying an expensive smartphone.	30	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
Rationalization2014	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	I tried to rationalize my purchases and avoid large expenditures .	31	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
Rationalization2018	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	I try to rationalize my purchases and avoid large expenditures .	32	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
ExpensivePhoneIsIrrational2014	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	I perceived the purchase of a new expensive smartphone as an irrational decision	33	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
ExpensivePhoneIsIrrational2018	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	I perceive the purchase of a new expensive smartphone as an irrational decision	34	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
StrongSocialInfluence2014	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	It was important for me that people around me liked the brandI bought.	37	Five point Linkert – type scale	Factor analysis, compare means, regression analysis



StrongSocialInfluence2018	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	It is important for me that people around me like the brand I bought.	38	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
PersonalIdentity2014	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	I usually bought items that were consistent with my personal identity.	39	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
PersonalIdentity2018	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	I usually buy items that are consistent with my personal identity.	40	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
PersonalDecision2014	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	My personal opinion was the basis for buying a new smartphone.	41	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
PersonalDecision2018	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	My personal opinion is the basis for buying a new smartphone.	42	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
ChineseBrandPositive2014	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	Possession of a Chinese brand of smartphone made good impression on others.	43	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
ChineseBrandPositive2018	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	Possession of a Chinese brand of smartphone makes good impression on others.	44	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
WordOfMouthInfluence2014	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	If I heard positive word of mouth about Chinese brands, it could have influenced my decision choice	45	Five point Linkert – type scale	Factor analysis, compare means, regression analysis
WordOfMouthInfluence2018	Bearden., W., Netemeyer, R. and Haws, K. (2011). Handbook of Marketing Scales.	If I hear positive word of mouth about Chinese brands, it could influence my decision choice	46	Five point Linkert – type scale	Factor analysis, compare means, regression analysis

## Appendix 2

Table First proposition

P1	Description	Shift	Regression
DV1 (without moderator)	<b>RationalizationEconomy2018</b> - <u>dependent variable</u> ; <u>Independent variables</u> - PurchaseBehaviorFactor, StrongSocialInfluence2018, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018; <u>Control variables</u> - Age, Income, Gender.	StrongSocialInfluence2014, StrongSocialInfluence2018; PersonalIdentity2014, PersonalIdentity2018; PersonalDecision2014, PersonalDecision2018.	Adjusted R <sup>2</sup> = ,040 ; Confirmed factors: EconomicPerceptionFactor PurchaseBehaviorFactor
DV2 (with moderator)	<b>RationalizationEconomy2018</b> - <u>dependent variable</u> ; <u>Independent variables</u> - PurchaseBehaviorFactor, StrongSocialInfluence2018, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018; Moderator 1, Moderator 2; <u>Control variables</u> - Age, Income, Gender.	StrongSocialInfluence2014, StrongSocialInfluence2018; PersonalIdentity2014, PersonalIdentity2018; PersonalDecision2014, PersonalDecision2018.	Adjusted R <sup>2</sup> = ,083 ; Confirmed factors: EconomicPerceptionFactor PurchaseBehaviorFactor
DV3 (without moderator)	<b>NewModel2018</b> - <u>dependent variable</u> ; <u>Independent variables</u> - PurchaseBehaviorFactor, StrongSocialInfluence2018, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018; <u>Control variables</u> - Age, Income, Gender.	NewModel2014, NewModel2018; StrongSocialInfluence2014, StrongSocialInfluence2018; PersonalIdentity2014, PersonalIdentity2018; PersonalDecision2014, PersonalDecision2018.	Adjusted R <sup>2</sup> = ,253 ; Confirmed factors: EconomicPerceptionFactor PurchaseBehaviorFactor
DV4 (with moderator)	<b>NewModel2018</b> - <u>dependent variable</u> ; <u>Independent variables</u> - PurchaseBehaviorFactor, StrongSocialInfluence2018, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018; Moderator 1, Moderator 2; <u>Control variables</u> - Age, Income, Gender.	NewModel2014, NewModel2018; StrongSocialInfluence2014, StrongSocialInfluence2018; PersonalIdentity2014, PersonalIdentity2018; PersonalDecision2014, PersonalDecision2018.	Adjusted R <sup>2</sup> = ,268 ; Confirmed factors: EconomicPerceptionFactor PurchaseBehaviorFactor
DV5 (without moderator)	<b>PreviouslyBroken2018</b> - <u>dependent variable</u> ; <u>Independent variables</u> - PurchaseBehaviorFactor, StrongSocialInfluence2018, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018; <u>Control variables</u> - Age, Income, Gender.	StrongSocialInfluence2014, StrongSocialInfluence2018; PersonalIdentity2014, PersonalIdentity2018; PersonalDecision2014, PersonalDecision2018.	Adjusted R <sup>2</sup> = ,098 ; Confirmed factors: EconomicPerceptionFactor PurchaseBehaviorFactor

DV6 (with moderator)	<b>PreviouslyBroken2018</b> - <u>dependent variable</u> ; <u>Independent variables</u> - PurchaseBehaviorFactor, StrongSocialInfluence2018, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018; Moderator 1, Moderator 2; <u>Control variables</u> - Age, Income, Gender.	StrongSocialInfluence2014, StrongSocialInfluence2018; PersonalIdentity2014, PersonalIdentity2018; PersonalDecision2014, PersonalDecision2018.	Adjusted R <sup>2</sup> = ,102; Confirmed factors: EconomicPerceptionFactor PurchaseBehaviorFactor
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Table Second proposition

P2	Description	Shift	Regression
DV1 (without moderator)	<b>LoyalDecisionFactor2018</b> - <u>dependent variable</u> ; <u>Independent variables</u> - PurchaseBehaviorFactor, StrongSocialInfluence2018, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018, RationalizationEconomy; <u>Control variables</u> - Age, Income, Gender.	PriceMinusReadinessToTryNew2014, PriceMinusReadinessToTryNew2018, StrongSocialInfluence2014, StrongSocialInfluence2018; PersonalIdentity2014, PersonalIdentity2018; PersonalDecision2014, PersonalDecision2018.	Adjusted R <sup>2</sup> = ,154 ; Confirmed factors: EconomicPerceptionFactor PurchaseBehaviorFactor,Rati onalizationEconomy.
DV2 (with moderator)	<b>LoyalDecisionFactor2018</b> - <u>dependent variable</u> ; <u>Independent variables</u> - PurchaseBehaviorFactor, StrongSocialInfluence2018, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018, RationalizationEconomy; Moderator 1, Moderator 2, Moderator 3, Moderator 4; <u>Control variables</u> - Age, Income, Gender.	PriceMinusReadinessToTryNew2014, PriceMinusReadinessToTryNew2018, StrongSocialInfluence2014, StrongSocialInfluence2018; PersonalIdentity2014, PersonalIdentity2018; PersonalDecision2014, PersonalDecision2018.	Adjusted R <sup>2</sup> = ,162 ; Confirmed factors: EconomicPerceptionFactor PurchaseBehaviorFactor, RationalizationEconomy
DV3 (without moderator)	<b>PriceDrivenDecision2018Factor</b> - <u>dependent variable</u> ; <u>Independent variables</u> - PurchaseBehaviorFactor, StrongSocialInfluence2018, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018, RationalizationEconomy; <u>Control variables</u> - Age, Income, Gender.	PriceMinusReadinessToTryNew2014, PriceMinusReadinessToTryNew2018, StrongSocialInfluence2014, StrongSocialInfluence2018; PersonalIdentity2014, PersonalIdentity2018; PersonalDecision2014, PersonalDecision2018.	Adjusted R <sup>2</sup> = ,222 ; Confirmed factors: EconomicPerceptionFactor PurchaseBehaviorFactor,Rati onalizationEconomy.

DV4 (with moderator)	<b>PriceDrivenDecision2018Factor</b> - dependent variable; Independent variables - PurchaseBehaviorFactor, StrongSocialInfluence2018, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018, RationalizationEconomy; Moderator 1, Moderator 2, Moderator 3, Moderator 4; <u>Control variables</u> - Age, Income, Gender.	PriceMinusReadinessToTryNew2014, PriceMinusReadinessToTryNew2018, StrongSocialInfluence2014, StrongSocialInfluence2018; PersonalIdentity2014, PersonalIdentity2018; PersonalDecision2014, PersonalDecision2018.	Adjusted R <sup>2</sup> = ,291 ; Confirmed factors: EconomicPerceptionFactor PurchaseBehaviorFactor, RationalizationEconomy
DV5 (without moderator)	<b>ReadinessToTrynew2018</b> - <u>dependent variable</u> ; <u>Independent variables</u> - PurchaseBehaviorFactor, StrongSocialInfluence2018, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018, RationalizationEconomy; <u>Control variables</u> - Age, Income, Gender.	PriceMinusReadinessToTryNew2014, PriceMinusReadinessToTryNew2018, StrongSocialInfluence2014, StrongSocialInfluence2018; PersonalIdentity2014, PersonalIdentity2018; PersonalDecision2014, PersonalDecision2018.	Adjusted R <sup>2</sup> = ,175 ; Confirmed factors: EconomicPerceptionFactor PurchaseBehaviorFactor, Rati onalizationEconomy.
DV6 (with moderator)	<b>ReadinessToTrynew2018</b> - dependent variable; <u>Independent variables</u> - PurchaseBehaviorFactor, StrongSocialInfluence2018, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018, RationalizationEconomy; Moderator 1, Moderator 2, Moderator 3, Moderator 4; <u>Control variables</u> - Age, Income, Gender.	PriceMinusReadinessToTryNew2014, PriceMinusReadinessToTryNew2018, StrongSocialInfluence2014, StrongSocialInfluence2018; PersonalIdentity2014, PersonalIdentity2018; PersonalDecision2014, PersonalDecision2018.	Adjusted R <sup>2</sup> = ,198 ; Confirmed factors: EconomicPerceptionFactor PurchaseBehaviorFactor, RationalizationEconomy

Table Third proposition

P3	Description	Shift	Regression
DV1 (without moderator)	<b>ChineseBrandPositive2018</b> - <u>dependent variable</u> ; <u>Independent variables</u> - PurchaseBehaviorFactor, StrongSocialInfluence2018, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018; <u>Control variables</u> - Age, Income, Gender.	StrongSocialInfluence2014, StrongSocialInfluence2018; PersonalIdentity2014, PersonalIdentity2018; PersonalDecision2014, PersonalDecision2018; WordOfMouthInfluence2014, WordOfMouthInfluence2018.	Adjusted R <sup>2</sup> = ,175 ; Confirmed factors: EconomicPerceptionFactor PurchaseBehaviorFactor

DV2 (with moderator)	<b>ChineseBrandPositive2018</b> - <u>dependent variable</u> ; <u>Independent variables</u> - PurchaseBehaviorFactor, StrongSocialInfluence2018, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018; Moderator 1, Moderator 2; <u>Control variables</u> - Age, Income, Gender.	StrongSocialInfluence2014, StrongSocialInfluence2018; PersonalIdentity2014, PersonalIdentity2018; PersonalDecision2014, PersonalDecision2018; WordOfMouthInfluence2014, WordOfMouthInfluence2018.	Adjusted R <sup>2</sup> = ,154 ; Confirmed factors: EconomicPerceptionFactor PurchaseBehaviorFactor
DV3 (without moderator)	<b>WordOfMouthInfluence2018</b> - <u>dependent variable</u> ; <u>Independent variables</u> - PurchaseBehaviorFactor, StrongSocialInfluence2018, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018; <u>Control variables</u> - Age, Income, Gender.	StrongSocialInfluence2014, StrongSocialInfluence2018; PersonalIdentity2014, PersonalIdentity2018; PersonalDecision2014, PersonalDecision2018; ChineseBrandPositive2014, ChineseBrandPositive2018.	Adjusted R <sup>2</sup> = ,209 ; Confirmed factors: EconomicPerceptionFactor PurchaseBehaviorFactor
DV4 (with moderator)	<b>WordOfMouthInfluence2018</b> - <u>dependent variable</u> ; <u>Independent variables</u> - PurchaseBehaviorFactor, StrongSocialInfluence2018, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018; Moderator 1, Moderator 2; <u>Control variables</u> - Age, Income, Gender.	StrongSocialInfluence2014, StrongSocialInfluence2018; PersonalIdentity2014, PersonalIdentity2018; PersonalDecision2014, PersonalDecision2018; ChineseBrandPositive2014, ChineseBrandPositive2018.	Adjusted R <sup>2</sup> = ,191 ; Confirmed factors: EconomicPerceptionFactor PurchaseBehaviorFactor

### Appendix 3

Table Data of the first proposition

H1	Model 1a		Model 2		Model 2a		Model 3		Model 3a	
DV										
RationalizationEconomy2018	X									
NewModel2018			X		X					
PreVIOUSlyBroken2018							X		X	
IV	B	sig.	B	sig.	B	sig.	B	sig.	B	sig.
PurchaseBehaviorFactor	-,238	,012	,083	,421	,129	,219	-,39	,006	-,436	,003
EconomicPerceptionFactor	,054	,528	,143	,145	,170	,084	,006	,966	-,024	,856
StrongSocialInfluence2018	-,084	,368	,255	,013	,297	,005	-,195	,186	-,211	,155
PersonalDecision2018	,079	,432	,023	,842	,101	,423	-,159	,326	-,154	,34
PersonalIdentity2018	-,088	,162	0,27	0	,267	0	-,076	,43	-,075	,437
Age	,134	,176	-,185	,088	-,247	,029	-,109	,456	-,055	,719
Gender	,005	,972	,088	,616	,099	,572	-,561	,02	-,628	,01
Income	-,051	,607	,124	,256	,062	,576	,102	,503	,108	,500
Moderator 1	-,087	,249			-,075	,406			-,141	,300
Moderator 2	-,157	,05			,192	,038			-,146	,411
Constant	4,273	,000	-,042	,948	-,480	,497	6,216	,000	6,376	,000
<b>Adjusted R<sup>2</sup></b>	,148		,253		,268		,098		,102	
<b>Sig. of the model</b>	,017		,000		,000		,000		,006	

Table Data for the second proposition

<b>H2</b>												
	Model 1		Model 1a		Model 2		Model 2a		Model 3		Model 3a	
<b>DV</b>												
LoyalDecisionFactor2018	X		X									
PriceDrivenDecision2018Factor					X		X					
ReadinessToTryNew									X		X	
<b>IV</b>	<b>B</b>	<b>sig.</b>	<b>B</b>	<b>sig.</b>	<b>B</b>	<b>sig.</b>	<b>B</b>	<b>sig.</b>	<b>B</b>	<b>sig.</b>	<b>B</b>	<b>sig.</b>
PurchaseBehaviorFactor	,081	,425	,036	,732	,106	,212	,143	,117	,013	,890	,102	,309
EconomicPerceptionFactor	-,002	,982	-,019	,849	-,050	,515	-,042	,609	,037	,685	-,012	,902
StrongSocialInfluence2018	-,097	,344	-,089	,415	-,014	,871	,112	,242	,454	,000	,537	,000
PersonalDecision2018	,024	,834	,013	,911	-,039	,665	,012	,907	-,052	,609	-,086	,435
PersonalIdentity2018	,202	,005	,208	,004	-,112	,066	-,140	,032	-,034	,614	-,059	,396
RationalizationEconomy	-,362	-,362	-,426	,000	,415	,000	,468	,000	-,069	,435	-,005	,958
Age	-,04	,701	,010	,922	,034	,711	-,006	,953	-,104	,290	-,089	,386
Gender	,006	,971	-,033	,848	-,137	,342	-,163	,270	-,019	,907	-,057	,731
Income	,047	,647	,069	,509	-,217	,014	-,207	,022	-,092	,350	-,052	,606
Moderator 1			,059	,044			,005	,828			,045	,268
Moderator 2			,076	,157			-,148	,002			-,064	,205
Moderator 3			,057	,495			,065	,306			-,003	,974
Moderator 4			,037	,657			-,163	,031			-,024	,764
Constant	3,857	,000	4,182	,000	2,236	,000	1,601	,009	1,915	,003	1,554	,020
<b>Adjusted R<sup>2</sup></b>	,154		,162		,222		,291		,175		,198	
<b>Sig. of the model</b>	,001		,001		,000		,000		,000		,001	

Table Data for the third proposition

<b>H3</b>								
	Model 1		Model 1a		Model 2		Model 2a	
<b>DV</b>								
ChineseBrandPositive2018	X		X					
WordOfMouthInfluence2018					X		X	
<b>IV</b>	<b>B</b>	<b>sig.</b>	<b>B</b>	<b>sig.</b>	<b>B</b>	<b>sig.</b>	<b>B</b>	<b>sig.</b>
PurchaseBehaviorFactor	,164	,046	,133	,111	,138	,249	,117	,376
EconomicPerceptionFactor	,144	,060	,141	,069	,100	,338	,106	,378
StrongSocialInfluence2018	,200	,013	,158	,058	,386	,001	,379	,004
PersonalDecision2018	,087	,328	,002	,988	,002	,987	-,038	,803
PersonalIdentity2018	-,032	,580	-,028	,625	-,114	,174	-,075	,410
RationalizationEconomy	,121	,149	,073	,406	,341	,005	,326	,020
PriceDrivenDecision2018Factor	,097	,278	,095	,286	,249	,049	,198	,146
Age	,068	,395	,105	,213	-,010	,929	,016	,902
Gender	,012	,929	,001	,943	-,071	0,72	-,112	,602
Income	-,143	,099	-,130	,132	-,171	,163	-,106	,418
Moderator 1			,005	,907			-,009	,885
Moderator 2			-,036	,251			-,013	,783
Constant	,971	,092	1,634	,018	,731	,345	,925	,371
<b>Adjusted R^2</b>	,175		,185		,208		,191	
<b>Sig. of the model</b>	,000		,001		,000		,001	



## Appendix 4

In order to decrease the number of items used in the research it is essential to conduct factor analysis and find the items that describe the same fact. Overall, factor analysis was divided into two parts: the first one about economic and the second one about behavior patterns.

### Rotated Component Matrix<sup>a</sup>

	Component	
	1	2
Instability		,611
IncreaseInPrices		,844
WorriesAboutEconomicSituation		,816
WorsenedWellBeing	,761	
EconomyLess	,507	
Entertainment	,865	
Loans	,571	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

Figure 22 – Rotated matrix for economic

There are two factors in economic part.

1) EconomicPerceptionFactor

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,687	,687	3

Figure 23 Rotated matrix for economic factor 1

2) PurchaseBehaviorFactor

### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,656	,652	4

Figure 23 Rotated matrix for economic factor 2

Factors in the main part:

1) LoyalDecison2018

**Rotated Component Matrix<sup>a</sup>**

	Component	
	1	2
Loyalty2018	,820	
readinessToTryNew2018		,976
LoyalButReadyNEW2018	,873	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,612	,612	2

Figure 24 Factor analyses for LoyalDecision2018

2) LoyalDecision2014

**Component Matrix<sup>a</sup>**

	Component
	1
loyalty2014	,779
loyalButReadyToTryNew2014NEW	,779

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,454	,454	2

Figure 25 Factor analyses for LoyalDecision2014

3) RationalizationEconomy2018

**Rotated Component Matrix<sup>a</sup>**

	Component	
	1	2
NewModel2018		-,919
Economy2018	,733	,414
Rationalization2018	,798	
ExpensivePhoneIsIrrational2018	,779	
PreviousBroken2018	,470	,634

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

Reliability Statistics : Economy2018, Rationalization2018, ExpensivePhoneIsIrrational2018

Cronbach's Alpha Based on Standardized Items	N of Items
,722	3

Figure 26 Factor analyses for RationalizationEconomy2018

4. ChineseBrands2018: ChineseBrandPositive2018, WordOfMouthInfluence2018

### Rotated Component Matrix<sup>a</sup>

	Component		
	1	2	3
StrongSocialInfluence2018		,856	
PersonalIdentity2018		,595	,418
PersonalDecision2018			,937
ChineseBrandPositive2018	,828		
WordOfMouthInfluence2018	,872		

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 4 iterations.

### Reliability Statistics

Cronbach's Alpha Based on Standardized Items	N of Items
,649	2

Figure 27 Factor analyses for ChineseBrands2018

## Appendix 5

The next stage is to determine whether the behavior differed in 2018 and 2014. Even though the data obtained is not fully reliable due to the bias of the current experience, the result could be used for descriptive analysis.

Table Shift analysis

Items	N	Mean	Std. Deviation	Minimum	Maximum	Sig.
NewModel2014	143	1,8	1,057	1	5	
NewModel2018	143	2,07	1,185	1	5	0,030
Economy2014	143	4,05	1,159	1	5	
Economy2018	143	3,81	1,156	1	5	0,090
ExpensivePhoneIsIrrational2014	143	3,83	1,256	1	5	
ExpensivePhoneIsIrrational2018	143	3,58	1,291	1	5	0,200
PreviousBroken2014	143	3,47	1,378	1	5	
PreviousBroken2018	143	3,43	1,436	1	5	0,493
Rationalization2014	143	4,04	1,02	1	5	
Rationalization2018	143	3,92	0,953	1	5	0,119
ChineseBrandPositive2014	143	2,47	0,955	1	5	
ChineseBrandPositive2018	143	3,03	0,996	1	5	0,000
WordOfMouthInfluence2014	143	2,94	1,301	1	5	
WordOfMouthInfluence2018	143	3,18	1,341	1	5	0,003
loyalty2014	143	3,58	1,386	1	5	
Loyalty2018	143	3,73	1,328	1	5	0,207
readinessToTryNew2014	143	2,36	1,308	1	5	
readinessToTryNew2018	143	2,22	1,211	1	5	0,146
loyalButReadyToTryNew2014	143	2,95	1,391	1	5	
loyalButReadyToTryNew2018	143	3,24	1,321	1	5	0,016
ComparisonOnPrice2014	143	3,13	1,25	1	5	
ComparisonOnPrice2018	143	2,65	1,252	1	5	0,000
LowestPriceChoice2014	143	2,27	1,268	1	5	
LowestPriceChoice2018	143	1,88	1,166	1	5	0,000
DeterminingPrice2014	143	4,04	1,174	1	5	
DeterminingPrice2018	143	3,92	1,19	1	5	0,083
Price2014	143	2,69	1,307	1	5	
Price2018	143	2,34	1,187	1	5	0,000

PreviousBroken2014	143	3,47	1,378	1	5	
PreviousBroken2018	143	3,43	1,436	1	5	0,493
StrongSocialInfluence2014	143	1,92	1,055	1	5	
StrongSocialInfluence2018	143	1,76	0,911	1	5	0,017
PersonalIdentity2014	143	2,76	1,37	1	5	
PersonalIdentity2018	143	2,96	1,419	1	5	0,001
PersonalDecision2014	143	4,24	0,98	1	5	
PersonalDecision2018	143	4,42	0,875	1	5	0,002

## Appendix 6

In the research was conducted regression analysis regression analysis. Appendix 3 represents the first proposition with three dependent variables: RationalizationEconomy2018 (consumers started to rationalize purchases), NewModel2018 (consumers buy a smartphone because of the release of the new model), PreviouslyBroken2018 (consumers purchase a smartphone, because the previous one broke down).

Moderator 1 consists of the economic variable, which determines perceived better economic situation and social influence items. Moderator 2 as an economic variable has the one which described increased purchasing power of consumers.

### 1. Dependent variable RationalizationEconomy2018.

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,311 <sup>a</sup>	,096	,040	,78518

a. Predictors: (Constant), PurchaseBehaviorFactor, Age, Income, StrongSocialInfluence2018, Gender, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018

#### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8,356	8	1,045	1,694	,106 <sup>b</sup>
	Residual	78,297	127	,617		
	Total	86,653	135			

a. Dependent Variable: RationalizationEconomy2018

b. Predictors: (Constant), PurchaseBehaviorFactor, Age, Income, StrongSocialInfluence2018, Gender, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018

#### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4,453	,527		8,455	,000

Age	,081	,088	,080	,923	,358
Gender	,027	,142	,017	,187	,852
Income	-,052	,090	-,051	-,574	,567
StrongSocialInfluence2018	,037	,088	,041	,425	,671
PersonalDecision2018	,013	,096	,012	,131	,896
PersonalIdentity2018	-,093	,057	-,164	-1,639	,104
EconomicPerceptionFactor	,056	,079	,065	,712	,478
PurchaseBehaviorFactor	-,214	,083	-,240	-2,572	,011

a. Dependent Variable: RationalizationEconomy2018

## 2. Dependent variable RationalizationEconomy2018 with moderator.

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,384 <sup>a</sup>	,148	,083	,87807

a. Predictors: (Constant), Moderator2, Gender, EconomicPerceptionFactor, StrongSocialInfluence2018, Age, Income, PersonalDecision2018, PurchaseBehaviorFactor, PersonalIdentity2018, Moderator1

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17,613	10	1,761	2,284	,017 <sup>b</sup>
	Residual	101,772	132	,771		
	Total	119,385	142			

a. Dependent Variable: RationalizationEconomy2018

b. Predictors: (Constant), Moderator2, Gender, EconomicPerceptionFactor, StrongSocialInfluence2018, Age, Income, PersonalDecision2018, PurchaseBehaviorFactor, PersonalIdentity2018, Moderator1

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4,273	,569		7,514	,000
	Age	,134	,098	,118	1,362	,176
	Gender	,005	,156	,003	,035	,972
	Income	-,051	,098	-,046	-,515	,607
	StrongSocialInfluence2018	-,084	,093	-,084	-,903	,368
	PersonalDecision2018	,079	,101	,076	,788	,432



PersonalIdentity2018	-,088	,063	-,136	-1,405	,162
EconomicPerceptionFactor	,054	,085	,056	,633	,528
PurchaseBehaviorFactor	-,238	,094	-,237	-2,544	,012
Moderator1	-,087	,075	-,115	-1,159	,249
Moderator2	-,157	,079	-,228	-1,979	,050

a. Dependent Variable: RationalizationEconomy2018

### 3. Dependent variable NewModel2018

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,547 <sup>a</sup>	,299	,253	,952

a. Predictors: (Constant), PurchaseBehaviorFactor, Income, Age, Gender, StrongSocialInfluence2018, EconomicPerceptionFactor, PersonalDecision2018, PersonalIdentity2018

#### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	46,884	8	5,860	6,462	,000 <sup>b</sup>
	Residual	109,739	121	,907		
	Total	156,623	129			

a. Dependent Variable: NewModel2018

b. Predictors: (Constant), PurchaseBehaviorFactor, Income, Age, Gender, StrongSocialInfluence2018, EconomicPerceptionFactor, PersonalDecision2018, PersonalIdentity2018

#### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,042	,644		-,065	,948
	Age	-,185	,107	-,134	-1,722	,088
	Gender	,088	,175	,040	,503	,616
	Income	,124	,108	,092	1,141	,256
	StrongSocialInfluence2018	,255	,101	,216	2,518	,013
	PersonalDecision2018	,023	,115	,017	,199	,842
	PersonalIdentity2018	,270	,073	,334	3,713	,000
	EconomicPerceptionFactor	,143	,098	,119	1,467	,145
	PurchaseBehaviorFactor	,083	,103	,069	,807	,421

a. Dependent Variable: NewModel2018

### 4. Dependent variable NewModel2018 + moderator.

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,570 <sup>a</sup>	,324	,268	,943

a. Predictors: (Constant), Moderator2, Gender, EconomicPerceptionFactor, StrongSocialInfluence2018, Age, Income, PersonalIdentity2018, PurchaseBehaviorFactor, Moderator1, PersonalDecision2018

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	50,818	10	5,082	5,716	,000 <sup>b</sup>
	Residual	105,805	119	,889		
	Total	156,623	129			

a. Dependent Variable: NewModel2018

b. Predictors: (Constant), Moderator2, Gender, EconomicPerceptionFactor, StrongSocialInfluence2018, Age, Income, PersonalIdentity2018, PurchaseBehaviorFactor, Moderator1, PersonalDecision2018

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,480	,705		-,682	,497
	Age	-,247	,112	-,179	-2,215	,029
	Gender	,099	,174	,045	,567	,572
	Income	,062	,111	,047	,560	,576
	StrongSocialInfluence2018	,297	,103	,251	2,873	,005
	PersonalDecision2018	,101	,125	,076	,804	,423
	PersonalIdentity2018	,267	,072	,331	3,717	,000
	EconomicPerceptionFactor	,170	,098	,142	1,743	,084
	PurchaseBehaviorFactor	,129	,105	,108	1,237	,219
	Moderator1	-,075	,090	-,078	-,834	,406
	Moderator2	,192	,091	,235	2,102	,038

a. Dependent Variable: NewModel2018

5. Dependent variable PreviouslyBroken2018.

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,389 <sup>a</sup>	,151	,098	1,312

a. Predictors: (Constant), PurchaseBehaviorFactor, Gender, Age, StrongSocialInfluence2018, Income, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39,058	8	4,882	2,834	,006 <sup>b</sup>
	Residual	218,758	127	1,723		
	Total	257,816	135			

a. Dependent Variable: PreviousBroken2018

b. Predictors: (Constant), PurchaseBehaviorFactor, Gender, Age, StrongSocialInfluence2018, Income, PersonalDecision2018, EconomicPerceptionFactor, PersonalIdentity2018

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6,216	,873		7,116	,000
	Age	-,109	,146	-,063	-,747	,456
	Gender	-,561	,238	-,204	-2,359	,020
	Income	,102	,151	,058	,672	,503
	StrongSocialInfluence2018	-,195	,147	-,122	-1,331	,186
	PersonalDecision2018	-,159	,161	-,090	-,985	,326
	PersonalIdentity2018	-,076	,096	-,077	-,792	,430
	EconomicPerceptionFactor	,006	,133	,004	,043	,966
	PurchaseBehaviorFactor	-,390	,140	-,252	-2,775	,006

a. Dependent Variable: PreviousBroken2018

6. Dependent variable PreviouslyBroken2016 + moderator.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,411 <sup>a</sup>	,169	,102	1,309

a. Predictors: (Constant), Moderator2, StrongSocialInfluence2018, PersonalDecision2018, Gender, EconomicPerceptionFactor, Income, Age, Moderator1, PurchaseBehaviorFactor, PersonalIdentity2018

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	43,501	10	4,350	2,537	,008 <sup>b</sup>
	Residual	214,315	125	1,715		

Total	257,816	135			
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a. Dependent Variable: PreviousBroken2018

b. Predictors: (Constant), Moderator2, StrongSocialInfluence2018, PersonalDecision2018, Gender, EconomicPerceptionFactor, Income, Age, Moderator1, PurchaseBehaviorFactor, PersonalIdentity2018

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6,376	,878		7,265	,000
	Age	-,055	,153	-,032	-,360	,719
	Gender	-,628	,241	-,228	-2,600	,010
	Income	,108	,160	,062	,677	,500
	StrongSocialInfluence2018	-,211	,147	-,131	-1,432	,155
	PersonalDecision2018	-,154	,161	-,087	-,959	,340
	PersonalIdentity2018	-,075	,096	-,076	-,780	,437
	EconomicPerceptionFactor	-,024	,134	-,017	-,182	,856
	PurchaseBehaviorFactor	-,436	,144	-,282	-3,035	,003
	Moderator1	-,141	,135	-,095	-1,041	,300
	Moderator2	-,146	,177	-,081	-,825	,411

a. Dependent Variable: PreviousBroken2018

## Appendix 7

Appendix 4 represents the second proposition with three dependent variables: LoyalDecisionFactor2018 (consumers adhere to specific brand while purchasing smartphone), PriceDrivenDecision2018Factor (consumers made a decision based on price), ReadinessToTryNew (consumers even though that are loyal to specific brand are up to try another ones).

Moderator 1 consists of the economic variable, which emphasizes better economic situation and includes items connected with rationalization. Moderator 2 as an economic variable has the one which described increased purchasing power of consumers and includes items connected with rationalization. Moderator 3 consists of the economic variable, which emphasizes better economic situation and includes items social influence. Moderator 4 as an economic variable has the one which described increased purchasing power of consumers and includes items connected with social influence.

1. Dependent variable LoyalDecisionFactor2018.

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,462 <sup>a</sup>	,213	,154	,9232

a. Predictors: (Constant), StrongSocialInfluence2018, Income, EconomicPerceptionFactor, Age, Gender, RationalizationEconomy, PersonalDecision2018, PurchaseBehaviorFactor, PersonalIdentity2018

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27,689	9	3,077	3,610	,001 <sup>b</sup>
	Residual	102,281	120	,852		
	Total	129,969	129			

a. Dependent Variable: LoyalDecision2018Factor

b. Predictors: (Constant), StrongSocialInfluence2018, Income, EconomicPerceptionFactor, Age, Gender, RationalizationEconomy, PersonalDecision2018, PurchaseBehaviorFactor, PersonalIdentity2018

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	3,857	,689		5,597	,000
	Age	-,040	,104	-,032	-,384	,701
	Gender	,006	,171	,003	,036	,971
	Income	,047	,103	,040	,459	,647
	EconomicPerceptionFactor	-,002	,092	-,002	-,023	,982
	PurchaseBehaviorFactor	,081	,101	,074	,800	,425
	RationalizationEconomy	-,362	,092	-,336	-3,933	-,362
	PersonalIdentity2018	,202	,071	,281	2,841	,005
	PersonalDecision2018	,024	,113	,020	,211	,834
	StrongSocialInfluence2018	-,097	,102	-,089	-,950	,344

a. Dependent Variable: LoyalDecision2018Factor

### 2. Dependent variable LoyalDecisionFactor2018 + moderator.

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,497 <sup>a</sup>	,247	,162	,9186

a. Predictors: (Constant), Moderator2, Gender, EconomicPerceptionFactor, RationalizationEconomy, Age, PersonalIdentity2018, Income, Moderator3, PersonalDecision2018, Moderator1, PurchaseBehaviorFactor, Moderator4, StrongSocialInfluence2018

#### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32,083	13	2,468	2,925	,001 <sup>b</sup>
	Residual	97,886	116	,844		
	Total	129,969	129			

a. Dependent Variable: LoyalDecision2018Factor

b. Predictors: (Constant), Moderator2, Gender, EconomicPerceptionFactor, RationalizationEconomy, Age, PersonalIdentity2018, Income, Moderator3, PersonalDecision2018, Moderator1, PurchaseBehaviorFactor, Moderator4, StrongSocialInfluence2018

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	4,182	,711		5,877	,000

Age	,010	,106	,008	,098	,922
Gender	-,033	,171	-,016	-,192	,848
Income	,069	,105	,059	,663	,509
EconomicPerceptionFactor	-,019	,097	-,017	-,191	,849
PurchaseBehaviorFactor	,036	,105	,033	,343	,732
StrongSocialInfluence2018	-,089	,109	-,081	-,817	,415
PersonalDecision2018	,013	,116	,011	,112	,911
PersonalIdentity2018	,208	,071	,289	2,914	,004
RationalizationEconomy	-,426	,096	-,396	-4,444	,000
Moderator3	,057	,083	,066	,685	,495
Moderator4	,037	,083	,043	,445	,657
Moderator1	,059	,029	,194	2,039	,044
Moderator2	,076	,053	,146	1,426	,157

a. Dependent Variable: LoyalDecision2018Factor

### 3. Dependent variable PriceDrivenDecision2018Factor.

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,523 <sup>a</sup>	,273	,222	,79828

a. Predictors: (Constant), RationalizationEconomy, EconomicPerceptionFactor, Age, Gender, PersonalDecision2018, StrongSocialInfluence2018, Income, PurchaseBehaviorFactor, PersonalIdentity2018

#### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30,707	9	3,412	5,354	,000 <sup>b</sup>
	Residual	81,568	128	,637		
	Total	112,275	137			

a. Dependent Variable: PriceDrivenDecision2014Factor

b. Predictors: (Constant), RationalizationEconomy, EconomicPerceptionFactor, Age, Gender, PersonalDecision2018, StrongSocialInfluence2018, Income, PurchaseBehaviorFactor, PersonalIdentity2018

#### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,236	,561		3,987	,000
	Age	,034	,091	,029	,372	,711
	Gender	-,137	,143	-,076	-,953	,342

Income	-,217	,087	-,201	-2,500	,014
EconomicPerceptionFactor	-,050	,077	-,053	-,653	,515
PurchaseBehaviorFactor	,106	,085	,107	1,253	,212
StrongSocialInfluence2018	-,014	,086	-,014	-,163	,871
PersonalDecision2018	-,039	,089	-,038	-,434	,665
PersonallIdentity2018	-,112	,061	-,175	-1,851	,066
RationalizationEconomy	,415	,079	,418	5,284	,000

a. Dependent Variable: PriceDrivenDecision2014Factor

#### 4. Dependent variable PriceDrivenDecision2018Factor + moderator.

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,604 <sup>a</sup>	,365	,291	,77547

a. Predictors: (Constant), Moderator2, Gender, EconomicPerceptionFactor, RationalizationEconomy, Age, PersonalDecision2018, StrongSocialInfluence2018, Moderator3, Income, PurchaseBehaviorFactor, Moderator1, Moderator4, PersonallIdentity2018

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	38,688	13	2,976	4,949	,000 <sup>b</sup>
	Residual	67,352	112	,601		
	Total	106,040	125			

a. Dependent Variable: PriceDrivenDecision2014Factor

b. Predictors: (Constant), Moderator2, Gender, EconomicPerceptionFactor, RationalizationEconomy, Age, PersonalDecision2018, StrongSocialInfluence2018, Moderator3, Income, PurchaseBehaviorFactor, Moderator1, Moderator4, PersonallIdentity2018

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,601	,603		2,657	,009
	Age	-,006	,094	-,005	-,060	,953
	Gender	-,163	,147	-,089	-1,109	,270
	Income	-,207	,089	-,195	-2,327	,022
	EconomicPerceptionFactor	-,042	,082	-,044	-,513	,609
	PurchaseBehaviorFactor	,143	,090	,141	1,581	,117
	StrongSocialInfluence2018	,112	,095	,112	1,177	,242



PersonalDecision2018	,012	,099	,011	,117	,907
PersonalIdentity2018	-,140	,065	-,210	-2,171	,032
RationalizationEconomy	,468	,083	,469	5,639	,000
Moderator3	,065	,071	,082	,919	,360
Moderator4	-,163	,075	-,201	-2,180	,031
Moderator1	,005	,025	,019	,218	,828
Moderator2	-,148	,046	-,316	-3,237	,002

a. Dependent Variable: PriceDrivenDecision2014Factor

## 5. Dependent variable ReadinessToTryNew2018

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,484 <sup>a</sup>	,235	,175	,850

a. Predictors: (Constant), RationalizationEconomy, EconomicPerceptionFactor, Gender, Age, PersonalDecision2018, StrongSocialInfluence2018, Income, PurchaseBehaviorFactor, PersonalIdentity2018

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25,478	9	2,831	3,916	,000 <sup>b</sup>
	Residual	83,130	115	,723		
	Total	108,608	124			

a. Dependent Variable: readinessToTryNew2018

b. Predictors: (Constant), RationalizationEconomy, EconomicPerceptionFactor, Gender, Age, PersonalDecision2018, StrongSocialInfluence2018, Income, PurchaseBehaviorFactor, PersonalIdentity2018

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,915	,636		3,010	,003
	Age	-,104	,097	-,090	-1,064	,290
	Gender	-,019	,162	-,010	-,117	,907
	Income	-,092	,098	-,083	-,939	,350
	EconomicPerceptionFactor	,037	,092	,037	,407	,685
	PurchaseBehaviorFactor	,013	,094	,013	,138	,890
	StrongSocialInfluence2018	,454	,095	,442	4,794	,000
	PersonalDecision2018	-,052	,102	-,049	-,513	,609

PersonalIdentity2018	-,034	,068	-,050	-,505	,614
RationalizationEconomy	-,069	,088	-,068	-,784	,435

a. Dependent Variable: readinessToTryNew2018

6. Dependent variable ReadinessToTryNew2018 + moderator.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,538 <sup>a</sup>	,290	,198	,825

a. Predictors: (Constant), Moderator2, Gender, EconomicPerceptionFactor, Age, RationalizationEconomy, PersonalIdentity2018, Moderator1, Income, Moderator3, PersonalDecision2018, StrongSocialInfluence2018, PurchaseBehaviorFactor, Moderator4

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27,783	13	2,137	3,139	,001 <sup>b</sup>
	Residual	68,076	100	,681		
	Total	95,860	113			

a. Dependent Variable: readinessToTryNew2018

b. Predictors: (Constant), Moderator2, Gender, EconomicPerceptionFactor, Age, RationalizationEconomy, PersonalIdentity2018, Moderator1, Income, Moderator3, PersonalDecision2018, StrongSocialInfluence2018, PurchaseBehaviorFactor, Moderator4

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,554	,659		2,359	,020
	Age	-,089	,103	-,078	-,871	,386
	Gender	-,057	,165	-,031	-,345	,731
	Income	-,052	,101	-,049	-,517	,606
	EconomicPerceptionFactor	-,012	,098	-,012	-,124	,902
	PurchaseBehaviorFactor	,102	,100	,105	1,024	,309
	StrongSocialInfluence2018	,537	,102	,537	5,286	,000
	PersonalDecision2018	-,086	,110	-,082	-,783	,435
	PersonalIdentity2018	-,059	,070	-,088	-,853	,396
	RationalizationEconomy	-,005	,093	-,005	-,053	,958
	Moderator3	-,003	,084	-,003	-,033	,974
	Moderator4	-,024	,079	-,032	-,302	,764
	Moderator1	,045	,040	,106	1,113	,268
	Moderator2	-,064	,051	-,141	-1,276	,205

a. Dependent Variable: readinessToTryNew2018

## Appendix 8

Appendix 4 represents the third proposition with two dependent variables: ChineseBrandPositive2018 (the attitude toward possession of Chinese brand), WordOfMouthInfluence2018 (the effect of the shared experience about Chinese brands obtained from reference group).

Moderator 1 consists of the economic variable, which emphasizes better economic situation and includes items connected with social items. Moderator 2 as an economic variable has the one which described increased purchasing power of consumers and includes items connected with social items.

### 1. Dependent variable ChineseBrandPositive2018

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,495 <sup>a</sup>	,245	,175	,705

a. Predictors: (Constant), RationalizationEconomy2018, Gender, PurchaseBehaviorFactor, Age, Income, StrongSocialInfluence2018, PersonalDecision2018, EconomicPerceptionFactor, PriceDrivenDecision2018Factor, PersonalIdentity2018

#### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17,428	10	1,743	3,503	,000 <sup>b</sup>
	Residual	53,731	108	,498		
	Total	71,160	118			

a. Dependent Variable: ChineseBrandPositive2018

b. Predictors: (Constant), RationalizationEconomy2018, Gender, PurchaseBehaviorFactor, Age, Income, StrongSocialInfluence2018, PersonalDecision2018, EconomicPerceptionFactor, PriceDrivenDecision2018Factor, PersonalIdentity2018

#### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	,971	,572		1,699	,092
	Age	,068	,080	,073	,855	,395
	Gender	,012	,138	,008	,089	,929
	Income	-,143	,086	-,151	-1,664	,099
	PriceDrivenDecision2018Factor	,097	,089	,109	1,090	,278
	EconomicPerceptionFactor	,144	,076	,176	1,904	,060
	PurchaseBehaviorFactor	,164	,081	,195	2,019	,046
	StrongSocialInfluence2018	,200	,079	,240	2,533	,013
	PersonalDecision2018	,087	,088	,096	,984	,328
	PersonalIdentity2018	-,032	,058	-,057	-,554	,580
	RationalizationEconomy2018	,121	,083	,147	1,455	,149

a. Dependent Variable: ChineseBrandPositive2018

## 2. Dependent variable ChineseBrandPositive2018 + moderator.

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,518 <sup>a</sup>	,268	,185	,701

a. Predictors: (Constant), moderator2, Gender, PriceDrivenDecision2018Factor, EconomicPerceptionFactor, Age, StrongSocialInfluence2018, Income, PurchaseBehaviorFactor, PersonalIdentity2018, RationalizationEconomy2018, PersonalDecision2018, moderator1

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19,085	12	1,590	3,237	,001 <sup>b</sup>
	Residual	52,075	106	,491		
	Total	71,160	118			

a. Dependent Variable: ChineseBrandPositive2018

b. Predictors: (Constant), moderator2, Gender, PriceDrivenDecision2018Factor, EconomicPerceptionFactor, Age, StrongSocialInfluence2018, Income, PurchaseBehaviorFactor, PersonalIdentity2018, RationalizationEconomy2018, PersonalDecision2018, moderator1

### Coefficients<sup>a</sup>

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
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		B	Std. Error	Beta		
1	(Constant)	1,634	,680		2,402	,018
	Age	,105	,084	,112	1,252	,213
	Gender	,010	,139	,006	,071	,943
	Income	-,130	,086	-,138	-1,518	,132
	PriceDrivenDecision2018Factor	,095	,088	,106	1,073	,286
	EconomicPerceptionFactor	,141	,077	,172	1,834	,069
	PurchaseBehaviorFactor	,133	,083	,158	1,607	,111
	StrongSocialInfluence2018	,158	,082	,190	1,919	,058
	PersonalDecision2018	,002	,100	,002	,015	,988
	PersonalIdentity2018	-,028	,057	-,051	-,490	,625
	RationalizationEconomy2018	,073	,088	,089	,834	,406
	moderator1	,005	,043	,023	,117	,907
	moderator2	-,036	,031	-,227	-1,153	,251

a. Dependent Variable: ChineseBrandPositive2018

### 3. Dependent variable WordOfMouthInfluence2018.

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,522 <sup>a</sup>	,273	,208	1,032

a. Predictors: (Constant), RationalizationEconomy2018, PurchaseBehaviorFactor, Age, Income, PersonalIdentity2018, Gender, EconomicPerceptionFactor, StrongSocialInfluence2018, PriceDrivenDecision2018Factor, PersonalDecision2018

#### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45,130	10	4,513	4,239	,000 <sup>b</sup>
	Residual	120,290	113	1,065		
	Total	165,419	123			

a. Dependent Variable: WordOfMouthInfluence2018

b. Predictors: (Constant), RationalizationEconomy2018, PurchaseBehaviorFactor, Age, Income, PersonalIdentity2018, Gender, EconomicPerceptionFactor, StrongSocialInfluence2018, PriceDrivenDecision2018Factor, PersonalDecision2018

#### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,731	,770		,949	,345

Age	-,010	,116	-,007	-,089	,929
Gender	-,071	,198	-,031	-,360	,720
Income	-,171	,122	-,120	-1,403	,163
PriceDrivenDecision2018Factor	,249	,125	,186	1,990	,049
EconomicPerceptionFactor	,100	,104	,084	,962	,338
PurchaseBehaviorFactor	,138	,119	,104	1,158	,249
StrongSocialInfluence2018	,386	,116	,303	3,315	,001
PersonalDecision2018	,002	,120	,002	,016	,987
PersonalIdentity2018	-,114	,084	-,135	-1,367	,174
RationalizationEconomy2018	,341	,120	,270	2,838	,005

a. Dependent Variable: WordOfMouthInfluence2018

#### 4. Dependent variable WordOfMouthInfluence2018 + moderator

##### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,531 <sup>a</sup>	,282	,191	1,032

a. Predictors: (Constant), moderator2, Gender, PriceDrivenDecision2018Factor, EconomicPerceptionFactor, Age, StrongSocialInfluence2018, Income, PersonalIdentity2018, PurchaseBehaviorFactor, RationalizationEconomy2018, PersonalDecision2018, moderator1

##### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39,411	12	3,284	3,084	,001 <sup>b</sup>
	Residual	100,103	94	1,065		
	Total	139,514	106			

a. Dependent Variable: WordOfMouthInfluence2018

b. Predictors: (Constant), moderator2, Gender, PriceDrivenDecision2018Factor, EconomicPerceptionFactor, Age, StrongSocialInfluence2018, Income, PersonalIdentity2018, PurchaseBehaviorFactor, RationalizationEconomy2018, PersonalDecision2018, moderator1

##### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,925	1,030		,898	,371
	Age	,016	,127	,012	,123	,902
	Gender	-,112	,214	-,049	-,524	,602
	Income	-,106	,130	-,077	-,813	,418

PriceDrivenDecision2018Factor	,198	,135	,150	1,465	,146
EconomicPerceptionFactor	,106	,120	,088	,886	,378
PurchaseBehaviorFactor	,117	,131	,092	,890	,376
StrongSocialInfluence2018	,379	,128	,312	2,965	,004
PersonalDecision2018	-,038	,153	-,030	-,251	,803
PersonalIdentity2018	-,075	,090	-,089	-,827	,410
RationalizationEconomy2018	,326	,137	,264	2,376	,020
moderator1	-,009	,064	-,030	-,145	,885
moderator2	-,013	,046	-,058	-,277	,783

a. Dependent Variable: WordOfMouthInfluence2018

## Appendix 9

In the research was developed a questionnaire in order to measure the effect of perception of economic situation on consumer behavior in Russian smartphone market.

Анкета:

Добрый день! Данный опрос предназначен для исследования рынка смартфонов в России, и мы будем очень благодарны за его заполнение.

Для начала, давайте с Вами познакомимся.

1. Укажите Ваш возраст (age)
2. Ваш пол (gender)
3. Какая из приведенных ниже оценок наиболее точно характеризует материальное положение Вашей семьи? (income)
  - 1) денег не хватает даже на приобретение продуктов питания
  - 2) денег хватает только на приобретение продуктов питания
  - 3) денег достаточно для приобретения необходимых продуктов и одежды, более крупные покупки приходится откладывать
  - 4) покупка большинства товаров длительного пользования (холодильник, телевизор) не вызывает трудностей, однако купить квартиру мы не можем
  - 5) денег достаточно, чтобы ни в чем себе не отказывать

Вспомните, пожалуйста, 2014 год и оцените, насколько соответствует Ваше восприятие нынешней ситуации по сравнению с предыдущим опытом.

1. Я воспринимаю экономическую ситуацию сейчас более стабильной, чем в 2014 (instability)
2. Сейчас при планировании большой покупки я могу не торопиться, так как не ожидаю резкого повышения цен, в сравнении с планированием покупки в 2014 году (increase in prices)

3. Экономическая ситуация сейчас беспокоит меня меньше, чем волновала в 2014 году (worries about economic situation)
4. Мое благосостояние в настоящее время улучшилось в сравнении с 2014 годом (worsened well-being)
5. Сейчас я экономлю меньше чем в 2014 году (economy)
6. Сейчас я могу позволить себе тратить больше на развлечения, чем в 2014 году (entertainment)
7. В настоящее время при необходимости я более охотно возьму кредит, в сравнении с 2014 годом (loans)

Представьте, пожалуйста, снова, что сейчас 2014 год и постарайтесь вспомнить, как Вы покупали смартфон и насколько представленные ниже утверждения олицетворяли Ваши мысли и действия.

1. Я был лоялен к определенному бренду (loyalty)
2. Когда я видел новый бренд смартфона на полке, я наверняка бы им заинтересовался (readiness to try)
3. Даже если мне нравилась определенная марка смартфона, я бы мог попробовать новый бренд (loyal but ready to try new)
4. Для меня лучшим способом выбора смартфона являлось сравнение брендов по цене (comparison on price)
5. Смартфон с наименьшей ценой был моим выбором (lowest price choice)
6. Перед покупкой смартфона я обычно устанавливал себе цену, которую я готов (а) был(а) заплатить (determining price)
7. Цена являлась для меня главным критерием при покупке смартфона (price)
8. Когда я покупал новый смартфон, это значило, что старый телефон сломался (previous broken)
9. Причиной покупки нового смартфона – был выход новой обновленной модели (new model)
10. Я более охотно откладывал бы деньги на черный день или потратил бы их на более большую покупку, нежели купил бы дорогой смартфон (economy)
11. Я старался рационализировать свои покупки и избегать больших трат (rationalization)
12. Я воспринимал покупку нового дорогого смартфона как нерациональное решение (expensive phone is irrational)
13. Мне было важно, чтобы бренды, которые я покупал, нравились моему окружению (strong social influence)
14. Я покупал те бренды, которые гармонировали и дополняли мою индивидуальность (personal identity)
15. Мое личное мнение лежало в основе покупки нового смартфона (personal decision)
16. Наличие у человека китайского смартфона производило на его окружение положительное впечатление (Chinese brand positive)
17. Если я бы слышал позитивную информацию о китайском бренде смартфона от моих друзей, коллег, семьи – это могло бы повлиять на мое решение при покупке смартфона (word of mouth influence)



А сейчас давайте вернемся в настоящее время..

Покупали ли Вы смартфон за последние пол года? (контрольный вопрос да/нет)

Если Вы покупали смартфон - вспомните, пожалуйста, Ваш опыт, а если нет, то представьте, что вам предстоит покупка смартфона в ближайшее время.

Выберите, пожалуйста, насколько представленные ниже утверждения олицетворяют Ваши мысли и действия.

18. Я являюсь лояльным покупателем к определенному бренду (loyalty)
19. Когда я вижу новый бренд смартфона на полке, я наверняка им заинтересуюсь (readiness to try)
20. Даже если мне нравится определенный бренд смартфона, я бы мог попробовать другой (loyal but ready to try new)
21. Лучший способ выбрать смартфон – тщательно сравнить бренды по цене (comparison on price)
22. Смартфон с наименьшей ценой – мой выбор (lowest price choice)
23. Перед покупкой смартфона я обычно устанавливаю себе цену, которую я готов (а) заплатить (determining price)
24. Цена – главный критерий при покупке смартфона (price)
25. Я покупаю новый смартфон, так как старый сломался (previous broken)
26. Я покупаю новый смартфон, так как вышла новая обновленная модель (new model)
27. Я более охотно отложу деньги на черный день или потрачу их на более большую покупку, нежели куплю дорогой смартфон (economy)
28. Я стараюсь рационализировать свои покупки и избегать больших трат (rationalization)
29. Я считаю, что покупка нового дорогого смартфона - не рациональное решение (expensive phone is irrational)
30. Мне важно, чтобы бренды, которые я покупаю, нравились моему окружению (strong social influence)
31. Я покупаю те бренды, которые гармонируют и дополняют мою индивидуальность (personal identity)
32. Мое личное мнение лежит в основе покупки нового смартфона (personal decision)
33. Наличие у человека китайского смартфона производит на его окружение положительное впечатление (Chinese brand positive)
34. Если я услышу позитивную информацию о китайском бренде смартфона от моих друзей, коллег, семьи – это может повлиять на мое решение при покупке смартфона (word of mouth influence)

