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## CONSUMER HABITS FROM THE PERSPECTIVE OF THE GLOBAL ECONOMIC CRISIS IN EAST-CENTRAL EUROPE

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**Abstract:** The economic crisis does not exert its effects in a homogenous manner, due to different economic, social, commercial and socio-cultural factors affecting the various countries, they react in different "quantitative" and "qualitative" ways to the crisis. Consumers in the former communist countries had relatively simple shopping habits, but this is not valid anymore nowadays. However, we also have to consider that the occurrence of the crisis also changed consumer attitudes. The present study focuses on the Hungarian agglomeration zone, as compared to the Romanian, Slovakian changes in consumer habits and changes in the pre-crisis years.

**Keywords:** consumer behaviour, crisis, comparative research, East-Central Europe, trading zones

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### INTRODUCTION

The imprints of the global economic crisis appear complex: the crisis situation yields substantial inflation, fluctuation, and unemployment worldwide, and it restructures the market as well. These processes affected businesses in several ways that are best interpreted as obstacles: their presence – creating business insecurity and unpredictability – generated not growth, but constraint. The substantial general insecurity impacts individual paths of life as well: households will often try to minimize and rationalize their expenses by developing their own “crisis alternatives.” In the European Union, and even in East-Central Europe, the crisis hit citizens of individual countries in differing measures. Several authors, for example Farkas (2012), establish that the measure of decline depended on the disequilibrium accumulated before the crisis. Thus the growth potentials of Poland, Slovakia, and the Czech Republic declined at a lesser rate (Végh, 2012), while Hungary drifted away from the Visegrád countries. The growth of Romania's economy continued following the 2007 EU accession, but due to the economic crisis the “ascending arc took a new turn” (Szőke and Végh, 2012). Hereinafter we describe in detail the Hungarian research ground's – Budaörs-Törökbálint-Biatorbágy – conditions before and after the crisis. Then, along the same dimensions, we present the results of the Hungarian, Romanian, Slovakian research within the framework of comparative analysis.

## THE EFFECTS OF THE CRISIS IN EUROPE

The Euro zone is facing gloomy prospects these days. Many countries – primarily in Southern Europe – took constraining measures in order to reduce national debt, resulting in an increase in taxes and a decrease in wages, pension payments, and social services. In several European countries, the number of the unemployed workers is high, and the economy is declining.

The Spanish economy stagnated by 0.3 percent, the Portuguese by 0.8 percent between June and September in 2012 (Table 1). The gross domestic product (GDP) of France increased by 0.2 percent in the third quarter, compared to the previous 3 months – according to the French statistical office, Insee. According to the federal statistical office (Destatis), Germany's economic growth is primarily because of foreign demand ([www.bbc.co.uk](http://www.bbc.co.uk)). One of the determining phenomena of background events explaining these figures is the increasingly uncertain standing of the European money-market. Ernst & Young has conducted a survey in six European countries – Belgium, France, Germany, Italy, Spain, and the United Kingdom - about bank clients' (individual consumers') relationship with their banks (level of satisfaction, intentions, future needs). Because of the depth and duration of the debt crisis, consumer confidence in banks has regressed dramatically.

**Table 1** The distribution of certain European countries' economic growth rates in 2011 and 2012, %

	<b>2011, 4<sup>th</sup> quarter</b>	<b>2012, 1<sup>st</sup> quarter</b>	<b>2012, 2<sup>nd</sup> quarter</b>	<b>2012, 3<sup>rd</sup> quarter</b>
<b>Euro zone</b>	-0,3	0	-0,2	-0,1
<b>Germany</b>	-0,1	0,5	0,3	0,2
<b>France</b>	0	0	-0,1	0,2
<b>Italy</b>	-0,7	-0,8	-0,7	-0,2
<b>Spain</b>	-0,5	-0,3	-0,4	-0,3
<b>Netherlands</b>	-0,6	0,2	0,1	-1,1
<b>Portugal</b>	-1,4	-0,1	-1,1	-0,8

The results show that banks have to work very hard to measure up to the challenges and keep their clients. Today's economic recession has had a different effect on the citizens of individual countries: in the United Kingdom, more than half of those asked feel that their confidence in the banking sphere has decreased; in contrast, 60 percent of German respondents said that the crisis did not have any negative effect on the levels of confidence in banks. In many cases, to increase consumer loyalty and trust, banks have to work out new strategies for unsatisfied clients, and to prevent dropouts. Client dropout constitutes the largest risk in Spain, where every fifth client plans to modify its primary service provider. At the same time, France and Belgium seem to be less affected by the impact of dropout rates. (Ernst & Young 2010)

## REPORT ON THE BUDAÖRS-TÖRÖKBÁLINT-BIATORBÁGY TRADING ZONE

There is an apparent spatial restructuring of previously flourishing and successful commercial spaces and zones due to the crisis. Located in Budapest's western agglomeration, the Budaörs-Törökbálint-Biatorbágy area (Figure 1) is a plastic example of crisis-generated phenomena: the once abounding area preferred by individual consumers and companies as well, i.e. the “golden triangle,” is now – with the presence of fewer and fewer businesses – a crisis zone.



**Figure 1a** The Budaörs-Törökbálint-Biatorbágy suburban region (Budaörs)

*Source: Google Earth*



**Figure 1b** The Budaörs-Törökbálint-Biatorbágy suburban region (Törökbálint)

*Source: Google Earth*



**Figure 1c** The Budaörs-Törökbálint-Biatorbágy suburban region (Biatorbágy)

*Source: Google Earth*

At the end of the '80s, the structural collapse of the large-scale socialist industry at once created a new situation in Budapest: the system of workplaces was fundamentally transformed, as the big state-owned corporations were replaced by privately owned small and medium-sized companies. In the period when companies relying on fewer employees were being established, in the matter of days the rate of commuting dropped to zero or decreased radically, which led to the radical transformation of suburban areas (Sikos, 2009). Settlements in a favorable structural situation started growing dynamically and attracted developers, development resources, and capital to themselves. Budaörs, Biatorbágy, or Törökbálint started improving dynamically in this period. Commerce (TESCO, AUCHAN, CORA, IKEA, METRO, OBI, BAUMAX, BRICO-STORE, later the PREMIER OUTLET, GL OUTLET), the less environmentally damaging industrial parks (Biatorbágy, Törökbálint), or the subdivisions (among others in Biatorbágy, Budakeszi, Budajenő, Telki, Páty, Törökbálint, Üröm, and numerous settlements near Budapest) served the demands of Budapest, and enriched the agglomeration settlements, but they relied on the extended metropolitan educational, cultural, and medical infrastructure. The proportion of people who moved out from Budapest in a very short amount of time was enormous: about a quarter million people found their new homes in one of the suburban areas (Table 2).

The present (2012) panorama, however, shows something else already: the area's two-decade-old boom has come to quite a halt. The underlying economic and social changes, the global recession, debt, and the restructuring of Hungarian real estate and commercial estate

prices, have transformed the face of the examined area on a complex manner. These processes are also reflected in the statistical data, especially when comparing segments before and after the crisis. Although the permanent population of settlements shows an increase, the number of incoming residents has not really increased after all. Based on these data, we may conclude that the suburbanization process has slowed down; the number of newly built flats has decreased throughout the agglomeration. In the Budaörs settlement, for instance, which plays the most central role in the area, the number of newly built interiors decreased by almost one half in those four years.

**Table 2** Distribution of enterprises, department stores, and other stores in three of the agglomeration's settlements (2006, 2010)

	Biatorbágy		Budaörs		Törökbálint	
	2006	2010	2006	2010	2006	2010
The number of individually owned specialty shops of furniture, household products, and lighting	1	1	3	2	7	6
The number of individually owned specialty shops selling other industrial products	5	1	25	8	11	1
The number of individually owned grocery shops	9	4	26	17	9	6
The number of individually owned retail stores (without human pharmacies)	28	28	93	79	40	34
The number of grocery shops and stores	26	22	53	45	30	26
The number of specialty shops of furniture, household products, and lighting	4	4	38	33	76	61
The number of second-hand specialty shops	1	4	10	14	5	6
The number of restaurants, buffets	41	46	135	132	44	44
The number of individually owned greengrocery shops	2	3	6	4	1	2
The number of bakeries and candy shops	1	9	7	17	3	7
The number of vehicle component specialty shops	5	9	11	25	6	4
The number of machine, equipment, wholesale depositories	3	5	8	14	4	n.a.

Source: T-STAR 2006, 2010

In this megastore-dominated region, the number of shops operated by small businesses is decreasing in a homogenous manner: shops selling groceries, industrial goods, furniture, household items, or lighting are closing at the rate of 15% on average. From this process showing balanced deceleration, one dimension stands out -- businesses selling industrial products: in Törökbálint from the almost one dozen businesses that had formerly existed (11), by 2010 only one remained on the market; even in Budaörs, the number of such businesses has decreased to one third. The background to these changes is probably that

because of the crisis consumer habits have simplified: they prefer the megastores, which offer bigger and better discounts and satisfy multifunctional demands. Meanwhile, because of this process, small shops are increasingly abandoned and going out of business. Changes in global consumer trends are also reflected in the fact that the number of second-hand stores has grown significantly in the area. (Törökbálint 120 %, Budaörs 140 %, Biatorbágy 400 %).

The number of small eateries is nearly stagnant; greengroceries serve consumers' needs by opening a new business in each of the two smaller settlements (Biatorbágy, Törökbálint), but at the same time closing two shops in Budaörs. The strongly growing number of bakeries (in Biatorbágy nine fold, in Törökbálint and Budaörs by roughly two and half) may possibly be a reflection of the qualitative expectations of more demanding customers. At the same time, it is possible that for a certain consumer group, these commercial units which have diversified their product line with dairy products may have turned into an important scene for daily shopping. Also worthy of emphasis – in the case of Biatorbágy and Budaörs – is the huge increase in specialty shops selling auto parts and the 60 % average rise in the number of wholesale machine and equipment depositories.

## THE METHODOLOGY OF THE RESEARCH

Interviewers recorded the Hungarian questionnaire of our research in August of 2012; recording<sup>1</sup> of the Romanian and Slovakian questionnaires took place in January of 2013. The Hungarian field was the Budaörs-Törökbálint-Biatorbágy commercial zone. Data were collected in Brasov, Romania and in Nitra, Slovakia. The number of respondents was 1,050 persons. Our questionnaire consisted of a demographic section, a customer and consumer section, and a section that measures consumer consciousness forming due to the crisis. The present analysis is just a fraction of the analysis of the valuable and useful results our research has yielded: it “only” presents the dimensions which can be compared the most plastically. First we present our research results regarding the full sample. Afterwards we examine in the case of each question whether a significant difference appears between the countries. In such cases where it does, or where there is no significant difference but the result is interesting, we depict our results in a cross-reference table or display it on a diagram.

### *“Then and Now”*

We asked in our questionnaire survey how often the respondent visits this commercial area - the location of the survey- compared to the previous five years.

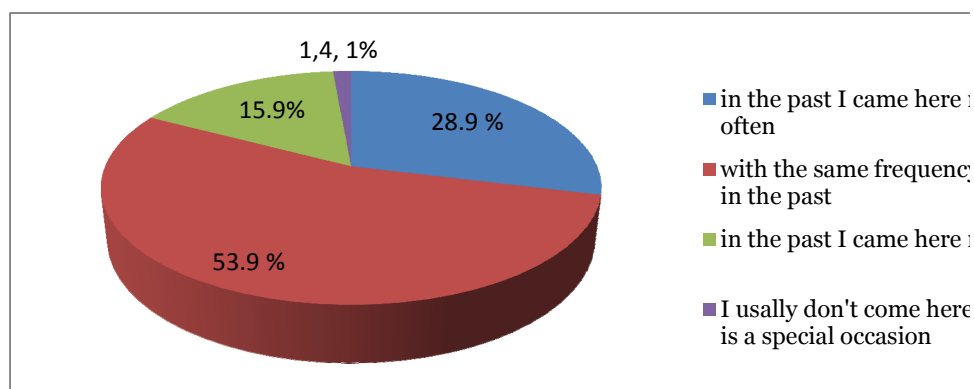
Every second respondent answered that he or she visits the given commercial area – where the query was conducted – with the same frequency as five years earlier (Figure 2). At the same time, the proportion of those who came here more often in the past is 28.9 percent, but the proportion of those who came here less in the past is hardly more than 15 percent. It would have been worthy for the questionnaire to ask an (open-ended) question which examines that if there was a change in the frequency of visiting this place (currently comes here more or less frequently) compared to the precious five years, what would the reason for the change be.

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1 The Romanian survey was conducted and datas were recorded by Fülöp Ildikó, the Slovakian survey was conducted and datas were recorded by Erika Huszárik. The global SPSS analysis was made by Tünde Bogardi. Ildikó Fülöp, Erika Huszárik and Tünde Bogardi are Ph.D students at the Enyedi György Doctoral School of Regional Studies (Szent István University, Gödöllő, Hungary)



If we examine whether there is a significant difference among the three countries involved in the research regarding the answers to this question, then it is verifiable that there is no statistically detectable correlation between these two variables (Table 3).



**Figure 2** Changes in visiting a given commercial area compared to the previous five years

Source: own survey

**Table 3** Changes in visits to a commercial area compared to the past five years in the three countries

		With what kind of frequency do you visit this customer neighborhood - compared to the previous five years?				Sum
		I came here more often in the past	with the same frequency	I came here less in the past	I usually don't come here, this is a special occasion	
Hungary	N	93	169	40	5	307
	%	30,3%	55,0%	13,0%	1,6%	100,0%
Romania	N	93	174	48	6	321
	%	29,0%	54,2%	15,0%	1,9%	100,0%
Slovakia	N	69	132	52	1	254
	%	27,2%	52,0%	20,5%	0,4%	100,0%
Total	N	255	475	140	12	882
	%	28,9%	53,9%	15,9%	1,4%	100,0%

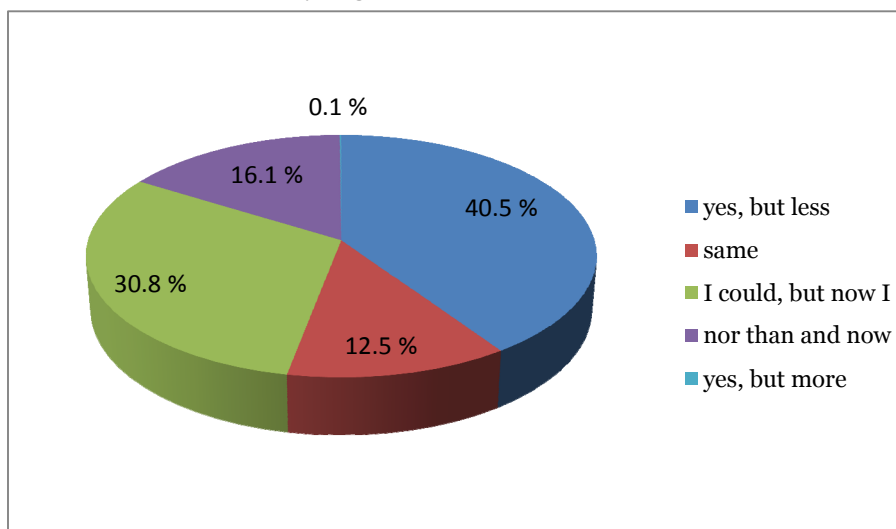
Source: own survey

We can see from the cross-reference table that in all three examined countries, nearly one third of the respondents went regularly to the given customer neighborhood more in the past, but the proportion of those who visit them with the same frequency as earlier exceeds

50% . The most considerable difference appears in the proportion of those who went there less in the past than currently: in Hungary it is 13%, in Romania it is 15%, while in Slovakia it is more than 20%.

### *Changes in the living standard*

We asked for a comparison with the years before the crisis, when we examined whether our respondents can save some money (Figure 3).



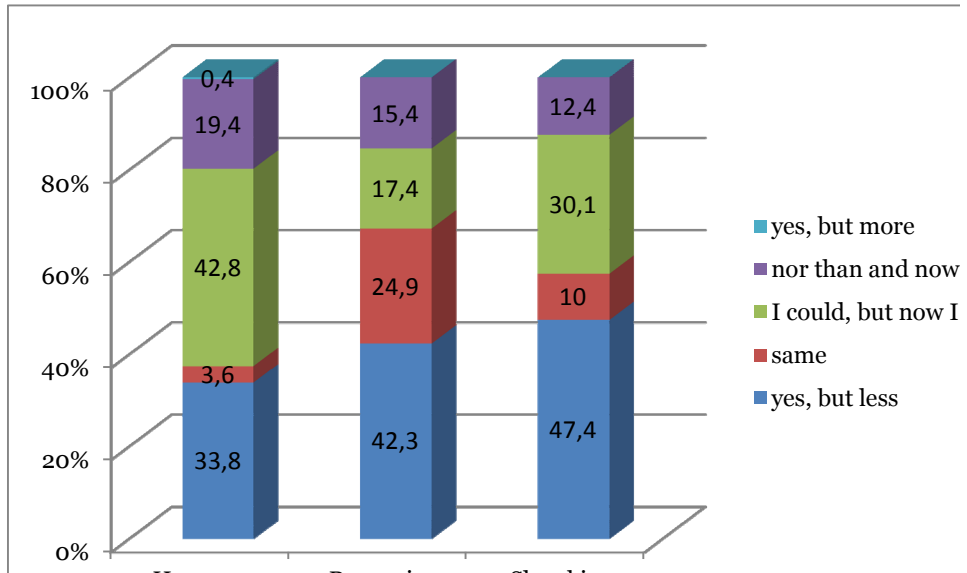
**Figure 3** Savings compared to the years before the crisis

Source: own survey

More than 40 % of the respondents can save less than in the years before the crisis. In addition, the proportion of those respondents who could save some money earlier but now can't exceeds 30%. It needs to be emphasized that more than 15% is the proportion of those who neither then nor now have any savings. Only 12.5% said that they can save the same amount as earlier, and only one respondent said that he has more savings now. (Although a reason for this ratio may be that there was no such answer option in the questionnaire originally, but we checked emerging problems with the interviewers continuously, so the chance of this is negligible.)

I examined the same question from the perspective of whether a significant difference appears between the individual countries' respondents (Figure 4), and found that it does ( $p < 0.05$ ). The proportion of those who can save some money now, but less is close to 50% in Slovakia, while in Hungary it's hardly more than one third of the respondents. A considerable difference appears in the proportion of those, who can save as much money as before. One of four Romanian respondent said it, while every tenth in Slovakia, and 3.6% of the sample can save the same amount of money in Hungary. In Hungary the proportion of those respondents who could save some money earlier but now can't exceeds 40%. In Slovakia its 30%, and 17.4% in Romania. The proportion of those who neither then nor now have any savings is close to every fifth respondent in Hungary, 15.4% in Slovakia, and 12.4% in Romania. We asked our respondents to form a judgment on their living standard compared to the years before the crisis.

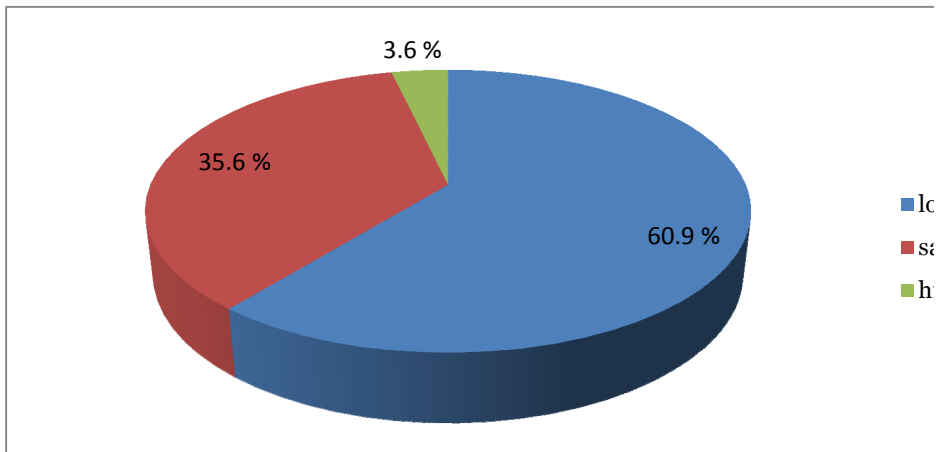




**Figure 4** Savings compared to the years before the crisis in three countries

Source: own survey

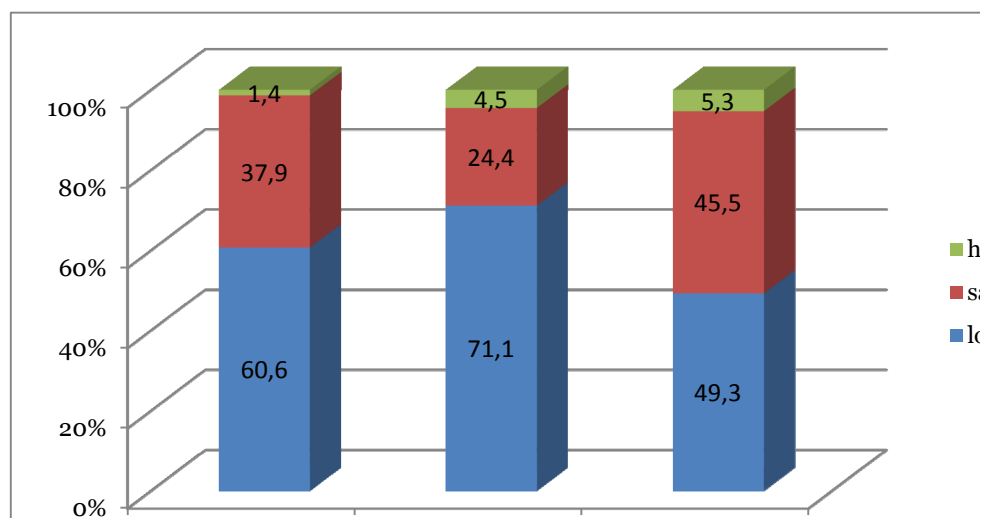
More than 60% of the respondents said, that their living standard is lower compared to years before the crisis (Figure 5), 35.6% answered that they have the same living standard, and only 3.6% said that their living standard is higher now. A significant difference appears between the examined countries according to, how the respondents judge their living standard compared to the years before the crisis ( $p < 0.05$ ).



**Figure 5** Changing of the living standard according to the years before the crisis

Source: own survey

Compared to the years before the crisis more than 70% of the Romanian respondents (Figure 6), and more than 60% of the Hungarian sample believes, that their living standard is lower, while this proportion does not attain 50% in Slovakia (although this is a quite tall value also). If we examine, that how many percentages of the respondents said, that they have the same living standard now in the examined three countries we can see, that it's more than 45% in Slovakia, close to 38% in Hungary, and every fourth respondent said it in Romania. It needs to be emphasized that in Romania and in Slovakia about 5% of the sample said, that their living standard is higher now, but in Hungary this proportion does not attain 1.5%.



**Figure 6** Changing of the living standard according to the years before the crisis in the three examined country

## CONCLUSIONS

The economic crisis causes a great fear to the consumers, and generates a stress situation to the actors of the market. In this situation considerable and long-distance changes set in in the consumer behavior: the consumers save more and the greatness of their spending was held back. Considerable restructurings came into existence on the market; the customers moved away downwards on the demand curve, the number of the trademark changes is growing and the consumers postpone their bigger item shopping's. We were curious in our research, that in connection to the examined three East-Central European countries what kind of similar or different trends can we see in the consumers behavior before and after the crisis. In point of the frequency of shopping, all three countries show a homogeneous picture: more than three-quarter of the sample go shopping less, or the same times like before the crisis. Compared to this, the measure of the savings compared to the years before the crisis turned out interestingly, and very differentiated in concern to the three examined countries. Although we cannot diagnose a strong group for one of the countries who have said that they can put aside more than earlier, it is nevertheless conclude that both the Slovak and Romanian respondents can save more money, as the Hungarian survey respondents. In Romania every fourth, in Slovakia every tenth, and 3.6% of the Hungarian respondents said that they are able to put aside as much as before. Nearly twice as many Slovakian respondents indicated

that "can save, but less" than Hungarian. Based on these results, we can establish that in point of the accumulation of the family savings Hungary performs the worse. It seems that the judgment of the living standard follows the mapping of the amount of savings. Due to this, we hypothesized that least the Romanian, and most the Hungarian respondents feel, that they are living in a lower standard of living, than before. Compared to this nearly three-quarters of Romanians perceived decrease in quality of life, sixty percent of Hungarians, and almost half of the surveyed Slovaks. Behind these results might stand, that the respondents – thanks to their own feeling of insecure and crisis – drawn up their new preferences in their expenditures, and probably they redirected their other consumer activities (cultural- leisure consumption) to accumulate their savings. In conclusion we can say, that the first analyze etape of our comparative research strengthen us in our original goal, that it's required, and worthy monitoring the new attitudes adopted to the macro context, and the changed consumer habits and motivations that occurred during the crisis. Exceptionally exciting phenomenon is that that former Easter Block countries go through the crisis in a very similar way, but in other cases, along other variables, they understood the crisis very different. The fact mentioned in the introduction is squarely strengthen: the east-central European Slovakia's prospects for growth fail less, the imprints of the crisis can be found in Romania also, but Hungary is drifting from the Visegrád countries. (Farkas, 2012)

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