
Consumer Rights Protection Law in the National Economy: Trends and Problems

Ismagilova Gulnara Nailevna¹, Shirinova Raima Khakimovna², Bagautdinova Nailya Gumerovna,³ Sakhbieva Amina Ildarovna⁴

*1*Doctor of economic science, assistant professor Kazan Federal University
E-mail: gismagilova_85@mail.ru

*2*National University of Uzbekistan named after Mirzo Ulugbek
Doctor of Science, professor of French Foreign Philology Department, National University of Uzbekistan named after Mirzo Ulugbek, 100174, Uzbekistan, Tashkent Vice-rector for International Relations, National University of Uzbekistan named after Mirzo Ulugbek, 100174, Uzbekistan, Tashkent
E-mail: shirinova.raima@gmail.com

*3*Doctor of economic science, professor of Kazan Federal University.
E-mail: nailya.mail@mail.ru
Scopus ID – 55694617500

*4*Doctor of economic science, Assistant professor Kazan Federal University
E-mail: aminasmile@mail.ru

Abstract

Consumer rights are one of the issues that are seriously supported by the legislator and even in some cases, criminal punishment may be considered for it. In Iran, according to the consumer rights protection law, manufacturers have duties such as providing a warranty, having a representative, affixing price tags, etc., so that consumer rights are respected and the market is in a more favorable state. Consumers are one of the groups that the legislator considers their duty to protect; Because producers, having capital and production power, can overshadow the prices and quality of products through monopoly and then overshadow the rights of consumers. The specificity of rational, restrainedly rational and irrational economic behavior of individuals and companies at the present stage of development of economic processes is highlighted in this article. It is shown that the provision of rational forms of consumer behavior of different groups of economic entities as dominant is one of the strategic tasks of the state socio-economic policy, including the policy of education and upbringing of individuals (financial literacy, education of altruism, the priority of spiritual consumption over material consumption, etc.) At the same time, rational consumer behavior can be formed taking into account the classification criteria we have added - this kind of consumer behavior is usually justified, integrated, legal and socially constructive. The paper examines the features of the development of consumer behavior in the framework of the most typical foreign models, such as the American, German, Japanese, South Korean, Brazilian, Chinese and North Korean models. The stability of this kind of consumer behavior models to negative changes caused by the pandemic crisis of 2020-2021 was assessed in an enlarged manner. A comparative analysis of the intensity of consumer behavior at the individual, corporate and state levels in the indicated countries with the national economy of the Russian Federation (2020) is carried out. It has been proved that an increase in the level of transparency of the state's economic system, a steady decrease in the significance of corruption risk are significant factors in the rationalization of consumer behavior in the field of state and municipal orders.

Keywords: consumer rights, consumer rights protection law, consumer behavior.

Models of consumer behavior, both of individuals and companies in the domestic economy during the period of market transformation, have undergone a significant evolution. The main stages of this kind of evolution are systematized by the authors in table 2.

Table 2. The main stages of the evolution of consumer behavior of various groups of economic agents in the national economy (systematized by the author)

Main stages	Features of consumer behavior of individuals	Features of consumer behavior of commercial organizations
1. Second half of 1980s	A model of consumer behavior in the context of a chronic shortage of consumer goods. Regularly exploiting	Maintaining the influence of central planning on the nature of consumer behavior of organizations. A certain increase in the degree of freedom of this

Main stages	Features of consumer behavior of individuals	Features of consumer behavior of commercial organizations
	the potential of the black market to meet customer needs.	kind of behavior due to the introduction of cost accounting mechanisms and integration with the subjects of the cooperative movement, which became more active in the second half of the 1980s.
2. 1990s	Overall, disorganized consumer behavior. An extreme reduction in its intensity due to a sharp decrease in real incomes of the population and the factor of hyperinflation in 1992-1993. Simultaneous rapid growth in consumer diversity.	Disorganization of the procurement management systems of companies caused by the fundamental transformation of property relations (several waves of privatization), the rupture of economic ties between the republics of the former USSR, the lack of experience in procurement in market conditions of management.
3. 2000 – 2009	Formation of the first models of electronic purchases by citizens of the Russian Federation. Development of the consumer market control institution. Activization of consumer behavior due to the intensification of consumer lending processes	Gradual formation of sustainable market models of consumer behavior of commercial organizations in the Russian Federation. Increasing the intensity and quality of the organization of procurement activities of companies.
4. 2010 – 2015	Further significant increase in the intensity of consumer lending. Differentiation of marketing factors of consumer behavior.	Active development of automated ERP-systems for supply management of companies. Inertial growth of the influence of the corruption factor on the development of forms of consumer behavior of organizations in the Russian Federation.
5. 2016 – 2021	Modernization and strengthening of the institution of consumer control. Active development of irrational forms of consumer behavior of citizens. Crisis transformation of consumer behavior (2020 - 2021).	Gradual integration of Russian companies into the structure of territorial industrial clusters and the corresponding modification of the models of consumer behavior of companies. Crisis transformation of procurement systems for raw materials, equipment, services, components, etc.

As shown in table 2, for the period of market transformation, in 1990-2021. consumer behavior of individuals and households in the domestic economy has transformed extremely significantly. At the same time, the main directions of this kind of transformation were:

- significant influence of the institute of consumer lending on the process of consumer behavior in 2000, which was practically absent in the Russian Federation in 1990;
- active development of systems of electronic commerce in consumer goods and services, qualitative transformation of the sphere of consumer behavior due to the active influence on its development of various kinds of digital technologies and systems in 2000-2021;
- improvement of the influence processes of marketing tools and technologies on the processes of consumer behavior of citizens of the Russian Federation especially in 2000 (in the 1990s, rather rude and direct advertising was used in this area, which in 2000 - 2010 was replaced by complex, rather complicated technologies of marketing manipulation on various consumer groups)
- gradual development and increasing role of the organization of consumer behavior of the control institution over the state of consumer markets and the quality of purchases (legislation on consumer protection in the Russian Federation, the activities of Rospotrebnadzor, FAS, etc.)

One of the most general indicators characterizing the intensity of consumer behavior of individuals is the ratio of the volume of purchases by individuals to GDP (Fig. 1)

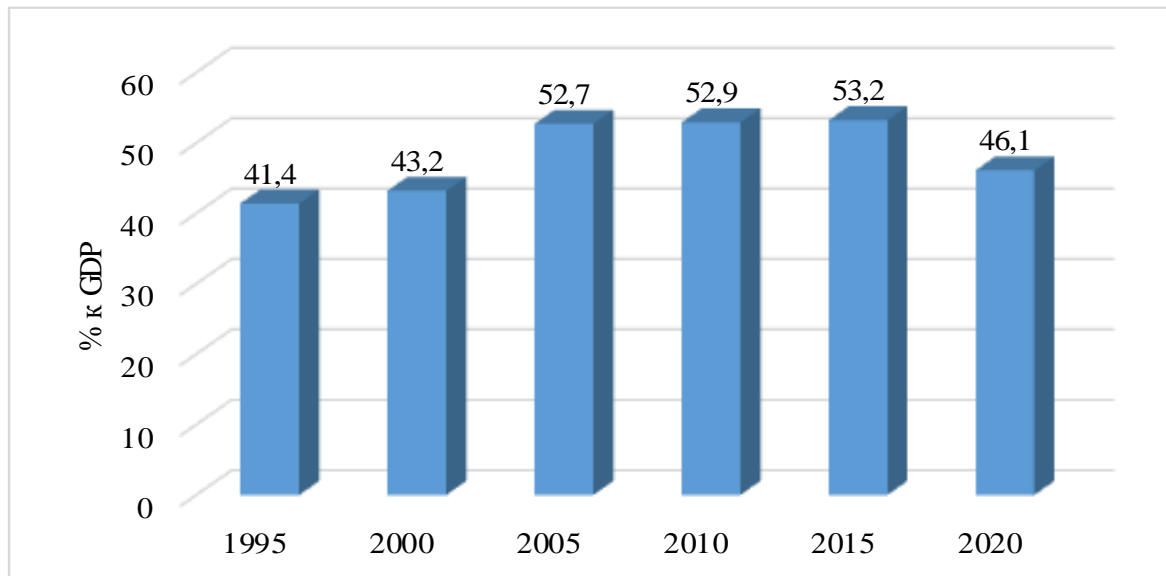


Fig. 1. Dynamics of the ratio of consumer purchases by individuals
To the RF GDP, %¹

As it shown on Fig. 1, in 1995-2000 the ratio of the volume of consumer purchases to the RF GDP varied in an extremely low range of 41-43%. It should be noted that in the United States and the EU countries this indicator in 1990 - 2010 fluctuated steadily in the range of 55-60% of the gross domestic product.²

In general, main reasons for the low level of purchasing activity of the population in the Russian Federation in the 1990s were low real money income of the population and the prevalence of barter turnover in the domestic economy including the level of interaction of individuals, as well as underdevelopment of the institution of consumer lending during the specified period.

Under the influence of the intensive growth of the domestic economy in early 2000, the ratio of consumer purchases to GDP in 2005 increased significantly (by 9.5 percentage points to the level of this indicator in 2000). Later, in 2010-2015, this indicator varied in the range of 52-53% of the gross domestic product of Russia, which was close to the values of consumer activity of individuals and typical for the modern economic conditions in developed countries with market economies.

At the same time, in 2020 the most general indicator of the intensity of consumer behavior of citizens in the national economy of the Russian Federation decreased by 6.1 percentage points to the level of 2015 and amounted to only 46.1% of GDP. The main reasons for this kind of reduction in the period under review, in our opinion, were the inertial decline in real money incomes of the population in 2016-2020, the impact of the situation of the pandemic crisis and the restrictions on consumer demand of a sanitary and epidemiological nature directly ensuing from it (especially during the lockdown in spring 2020), as well as a significant level of over-borrowing of the population of the Russian Federation, as a result of which a significant part of the income of certain groups of Russian citizens began to be directed not to financial support of the current consumption of goods and services, but to pay interest to banks and MFOs on previously formed credit liabilities.

From the standpoint of general, both classical and neoclassical, and modern economic theory, the main factor in the intensity of consumer behavior is the price of goods. The necessity in a steady decline of prices for socially significant groups of consumer goods in the Russian Federation as the main strategic condition for normalizing the national consumer market and increasing the socio-economic efficiency of the domestic model of consumer behavior was pointed out by many researchers, in particular L.N. Safiullin³, G.M. Rossinskaya⁴, R.A. Fatkhutdinov⁵ and others.

¹Russian statistical yearbook. - M.: Publishing house of the Federal State Statistics Service, 2021. P.137.

²Russia and the countries of the world: statistical yearbook. - M.: Publishing house of the Federal State Statistics Service, 2021. P.159.

³ Safiullin, L.N. Social welfare in the conditions of heterogeneity of markets / L.N. Safiullin. - Kazan: Publishing house of Kazan University, 2006. P.56.

⁴ Rossinskaya G.M. Consumer behavior of the region's population. M.: Knorus, 2020. P. 152.

⁵ Fatkhutdinov, R.A. Competitiveness of an organization in a crisis: economics, marketing, management / R.A. Fatkhutdinov. - M.: Publishing bookselling center "Marketing", 2020. P.38.

The dynamics of the consumer price index in the Russian economy in accordance with the data of official macroeconomic statistics is shown on Fig. 2.

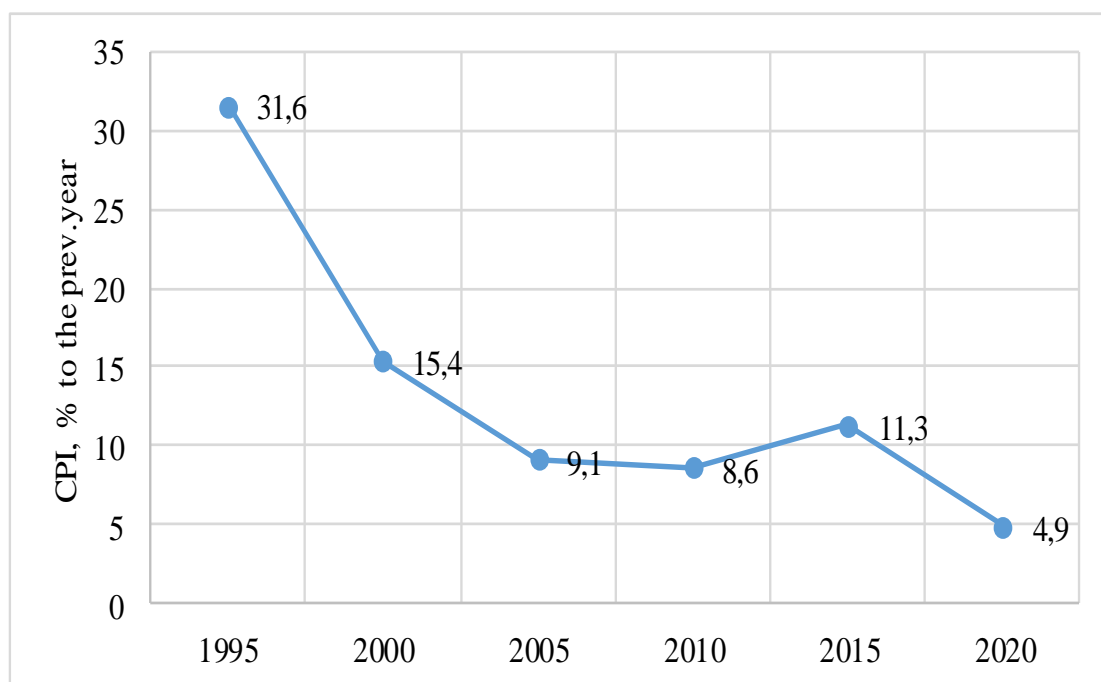


Fig. 2. Dynamics of the consumer price index (CPI) in the economy of the Russian Federation,% to previous year⁶

As shown on fig. 2, in the middle of 1990, the average consumer price index in the Russian Federation was at an extremely high level, which was a significant factor in the disorganization of consumer behavior of the majority of citizens. The period 2000 was characterized by a tendency for a gradual reduction in the level of inflation - in fact, this goal throughout the entire presidency centuries of Putin's was traditionally considered as the main and one of the most significant priorities of state macroeconomic regulation.

At the same time, a certain increase in the consumer price index in the national economy of the Russian Federation to 11.6% in 2015 was due to the joint influence of such factors as the impact of the so-called "second wave" of the global financial and economic crisis of 2007-2009 in 2014-2015, a fairly significant level monopolization of a number of segments of the consumer market in the Russian Federation, accelerated growth of tariffs in the housing and communal services sector. However, in the context of the pandemic crisis in 2020, the Government of the Russian Federation managed to keep the level of consumer prices at an average rather low level - 4.9% to the level of 2019.

For a statistical assessment of the factor of change influence in the consumer price index on the intensity of consumer behavior of individuals in the national economy of the Russian Federation, we will use the tools of economic and statistical analysis (Fig. 3).

From the standpoint of economic logic, with a decrease of the consumer price index on average in the economy, the intensity of consumer behavior should steadily increase due to the relative growth in the purchasing power of most economic entities. However, as shown in Fig. 3, for the economy of the Russian Federation in 1995-2020 there was an anomalous, non-monotonic influence of the dynamics of the average CPI on the indicator of

⁶Russia and the countries of the world: statistical yearbook. - M.: Publishing house of the Federal State Statistics Service, 2021. P.448.

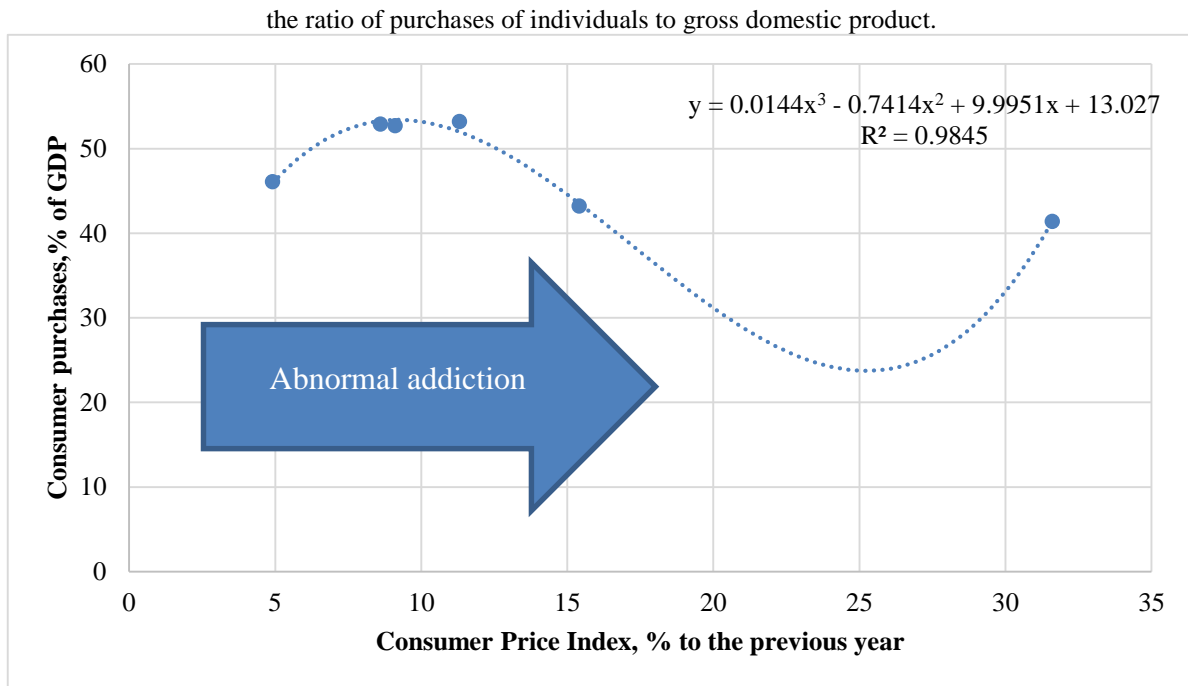


Fig. 3. Anomalous relationship between CPI and the intensity of consumer behavior of individuals in the Russian Federation, 1995-2020 (in a five-year range), (made by the author)

In our opinion, the main reasons for this kind of anomalous influence of the dynamics of the consumer price index on the activity of consumer behavior of individuals in the national economy of the Russian Federation in the period under review were:

1. A fairly significant level of monopolization and oligopolization of a number of segments of the consumer market in Russia, primarily the market of housing and communal services, which citizens are forced to purchase at any prices (tariffs), which distorts the overall influence of the price factor on the activity of consumer behavior of households.
2. The intensity of consumer behavior of individuals and households in the Russian Federation was significantly influenced, especially in 2010 - 2020, by such non-price factors as the availability and development of the institution of consumer lending.
3. Some researchers of the problems of consumer behavior in the national economy of the Russian Federation, for example A.V. Dorokhov, doubt the representativeness of the official statistical estimates of inflation in general and the consumer price index in particular. For example, it seems extremely doubtful that in the context of the pandemic crisis of 2020, the level of the consumer price index in Russia amounted to only 4.9% in addition to the level of 2019. It is very likely that such possible underestimations of the level of official inflation took place for political reasons. However, such distortions have a negative effect on the representativeness of the function we have constructed.

In recent years, marketing tools have also changed significantly, affecting the nature and intensity of consumer behavior of individuals and households in the national economy of the Russian Federation. So, if in 1990 the main mechanism of marketing influence on consumer behavior was advertising, usually of a rather aggressive nature, then in 2000 these kinds of tools have been significantly improved.

So, at present, the main tools of marketing influence on the consumer behavior of individuals in the Russian Federation are:

- individual and collegial consumer loyalty programs, including various kinds of discount systems, clearance sale, cash-back systems, etc.;
- the activities of sellers of goods, especially large retail chains, in the field of merchandising - a special policy of placing goods of various brands on the windows of a retail facility, in which, as a rule, at the level of the most likely view of the average buyer there are analogous goods produced by leading companies with well-known brands, usually relatively expensive - in fact, through merchandising technology, there is a manipulation of the consumer behavior of individuals in the direction of stimulating the transformation of the latter from rational to boundedly rational;
- active development of the technologies and systems of SEO marketing - marketing impact on consumer behavior through social networks.

In our opinion, the main reasons for the relatively lower use of the potential of the digital economy in the implementation of consumer behavior models by citizens of the Russian Federation in comparison with similar purchases made by residents of the United States, EU countries, Japan and a number of other countries with market economies are:

1. Extremely low degree of integration of RF retirees into the digital shopping processes. Thus, according to some estimates, in the modern Russian economy, only about 7-9% of people of retirement age at least occasionally use the possibilities of electronic channels for the purchase of goods and services, while in Western Europe at the end of 2010 this indicator exceeded to 80.0%⁷.
2. Sanctions restrictions on the entry into the consumer market of the Russian Federation of a number of online stores, including large marketplaces established by companies and individuals - residents of the United States or EU countries, with which the national economy of the Russian Federation operates in a regime of mutual external economic sanctions.
3. Certain fears of a part of the Russian population about making purchases of goods and services through the Internet resources, in particular, leaving within the framework of the latter confidential financial and personal information, such as parameters of bank cards of individuals, passport details, etc., which is understandable in the context that telephone and Internet fraud schemes in this area became more active in 2019 – 2021.

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