

A STUDY OF CONSUMER BEHAVIOUR TOWARDS NON-DURABLE
PRODUCTS IN THE MIDDLE EAST REGION
(A STUDY FOCUSED ON THREE DIFFERENT
NON-DURABLE PRODUCTS USED
IN OMAN, UAE AND
BAHRAIN)

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ABSTRACT

Organizations spend quite a lot of their resources to monitor, understand, predict and influence the behaviour of their current and prospective consumers, in order to convince them to buy their products rather than their competitor's. As such, consumers are bombarded with hundreds of advertisements every day through both traditional and non-traditional media channels. However, effectiveness of such marketing effort will mainly depend on their in-depth understanding of the different factors/ variables that influence the consumer purchase decisions.

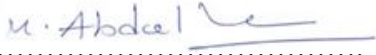
These influencers may vary considerably between durable and non-durable product, due to the amount of time the product is expected to be used by the consumer. These influencers may also differ among different cultures due to variations in risk perception, financial stability, education, attitudes, beliefs and perception.

The complexity of the issue requires a detailed research in the area of concern as a clear understanding of these drivers, could be very handy for the Marketing strategists in their planning process. The purpose of this thesis is to gain an in-depth understanding of this exact issue, focusing on the Middle East region. Three countries in the region (Oman, Dubai and Bahrain) and three product groups (washing powder, textiles and footwear) were chosen for this purpose. A standard questionnaire was given to the respondents of all three countries and their responses were noted.

The results showed that the degree of influence differs within the product groups, with some of the results not significant at 95% confidence level. The study helped the researcher to clearly identify the primary influencers for each product group. As this is the primary requirement for effective marketing, the findings will be quite handful in arriving at effective marketing decisions, regarding non-durable products in the Middle East region.

APPROVAL PAGE

I certify that I have supervised / read this study and that in my opinion it confirms to acceptable standards of scholarly presentation and is fully adequate, in quality and scope, as a thesis for the fulfilment of the requirement for the degree of Doctor of Philosophy.



.....
Dr. Mohammed Abdul Madhar
Supervisor

DECLARATION

I, Mr. Thangarasa Tiburtrious Andrew Rohanaraj, hereby declare that the work presented in this document has not previously been published or accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

This research is the result of my own independent work and investigation, except where otherwise stated.

Any literature or the work done by others and cited within this research document has been acknowledged and listed in the reference section of this document.



T.T. Andrew Rohanaraj

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LIST OF SYMBOLS / ABBREVIATIONS

ANOVA	-	Analysis of Variance
COO	-	Country of Origin
ε	-	Error Component
Fw	-	Footwear
p	-	Value of significance
P.D	-	Purchase Decision
r	-	Coefficient of Correlation
r^2/ R^2	-	Coefficient of Determination
Tex	-	Textile Products
UAE	-	United Arab Emirates
VIF	-	Variance Inflation Factor
Wp	-	Washing Powder

CHAPTER 1

INTRODUCTION

Consumer behaviour refers to the consumer's way of responding to a particular product or brand. In the words of Prof. Walter C.G and Prof. Paul G.W.ⁱ, it is "the process whereby individuals decides whether, what, where, how and from whom to purchase goods and services". It also focuses on the consumer's emotional, mental and behavioural responses that precede, determine or follow these activitiesⁱⁱ. Consumer behavior is been studied by different people for a variety of reasons, such as business success, educating the consumer and public policy making.

Organizations that market products and services either take the time to study consumer behavior themselves or use the research results already available in the public domain. A thorough knowledge of consumer behaviour is indeed of paramount importance to the business success as it not only helps them shed light on what is important to the customer but provide information on the factors that have greater influence on customer decision-making as well. Consumer decision making is essentially a problem solving processⁱⁱⁱ. As "consumer is the king" of the market place, understanding their attitudes, needs and preferences, which are referred to as the consumer's way of voting on how well the marketer has done his job, helps the marketers to plan and implement their marketing strategies to successfully target meaningful segments.

Certain stakeholders within the market study the consumer behavior primarily with a motive of educating the customers. These individuals and institutions also focus on studying consumer behavior that are physically and socially destructive. The results of these studies are generally used to formulate strategies that promote positive thought

among the consumers and make them behave in a sensible and socially responsible manner. These studies are also useful in suggesting the future directions for further research.

Some of the government agencies and non-governmental organizations often conduct consumer behavioural researches, to support the policy makers in developing consumer focused policies for public usage. As these policies govern the business practices within the state or region, a focused research activity that unearths and explains the needs and wants of the general public, would help the governments to formulate rules and regulations that protect the general public from unfair, unethical (such as providing wrong, partial or misleading information through their advertisements) or dangerous business practices (such as not mentioning expiry date on the product, price fixing and creating pricing strategies).

Consumer behaviour, being a fairly young field of science, falls under the area of applied social science and drawn on the concepts and theories related to various fields such as psychology, sociology, anthropology, economics and statistics^{iv}. With the change in focus from selling orientation to marketing orientation, consumer behaviour studies gathered pace and today has become one of the most researched area in field of business.

1.2 Research Background

The Consumer behaviour differs considerably between the purchase of durable and non-durable products. Consumer of the present era has greatly reduced the importance placed on 'price' and focus on many other aspects related to the products and services to make their purchase decisions. This change of preferences towards decision making affects both durable and non-durable products.

Image plays a vital role consumer decision making. Customers are proved to be more brand savvy, during the purchase of durable products, mainly due to the amount of time spent between consecutive purchase occasions, and, when managed properly by meeting the diverse needs and treating each customer as a unique personality, brands, accrue significant value to their owners. This fact could be very vital for organizations focused on dealing with durable products. But the same cannot be said with utmost confidence in the case of non-durable products, as these products are generally considered to be relatively low risk purchases and the time span between consecutive purchases is relatively small. The perception towards lower risk is also boosted by factors such as relatively lower price difference between alternatives, relatively standardized product range and ease of switching among alternatives.

Today marketing of non-durable products seems to be more challenging and most eliciting due to the cut-throat competition involved in the business. The phenomena is also supported by the fact that non-durable products still form a considerable part of the consumer's family budget. Availability of alternatives such as generic products and me-too products have made the task even more difficult. Non-durable products generally cater to necessities, with few stepping into the zone of comfort. They generally cater to the entire consumer group with price and income elasticity of demand varying across products and consumers. Hence, effective marketing decisions require

thorough knowledge of consumers, their needs, wants and preferences, as they are the social targets of marketing. Most customers go through similar mental processes during the decision making process, but still end up buying different products or brands due to internal and external influences^v. The degree of rationality displayed also differ considerably among them. This fact is of extreme importance as one wrong move in the marketing plan can affect the organization in a grand scale. Most products fail in their endeavor to be the most preferred brand due to the mismatch between supplier expectations and actual consumer behaviour. As such bridging this gap needs a thorough study on the factors driving the purchase behaviour of the general public.

Middle East region has remained relatively calm for a long time as far as the competition is concerned, mainly due to certain restrictions and entry barriers used by the governing bodies of different countries. The restrictions enforced on foreign businesses has resulted in many organizations looking for more profitable locations to expand their business ventures. But, developments in the fields of education and Technology over the recent past, has made this whole region to rethink its strategy and are making the region more attractive to global organizations.

As the region is in the process of shedding its traditional outlook by reducing its dependence on oil/ gas production and moving bravely into the new world by adjusting or reworking on their regulatory framework, Middle East consumers have also changed their perception on certain products to a great deal. The change of attitude that encourages the fusion of culture and modernization could be clearly seen in their purchasing pattern as well. Today, Middle East consumers are more brand savvy, more quality focused and are highly inspired by the technology. Their purchase approach has also shifted from traditional focus to a highly globalized consumption pattern.

This change of attitude and buying behaviour has encouraged many of the global companies who produce durable products to enter into the market and fight for market share. These organizations capitalize on the dominant belief that heavily branded durable products could display the status of the consumer within the society. This dominant belief can be experienced by observing the type of automobiles driven by individuals, who do not necessarily fall within the upper echelons of the society. Many other firms, especially in the category of non – durable goods, still find it difficult to capture and comprehend the changes in attitude and preferences of the said population to predict their behaviour, with reasonable degree of certainty, to justify their intention towards entering these new markets which are generally, still in their infancy.

The situation begs for a detailed study of the Middle East market, capturing both the consumer buying patterns and their purchase behaviour, especially for non-durable products. A study of this nature would encourage more companies, to understand the factors that influence consumer purchase behaviour within the region, and expedite their entry into the Middle East markets, while making their marketing efforts quite successful.

1.2 Statement of the Problem

Consumer satisfaction and retention play a huge role in the success of any product or service. The amount of information flowing in from different sources towards today's consumer makes the concept of customer satisfaction and retention more difficult as these product/ brand related information and claims spirals up the consumer expectations towards the product; leaving marketers gasping for breath in their pursuit of customer delight and retention. As the consumer focuses more towards value addition, identifying the factors that could justify value addition in the mind of the consumer, has assumed overriding importance.

The extreme competition experienced in today's markets has forced many organizations to shift their focus from the traditional product/ market oriented strategies to customer oriented strategies. But, the increased homogeneity of products driven by cost considerations has made it mandatory for organizations to develop strong brand identity, as, branding can be a major differentiator for organizations^{vi}. This may be true for durable products, but its applicability for non-durable products needs to be tested through a structured research. As such this study tries to understand how brand influences consumer purchase behaviour towards non-durable products.

Certain segments within the society consider Price as a measure of quality and are more inclined towards purchasing expensive, high priced products with a view that they bear higher quality as well. This perception, has been formed as a reverse translation of highly branded higher quality products being sold at higher price. But the question is whether non-durable products are also perceived by consumers in the same way? This study intends to answer that question by comprehending the impact of price quality correlations, on the purchase decision of non-durable products.

Darian^{vii} has observed that consumers consider purchasing certain products due to the belief that those purchases reflect favorably on their cultural, financial and social status. Purchases motivated by cultural and social inclusion has been a well-known factor among durable products. The cultural and social acceptance can make people to purchase certain products / brands, which they otherwise may not purchase at all. But, will these influence the non-durable products in the same way they influence durable products? This study intends to answer the question, by, identifying the influence of cultural and social factors in motivating the purchase decisions with regard to non-durable products.

Apart from cultural and social factors consumer purchase motivations are influenced by various other factors such as age, income, family size, education, the urgency, location of the shop etc. as well^{viii}. Their span of influence may extend to both durable and non-durable products. This study will identify the influence of these factors on the consumer purchase behaviour towards non-durable products and rank them according to their rate of influence.

1.3 Rational of the research

International capital (including local private capital) seeks a balance between risks and rewards and will go to where the latter is maximized and the former is minimized^{ix}. In a globalised capital market, international capital acts as a judge to understand the stability of economic basis of each country. Hence, attracting this international capital, into the country through globally acceptable means, plays a huge role in the success of any nation.

The economic situation in oil-dependent countries, especially the Middle East region, is going through a rough ride. Adverse terms of trade and unexpected drop in oil prices has substantially reduced oil-producing states' earnings and has forced some of the economies to focus on austerity measures to overcome the situation. This issue has forced many of these countries to decide on whether to wait for another boom in oil prices or venture into new avenues so that the nation could develop a sustainable economic platform without depending totally on their now volatile, prime product, oil.

The Middle East region is gearing itself to identify and develop sustainable economic platforms for some time now, to survive in the post-oil era. With this identified goal in mind, some countries such as Bahrain, Oman and UAE are rationally evolving through the process of transforming them from traditional oil dependent economies to the new free market format with diverse earning options by focusing on removing the entry barriers and improving the trade relations with other countries and companies. Today most parts of the region boast of an ideal blend of innovation, culture and consumerism supported by business friendly environment, ethical business practices and deregulation. This changing scenario has made the region more attractive for new investors, both in the SME (Small and medium enterprises) and MNC (Multinational companies) categories.

The change of business climate encourages various organizations producing both durable and non-durable products to enter the region and fight for market share. Entering the region requires a better understanding of the buyer behaviour as it is the foundation on which marketing strategies could be developed. The knowledge of consumer purchase behaviour and the factors influencing them are more important for non-durable products due to their short inter-purchase time and shorter life span.

Although there is a paradigm shift in the mindset of people of the region and their buying behaviour, very little has been done up to now in terms of market research, to identify and capture and quantify these changes scientifically.

As such, a research conducted to discover some useful insights into the purchase behaviour of the residents of Bahrain, Oman and UAE towards non-durable products, could prove to be of immense help to both present and prospective future investors, who plan to enter into the Middle East market.