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Purchasing Behavior in Multi-Ethnic Society, Computer Brand Preferences

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Abstract

This research is one of a series of research attempting to examine multi-ethnic consumer's attitude in ethnically diverse societies. This research also attempt to determine factors that influence consumer preference of computing products in a multi-ethnic society such as the United Arab Emirates (UAE). The objectives of this study is to determine the influence of multi-ethnicity on attitudes toward consumer brands, and to compare attitudes toward purchasing decisions by various ethnicities and factors influencing intention of purchase. Significance of the study lays in the tremendous need by suppliers and venders to determine the nature of demand and consumer preference in particular products, which will allow marketing managers and suppliers an insight into a strategic market segment in highly multi-ethnic society. Findings of this study reveals that consumer in high ethnically divers society such as the UAE tends to emphasize the importance of quality, looks, performance and international warranty and strong brand image. This study also finds that consumer brands of laptop markets in the UAE consist of highly knowledgeable consumer base. Word-of-mouth, family and friends were the most determinants factors influencing the buying decision in consumer brands of computing machines in the UAE.

Key words

Consumer behaviour, multi-ethnic society, consumer brands, purchasing of laptops, UAE

Introduction

With an increasing trade between the UAE and the rest of the world, there is a mounting pressure on various Chambers of Commerce within the UAE and the Ministry of Foreign Trade to provide various companies, suppliers, and vendors a lacking information and specific data pertaining consumers preferences and purchasing behavior regarding computing products and other consumer goods. This paper provides an insight into consumer preference when shopping for laptop computing devices by employing revealed preference theory. Paul Samuelson's revealed preference theory examines consumer's purchasing behavior and preferred products available within certain budget. Which means that consumer's preferences may be revealed through their purchasing practice ([Wong 2006](#)).

Since more cities around the world are becoming increasingly multi-ethnic because of the increasing cross borders trade, research methodology and findings of this research may be applied to other places as well. Multi-ethnicity is fast changing demographic in number of countries, cities and city-State such as Singapore, USA, Qatar, Malaysia, and others, which is presenting retailers and international marketers with new challenges ([Cohen, Markowitz, 2002](#)).

The growth of ethnic minorities is largely attributed to the economic growth of the host countries, and higher commercial trade between countries ([Mundra, 2010](#)).

The UAE with its two cities; Dubai and Abu Dhabi are representative cities that are known for their highly diverse ethnic population. UAE nationals composes around 920 thousands out of the eight million two hundred thousand people living in the UAE (Population Estimate Report, 2011). Dubai and Abu Dhabi represents the highest ethnic population diversity in the nation.

Both cities also represent the highest rate of visitors and trade with other nations out of the seven

cities composing the UAE (UAE Government Culture and Heritage 2010). Purchasing products for re-export purposes is also one of the main drivers for the economy, especially in the international city of Dubai, which many consider the trade hub of the UAE (Asongu, C'Lamt, Marvee 2007).

Literature Review

Numerous scholars has investigated purchasing patterns and behavior in ethnically diverse societies. [Chattaraman and Lennon \(2008\)](#) investigated whether ethnic consumers' consumption of cultural apparel, and attributional responses related to their consumption, which is predicted by their strength of ethnic identification. Chattaraman and Lennon also examined whether the consumption of cultural apparel mediates the influence of strength of ethnic identification on consumers' attributional responses. The study reveal shown that strength of ethnic identification was a significant predictor of cultural apparel consumption and attribution of emotions and meanings to the consumption ([Chattaraman & Lennon , 2008](#)). Other significant study on marketplace diversity in the United States is [Cui and Choudhury \(2002\)](#) study that revealed that as the population and purchasing power of ethnic minority consumers in the USA continue to grow, more marketers are using sub-cultural segmentation and targeted marketing to reach these consumers, while marketers have grown increasingly concerned with the cost-effectiveness of ethnic segmentation and differentiated marketing ([Cui & Choudhury, 2002](#)).

[Pires and Stanton \(2000\)](#) argued that ethnically diverse nation such as Australia are likely to have a limited knowledge of the marketplace. Considering possible communication difficulties, constrained decision-making may result when selecting both products and suppliers ([Pires & Stanton, 2000](#)). Chung and Fischer on the other hand argued in their study of Chinese Canadian consumers across eight product categories that intracultural differences in consumer

behavior are inadequately explained by the psychological construct of ethnic identification, and that additional explanatory power is achieved when incorporating the ethnic homogeneity of social ties ([Chung and Fischer, 1999](#)).

However, while few scholars have investigated brand preferences and purchasing behavior in the UAE, [Balakrishnan \(2008\)](#) investigated Dubai – a star in the east: A case study in strategic destination branding, [Alam and Sayuti \(2011\)](#) examined applying the theory of planned behavior (TPB) in halal food purchasing, [Wycislak \(2010\)](#) studied multinationals' sins pave the way to the expansion of domestic companies, [Jaffar, ElKhatib, Hesson, Radaideh \(2007\)](#) researched a proposed strategic alignment of IS/IT with supply-chain management for UAE dates industry, and [\(2010\)](#) examined predicting e-procurement adoption in a developing country: an empirical integration of technology acceptance model and theory of planned behavior. This study remains unique in its investigation of consumer computing brands in a highly multi-ethnic society such as the UAE.

Objectives of Study

- Determine consumer's preferences and degree of influence among various ethnic groups in the UAE
- Determine attitudes toward various brands purchasing behavior
- Determine the preferable shopping experiences
- Determine best possible approaches that influence consumer's purchasing behavior towards top technology brands
- Determine the influence of brands and degree of response to selected consumer brands and self-image products

- Determine the influence of multi-ethnicity on attitudes toward consumer brands
- Compare attitudes toward purchasing decisions by various ethnicities and factors influencing intention of purchase.

Problem Statement

How can suppliers and vendors determine consumer preferences of technology products in a multi-ethnic society and what brands are desired by different ethnicities.

Research Questions

- What is consumer's attitude towards computing brands in consumer society in a multi-ethnicities society?
- What factors influence consumer's preferences in a multiethnic society?

Research Hypotheses

H0: The degree of consumers interested in brand name laptops will differ significantly by ethnicity

H1: The degree of consumers interested in brand name laptops does not differ significantly by ethnicity

H2: The degree of influence on consumer's decisions amongst diverse ethnicities is significantly based on previous experience

Limitation of the study

The UAE has large consumer base as it serves consumers from surrounding countries and countries as far as the former USSR, Russia, and China. This study is limited to the examination

laptop products in the consumer market only. This research paper is concerned with neither business markets nor desktop computing products.

Significance of the study

As an international business hub, the UAE plays a significant role as a reseller of numerous consumer based products and particularly laptops and other consumer-based products. Hence, there is a tremendous need by suppliers and venders alike to determine the nature of demand and consumer preference in particular products. Determining consumer preference will allow marketing managers and suppliers an insight into a strategic market segment in highly multi-ethnic society.

Methodology

The research methodology employed in this study is qualitative with cross sectional analysis as it examines the usage and attitude survey. This methodology has been used because it focuses on a descriptive and opinion based research as it covers questions about the opinions of people and their preference ratings. This approach was particularly employed in this study because the nature of the data collected requires the determination of particular consumer brands of laptop and opinions with respect to the influencing factors that determines consumer's purchasing decision giving a limited budget (Ennis, Daniel M, Kenneth Mullen, and Jan E.R. [Frijters, 1988](#)).

Sample

The population sample consists of working adults, university students, professionals, tourists, and various shoppers representing diverse sectors of the local economy. The survey was conducted in major shopping outlets and malls in the cities of Dubai and Abu Dhabi as they provide diverse and representative samples (Richardson, M., 1938).

Instrument

The instrument employed in the data collection is self-administered questionnaire, which was designed to measure the following attributes: a) determine consumer's preferences b) determine attitudes and experiences, c) determine influences, and d) provide demographic information.

To measure consumer preferences Max-Diffs (Maximum difference scaling) measurement was employed (Louviere, J. 1987) (Louviere, J. 1991). Given the demographic data, this instrument allows the examination of the levels of involvement and consumption frequency. The self-administered survey consisted of questions assessing influence attributes, and each attribute appears equal number of times. This approach also was describes by Almquist, Eric; Lee, Jason (2009) as an ideal approach for rating consumer preferences studies. The data collected was analyzed, in which the total number of times each attribute was mentioned was standardized to allow different samples to be compared. This was also described by [Cohen \(2003\)](#) as an adequate approach to data standardization of data related to measuring consumer preferences. To determine the reliability of the instrument employed, Cronbach's Alpha was utilized, with scale reliability equal to 0.74.

To measure consumer's attitudes toward particular brands, the instrument applied was Likert scale, which is a psychometric scale commonly applied to research that utilizes questionnaires and to scale responses. This instrument consisted of five scales designed to measure consumer's attitude towards varying computing brands. The range utilized in Likert scale was from one (strongly disagree) to five (strongly agree). Cronbach's Alpha was the scales utilized to measure the degree of reliability. Some items had to be deleted because of their lack of reliability on the scale. Consumer's attitude scale consisted of five items with a reliability coefficient of 0.75.

To measure factors influencing purchasing decision, the measurement used was ordinal scale, which measure four major items (Thurstone, 1927). The purpose is to measure consumer's experiences with varying brands. Likert scale was also utilized to collect data regarding factors influencing consumer's decision and product image. The data collected provided interesting demographic data that supported findings in this study.

Data Analysis

The data collected through the survey revealed that 34.6% of the people currently use HP laptop while 16.1% of them use Toshiba. Also, 71.7% of the people have previously used another brand out of which 29.2% have used HP and 20.22% Toshiba. Furthermore, a very significant percentage (81.4% of the people) is satisfied with the current brand they were using (HP and Toshiba). About 18.5% of the people are dissatisfied with their current laptop brand and it is mainly due to poor performance or frequent hardware failures (69.5% and 21.7% respectively). Looking at the brand of laptop that was previously used, 66.1% of the people are satisfied while 33.8% of them are dissatisfied. When asked which brand of laptop they would like to buy, 58.8% of participants indicated that they want to buy Apple and only 12.9% indicated HP. Moreover, 37.9% of participants indicated that they would like to buy brand due to form rather than content (good looks of exterior design) while 23.4% of participants indicated that they have been influenced by the brand name and brand reputation in the marketplace. Coming to the usage, 58.8% of the people use their laptop for multi purpose, while 25.8% indicated that they use their laptops for personal use. As far as the feature preferences are concerned, the most wanted

features are High battery life (58%), high-end performance (56.4%), high specification (38.7%) and international warranty (33.8%).

Most participants combining 42.7% indicated that they are influenced by their friends, family members, and word of mouth in making purchasing decisions. Whereas 30.6% indicated that they the primary factor that influence their purchasing decision is personal experience. The percentage of male participants in the survey was higher with 56.45% of them being males and 43.5% being females. Demographic findings revealed the following: 63.7% of people who participated in the study belonged to the age group of 20-30 years while 31.45% belonged to the age group of 15-20 years. Further demographics showed that 47.6% of purchasers were Arabs while 25.8% were Indians/Pakistanis. 33% indicated that the assigned preferred budget set for purchase is 3,000 to 4,000 AED. While only 24.1% indicated a budget of 4,000 to 5,000 AED assigned for their purchases of laptop computing devices.

Hypothesis testing

- *H1*: The degree of consumers interested in brand name laptops does not differ significantly by ethnicity.

To test this hypothesis analysis of variance (ANOVA) was applied. Results were significant at $p < 0.001$ ($F = 15.3$) Findings revealed that consumers were interested in brand name computers with a mean score of 55. Previous experience was the most significant factor next to the desire to have brand name with a mean of 59.49.

Findings

Surveyed consumers based their current decision to purchase HP brand of laptops from a previously owned brand of HP. Survey consumers also indicated that they are satisfied with the current brand of laptop they are using and were also satisfied with the previous brand they used, which supports the influence of positive previous experience on consumer's behavior. Results also showed that the primary reason for dissatisfaction for consumers wishing to change brands is largely poor performance or frequent hardware failures. Focus by vendors should be on serving the multipurpose usage of today's 20-30 year age group of consumers.

A value for money machine with criteria of; quality, looks, performance and international warranty is of most importance to consumers in the UAE market. Market characteristics in the UAE also emphasizes strong brand image and strong market reviews to strengthen brand loyalty and customer relationship management. This study also finds that

Consumer brands of laptop markets in the UAE consist of highly knowledgeable consumer base with demand for form (design) and content of (hardware/software) computing products. The importance of international warranty suggested that the nature of demand is largely based on re-exported products that arrive to the UAE to accompany owners back to their native countries. Finally, word-of-mouth by family and friends was the most determining factor influencing the buying decision in consumer brands of computing machines in highly ethnically diverse society of the UAE.

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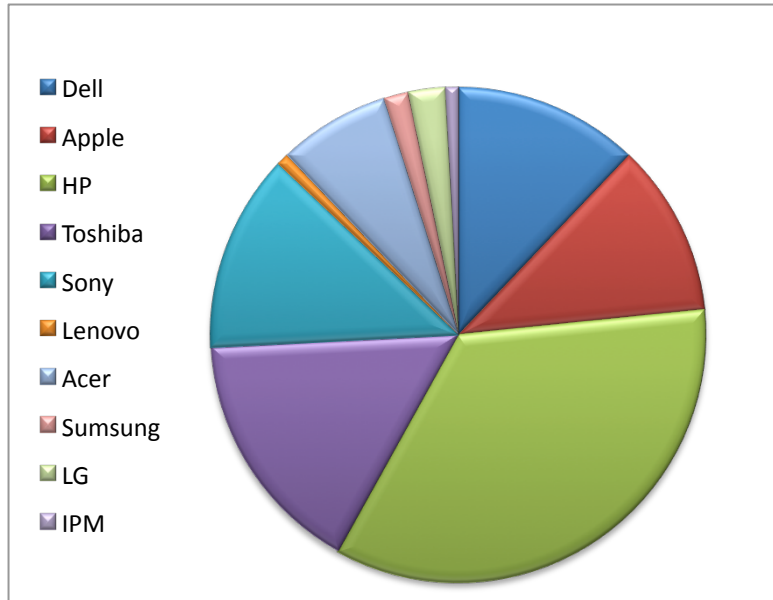
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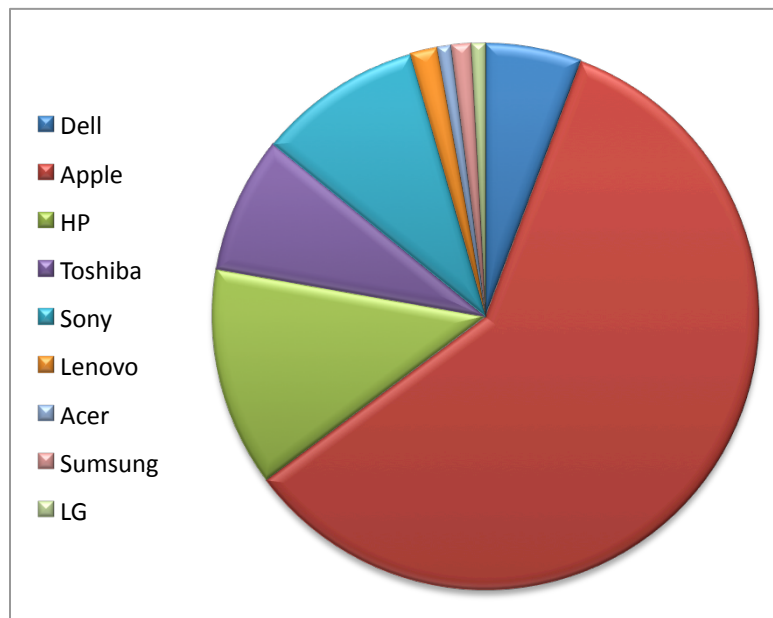
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Appendix-I

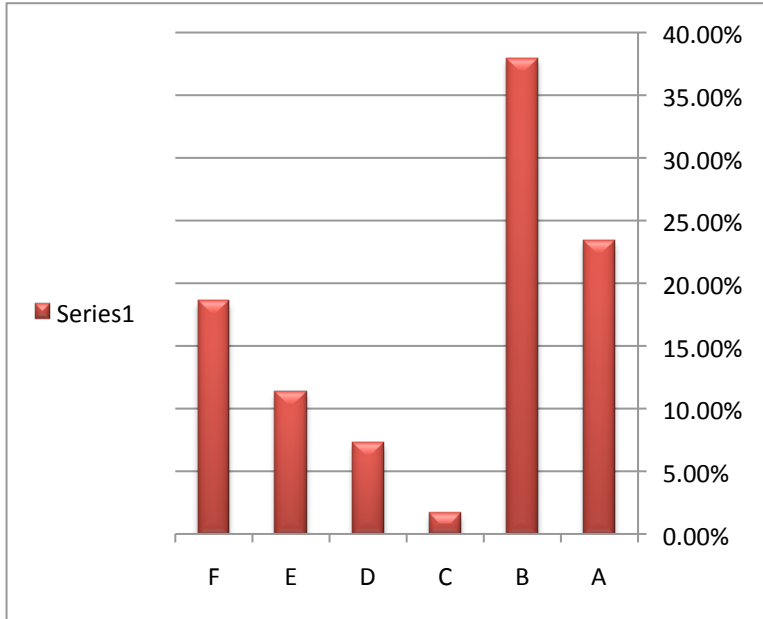
Current laptop brand usage pattern



Brand of laptop people want to buy

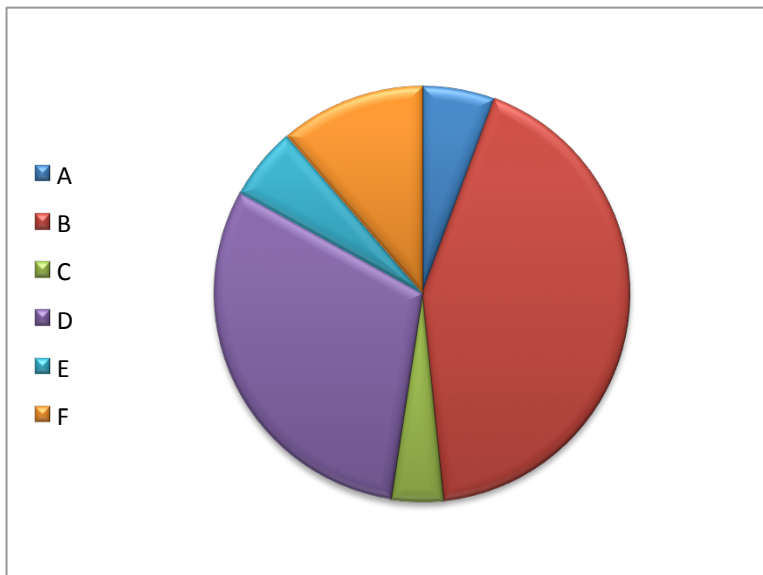


Why do people like to buy the above brand?



- a) Brand name/reputation in the market
- b) Good looks or design and high quality
- c) It's a taboo to carry one/status symbol
- d) Recent product reviews are great for this brand
- e) High end configuration durable
- f) Affordable, reasonably good specifications,

Who/What influenced their preference?



- a) Newspaper/Magazine
- b) Friends, Family and word of mouth
- c) Ads on TV or Road shows
- d) Personal Experience
- e) Sales team at the stores
- f) Internet/Market reviews

Appendix-II

Data analysis shows that most of the Arab/Indian/Pakistani males with a budget set of Dhs. 3-4 k, prefer to buy Apple due to its good looks and design or high quality.

The factors that influence their preference are (in descending order):

1. Family, friends or word of mouth
2. Personal experience
3. Brand name/Reputation in the market

The features that influence their preference are (in descending order):

1. High battery life
2. High end performance
3. High specification
4. International Warranty