

# Emerging Global Markets: The Voice Of Arab Consumers

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## ABSTRACT

Offering the most conducive business environment to global marketers, the UAE has emerged as one of the fast growing Arab markets in the Middle East. With high disposable income, the dynamic consumption behavior of UAE consumers always challenges global traders. The entrepreneurs who operate in and from UAE are, therefore, obligated to learn about consumers' changing buying behaviour. Several studies could be cited on consumer movements, but no explicit effort appears to have been made to examine Arab consumers' attitude towards global marketing, and their intelligence to judge the necessity of consumerism. The present descriptive study, focusing on the Abu Dhabi market, examined the views of the respondents on a range of market strategies that excited the voice of Arab consumers. The objective of the present study is to explore the level of awareness on consumerism in the dawn of global markets in Abu Dhabi. The survey was administrated in two zones in the Emirate, with a sample comprising of hundred Arab consumers. The survey found Arab consumers welcoming global markets. However, they demanded government initiatives to assure quality of products, pricing, distribution and prevention of misleading promotions. The study is vindicated by the UAE government's initiative to expand the functioning of consumer courts across the Emirates.

**Keywords:** Arab Markets, Voice of Consumers, Consumerism, Globalization, Abu Dhabi

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## INTRODUCTION

Globalization has brought in transformations in Arab markets. The United Arab Emirates (UAE) is not an exception. The past fifty years witnessed a remarkable shift in the economy and demography, with 35 times growth in population, and three times rise in literacy levels (Samihah, 2012). Expansion of free-trade zones, with tax holidays and full foreign ownerships has facilitated a torrent of foreign direct investments into the country. Owing the best infrastructure in the Arab region, this Emirate has emerged into the most highly diversified nation, offering self-contained markets to a highly disposable income holding population (BMI, 2009; Raghu, 2012; Paul, 2012). Even under the pressure of economic recession, the consumers' growing spending habits are indicative of an increase in per capita income, rapid economic growth, liberalism and socio-economic stability of the country (Khaleej Times, 2009). The statistics on consumption trend of consumers residing in Abu Dhabi exclude the sales data documented during the period of Dubai festivals.

Consequently, the consumer markets are growing fast, leading the Emirate to emerge into one of the top B2C markets with a most conducive retail environment. The modern shopping malls anchoring state-of-the-art hypermarkets and various shopping events like the Dubai Shopping Festival, in fact, ranked UAE as the fourth most attractive destination for shopping, after India and China. Reports indicate that an increase in the aforementioned household consumption and growth in service sectors (including tourism, banking and trading sectors) would drive the future growth of the retail industry in the country (Moussa, 2007 and Naushad, 2008). Apparently, realizing UAE's potential to grow into a global B2C market, a number of large international firms are heading to this Emirate. Besides, the sophisticated retail-sector coupled with high-tech infrastructure and oil-based wealth too encourages steady inflows of foreign direct investments into the country. As a result, this trend not only boosted the consumer markets, but also engendered the feeling of consumerism in the minds of UAE consumers.

The most populous among the seven Emirates, with eighty per cent expatriate work force, Abu Dhabi, the capital of UAE, controls about nine per cent of the world's total oil reserves. Being the wealthiest Emirate with a GDP per capita income of \$63000, the high growth propelled the economy to build a strong consumer market in the Arab sector. When the global markets were challenged with shutdowns and jobs cuts, Abu Dhabi remained one of the top most promising markets with a high consumer confidence index, relatively speaking, much better off than most of the other neighbouring countries (Nielsen Consumer Confidence Index, 2009). An initial finding of the BMI report states that during the last few years, the consumption tendency of Abu Dhabi families has gone up alarmingly, inspiring them to

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spend up to around 60 per cent of their income on durable and non- durable goods (Nadim, 2008; BMI, 2009 and Saifur, 2009).

Even though Abu Dhabi now boasts of the best living conditions and market expansions second to none, the recent reviews reflecting on the rising literacy (Samihah, 2012) reveal educated consumers' growing anxiety on the imported inflation in local markets (Khaleej Times, 2009 and Zawya, 2012). Despite official efforts to curtail price inflation with an informal pressure on retailers, inflation rate, more or less, remained the same for the past four years. Despite these changes, Abu Dhabi remains dedicated towards diversification of the local economy (Dubai Chronicle, 2012).

To face these challenges, global entrepreneurs who operate in and around Abu Dhabi are committed to alter business strategies to customize their services, fairly equitable, to meet diversified needs. In addition, the emerging awareness on *consumerism*, a social movement seeking to augment the rights and powers of buyers (Kotler, 1972), impel global marketers to alter strategies to boost consumers' trust (Saifur, 2009). Realizing that an up to date analysis of consumer attitude is essential for self-assessment (Moussa, 2007; Sugandhi, 2002 ; and Trehan and Singh, 2002), business firms are hastening to monitor the divergent demands to design *diversity marketing* (Kotler, 2003). In this context, this descriptive research involves an examination of the views of consumers on a range of issues dealing with the emerging changes in marketing strategies from a local to global perspective. The aim of this paper is to analyze consumers' attitude towards the quality of a product, promotion, pricing as well as their perception on consumerism in the dawn of the globalizing Abu Dhabi market. Several studies could be cited on consumer movements, but no serious efforts appear to have been made to examine Abu Dhabi consumers' attitude towards marketing, and their acumen to judge the global and local market strategies. Therefore, the present paper focuses on consumers' attitude on prevailing practices in the Abu Dhabi market as well their stand on *consumerism*.

Focusing on the concept of consumerism, a number of definitions have been propounded by past researchers (Auger et al. 2003 ; Bhattacharya and Sen, 2004 ; and Kottler et al. 2009). Commenting on the definition given to the concept of consumerism by few of the aforementioned researchers, Crane and Matten (2004) opined that in the contemporary business world, it would be appropriate to view consumerism as a conscious move of individuals with certain consumption choices. However, in this study, Bloom and Grayser's (1981) description on consumerism - *the ultimate expression of consumers towards markets and marketing functions*- is found applicable. Several methodologies could be employed to measure consumers' attitude on marketing and consumerism (Barksdale and Darden, 1972). While Rhee and Lee (1996) examined the political and economic environments of a country to dictate consumer activism, few other believed that the prevailing macroeconomic moves would evaluate the influence of consumerism (Gaedeke and Udo-Aka, 1974 ; and Bloom et al., 1981). The availability and reliability of information on the extent of public involvement to educate consumers and the degree to which legislation is enacted to protect the consumers are also to be considered as some major factors to measure the spread of consumerism (Jobber, 2007). Due to lack of plausible data to adopt the above-mentioned tools, this paper follows a descriptive research to appraise consumers' attitude.

This paper anticipates that consumerism is drawing attention in Abu Dhabi markets. Despite the belated move to set up consumer protection cells across the UAE, little is known about the effectiveness of these entities. Therefore, in order to render a workable proposition to the prevailing consumer protection mechanisms, this study signifies the need for further explorations on this subject.

## **METHODOLOGY**

The research instrument used to analyze consumers' attitude towards marketing and their perception on consumerism was selected from a study conducted by Steven and Srinivas (2001). The Likert scale was used to analyze the responses. A questionnaire comprising of 29 questions grouped under five sections was used to collect the data. The respondent registered his/her level of agreement for 29 items on a balanced rating scale ranging from strongly agree (1) to strongly disagree (5). 29 questions were selected to assess consumer attitude and were grouped into five variables namely; *Quality of Product; Promotion; Pricing; Government Legislation and Consumerism*.

The questionnaire was administered in Abu Dhabi. The population of the study comprised of Arab consumers, who comprise of less than 40 per cent of the total Abu Dhabi consumers (Reena, 2009). Therefore, a sample of 100 consumers selected from three major MBA colleges with equal proportion of men and women representing both UAE nationalities and Arab expatriates justify the sample size. The mean age of each sample group was approximately 25 years, with university education and substantial discretionary income. Being young adults, this sample reflected the

attitudes of potential consumers, who are the targets of most of the local and global manufacturers, distributors and advertisers, especially for convenient and shopping products. In addition, participant's observation was also included in the analysis. Data was collected during the period from November 2011- January 2012.

## ANALYSIS

The analysis, tabulating the mean value of each statement, had examined the questions grouped under five heads independently to get a clear view of the Abu Dhabi consumers' market attitude and consumerism.

❖ **Attitude Towards Product Quality :** The Abu Dhabi market is open to global manufacturers who offer products with versatile features targeting diverse segments, ranging from toddlers to the aged. Heavy competition existing in the local market not only offers a wide variety of products, but also assures availability of products as per the consumers' demanded. The Table 1 shows the mean score for quality of products that were available in Abu Dhabi markets.

<b>Table 1: Respondents' Attitudes Towards Product Quality</b>		
	<b>Mean</b>	<b>SD</b>
Products match with consumers' need, taste and lifestyle.	2.35	1.68
All products available are of good quality and are of high standard.	3.15	1.69
Even after enactment of Consumer Law, the quality of products hasn't improved.	2.90	0.57
Competition with wide brand variety adversely influences intelligent buying.	3.15	1.83
Quality wise, there are just mere differences between competing brands.	3.75	1.63
No deliberate move from manufacturer to produce products at a lower price.	3.05	1.59
Note: Items are measured on a five point scale where strongly agree = 1 to strongly disagree = 5		
Note: Mean = Average Score and SD = Standard Deviation		
Source: Primary Data		

Respondents were inclined to say that manufacturers were trying hard to create products that would meet the multicultural demands of both UAE nationals and expatriates. In Statement 1, respondents agreed (mean = 2.35) that the products available in the markets were relevant and fit as per their needs, with a wide variety of choices, however, even if Abu Dhabi is opened to global marketers, consumers did not show faith in the quality of all global products offered to them. Respondents strongly disagreed with Statement 2, and opined that many unbranded products failed to meet their expectations. Statement 4 indicates that competitive products with brand variations had never influenced the intelligent buying decisions (statement negatively worded by mean > 3), hence, Statements 5 and 6 support the fact, revealing respondents' clear perception on manufacturers' market tricks. In fact, respondents were well aware and conscious of the quality standards of the products bought by them. With low variance in their opinion (SD=0.57),

<b>Table 2: Respondents' Attitudes Towards Advertising</b>		
	<b>Mean</b>	<b>SD</b>
Advertisements give reliable information about quality.	3.79	1.56
Promotions give choice to select branded products than unbranded ones.	2.47	1.64
Promotions present a true picture of products' quality.	3.76	1.30
Manufacturers' promotional measures are believable.	3.40	1.39
Sales promotions with gift coupons and vouchers inspire purchase always.	3.23	0.87
Note: Items are measured on five point scale where strongly agree = 1 to strongly disagree = 5		
Note: Mean = Average Score and SD = Standard Deviation		
Source: Primary Data		

respondents unanimously expressed their apprehension on the functioning of Consumer Law to ensure the availability of quality-trusted brands at their door steps.

❖ **Attitude Towards Promotion** : As depicted in the Table 2, the Statement 1 shows respondents' negative attitude towards promotional strategies. Their belief in the genuineness of advertisements received a mean > 3. Dissimilarities were found on the impacts of POP promotions with gift coupons or vouchers to inspire buyer's purchasing behaviour.

❖ **Attitude Towards Pricing Of Products** : The unexpected rise in inflation since 2008 has hit most of the convenient and shopping products in the market. The Table 3 highlights the strong concern of the respondents towards the price increase. With a high mean score (3.76), the respondents strongly disagreed with the statement that most of the products were fairly priced in the Abu Dhabi market, except in government-owned retail shops - the Abu Dhabi Co-operative supermarket.

Table 3: Respondents' Attitudes Towards Pricing		
	Mean	SD
Channel intermediaries cause price hike to share margin.	1.96	0.58
Products are fairly priced to satisfy consumers of different income segments.	3.76	1.16
Government price regulation is the most effective measure to control prices.	2.41	0.73
Competition supports price control.	2.41	1.26
Channel intermediaries and manufacturers concentrate on reaping profits than on serving consumers.	1.95	0.53
Note: Items are measured on a five point scale, where strongly agree = 1 to strongly disagree = 5		
Note: Mean = Average Score and SD = Standard Deviation		
Source: Primary Data		

Respondents strongly criticized price hike, blaming wholesalers and retailers for sharing profits excessively (Statement 1 with a mean < 2 and SD= 0.53). Statement 3 shows the desire of respondents towards government intervention to regulate market prices, since they fear exploitation by intermediaries, who were reported to be more concerned for profits than heeding to the consumers' voice.

❖ **Attitude Towards Government Intervention** : As presented in the Table 4, the average mean attitude score for all the Statements (1 - 4) was less than 2, indicating respondents' positive response towards government regulations. They suggested to implement regular quality testing for all types of products and services offered by competitive brands. Furthermore, the respondents opined that the results of the quality tests should be revealed to the consumers too (Mean = 1.81; SD=0.39).

Table 4: Respondents' Attitudes Towards Government Regulations		
	Mean	SD
Centralized measures should be undertaken to inspect the quality of competing brands, and the results should be published for public awareness.	1.81	0.39
Minimum standards of quality should be fixed for products sold to consumers.	2.30	0.90
A legislative assurance should be introduced to create consumer confidence on manufactures' promotion, sales and distribution activities.	1.70	0.51
Government Nodal Agency is required to implement the powers of Department of Consumer Protection to protect consumers' interests.	1.93	0.59
Note: Items are measured on a five point scale where strongly agree = 1 to strongly disagree = 5		
Note: Mean = Average Score and SD = Standard Deviation		
Source: Primary Data		

Table 5: Respondents' Attitudes Towards Consumerism		
	Mean	SD
Consumers' issues and complaints get greater attention than they did in the past.	3.24	1.36
Manufacturers respond quickly to consumer complaints since the enactment of the Consumer Protection Law.	2.27	0.79
Consumers are well informed and are concerned about global warming, and are willing to compromise on pricing to buy eco-friendly products.	3.24	1.18
Consumers themselves are responsible for many of the buying mistakes due to lack of product knowledge and market awareness.	2.69	1.20
Manufacturers put in less efforts to inform consumers about the eco-friendly products and social marketing.	3.10	1.46
Exploitation of the consumers by the marketers deserves more attention than it receives.	1.92	0.97
Consumerism or the consumer crusade has not been an important factor in changing business practices and procedures.	2.56	1.20
Consumerism is an important issue today.	1.92	1.09
In the future, consumerism will be more important.	1.80	0.88
Note: Items are measured on a five point scale where strongly agree = 1 to strongly disagree = 5		
Note: Mean = Average Score and SD = Standard Deviation		
Source: Primary Data		

A strong desire for a government move to protect consumers (Consumer Protection Cell) was found, as presented in the Table 4 (mean = 1.93). Consumers viewed the government as the only effective force to arrest consumer exploitation in the global market.

❖ **Attitude Towards Consumerism** : The Table 5 shows consumers' response towards consumerism. With a high score, Statement 1 (mean >3) reveals an absence of regulatory measures to speed up consumers' complaints. Admitting their indifferent approach to eco-friendly products, respondents blamed the government and the manufacturers for not furnishing them with product-specific information necessary to make more rational decisions. In addition, by disagreeing with Statement 3, respondents admitted that they were not well informed about the recent moves on social and ethical marketing activities. A major concern for the respondents was for Statement 5, with a high mean score (3.10). Statements 8 and 9 with significantly low means demonstrate the strong feelings of consumerism in the minds of Abu Dhabi consumers (see Table 5). Apparently, the response against the prevailing marketing practices indicated consumers' growing unhappiness and dissatisfaction with the emerging global marketing practices.

## RESULTS AND DISCUSSION

The results of the analysis imply that as compared to other global markets, such as United Kingdom, United States of America or Australia, consumers' attitude and consumerism are issues that are not given their due importance by business enterprises operating in and from Abu Dhabi markets. Even though legal measures are in function after the enactment of the Consumer Protection Law (Shani, 2009), Abu Dhabi consumers have restricted recourse due to the limited approach with a few Consumer Protection Cells established in the region. However, the recent initiative by the UAE authorities to set up, in phases, a number of consumer courts across the seven Emirates offers relief to their issues (Saifur, 2009).

Respondents acknowledged manufactures' move to customize their production strategy to meet the divergent needs of the buyers. However, at the same time, they did not exhibit faith in the quality of all imported brands available due to circulation of fake brands in the local markets. In addition, respondents expected a positive response from the marketers to handle their complaints. Similarly, with an apathetic attitude towards advertisements, respondents appeared to have lost faith in the reliability of promotional measures such as sales promotions with gifts and coupons. In contrast, a steady flow of counterfeit brands compelled them to go for advertised brands without other choices.

Strong perception on causes for price increase compelled the respondents to look forward to government measures to monitor the pricing strategy of the distributors. It was also noticed that the respondents were not exhibiting deep

concern for eco-friendly products. Advertisements generating environmental awareness should be promoted with complementary pricing and distribution strategies to enhance demand for eco-friendly products.

## **LIMITATIONS OF THE STUDY AND SCOPE FOR FUTURE RESEARCH**

The study was confined to academic institutions only. In addition, limiting the variables to (only) five factors to analyze the opinion of only 100 respondents minimized the wide scope of this research.

However, being a primary research on Abu Dhabi consumers' attitude towards global marketing and consumerism, the findings of the present study would support further research in this field.

## **CONCLUSION**

In brief, the general concern of the respondents towards current market practices and issues on consumer protection highlights that they were more conscious of the inconsistency in product quality, price hike and deceptive advertising. A regulated move from all bodies, including manufacturers, distributors and the government assuring a sophisticated marketing system would be beneficial to promote the multi-cultural consumer society. This move would also attract global business enterprises to enlist Abu Dhabi as a prospective destination market. Besides, the Abu Dhabi government's recent initiative to set up consumer courts across the country would be a right move in the desired direction, to reduce the apprehension of Arab consumers on the impact of emerging global markets. Learning consumers' perception should facilitate marketers in developing comprehensible strategies for meeting versatile demands of different consumer segments in Abu Dhabi. Past studies admit that increased consumer education is a blessing to consumers, but a challenge to marketers. Advanced technology has exposed Abu Dhabi consumers to wide choices of global brands. Therefore, the present study recommends marketers to listen to the voice of Arab consumers before weaving marketing techniques to penetrate niche markets.

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