A STUDY OF CONSUMER BEHAVIOR IN THE SOUTH
(KARAK, SOUTHERN MAZAR, TAFILA, MA'AN)

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EXECUTIVE SUMMARY

In order to (a) enhance the performance of the domestic trade sector in the South, (b) increase its contribution to local economic development and (c) look into the assumption that the domestic trade sector in the South suffers from weak sales as a result of consumers' tendency to buy their goods from shopping centers outside their governorates (mainly Amman and Aqaba), this study, supported by the USAID-funded Economic Development Program (SABEQ), it was conducted as an essential step in enabling the Chambers of Commerce to (1) depend on reliable data to formulate plans to upgrade the domestic trade sector, (2) develop the trade pattern and the domestic markets according to consumer trends and needs in these governorates, by:

1) Identifying (local and tourist) consumer trends in selecting shopping centers.
2) Assessing consumer satisfaction with the goods offered in the markets of Karak, Tafila and Ma'an.
3) Analyzing the factors that influence (local and tourist) consumer decision to select shopping places and consumer goods.
4) Exploring vendor's views in these areas and identifying the factors that would help increase the volume of their sales by responding to consumers' needs.

The study was conducted through field survey in two phases. The first phase covered the (local) consumers in Karak, Tafila and Ma'an, in addition to the (tourist) consumers who visited Petra and Karak during the time of conducting survey. The second phase covered a number of vendors who are engaged in various economic activities in the trade sector.

The study concluded that there are many factors that influence consumer trends in the study areas. The results showed the following:

- The factors related to the quality and period of validity of goods play an important role in consumer’s decision to purchase in the study areas. Results indicated that although commodity prices play a significant role in influencing the (local and tourist) consumer purchasing decision, the impact is less significant than the previous two factors.
- The majority of consumers think that commodity prices and quality are not competitive when compared to the other regions of the Kingdom.
- There is a combination of factors that determine consumer choice of shopping centers, such as technical factors related to the product; e.g. after-sale services and product guarantees.
- The results also revealed that vendors should take into consideration the psychological factors, such as the manner in which goods are presented and promoted together with lighting of the store, in addition to such social factors as the need to respect consumers and respond to their needs.

As for the tendency of consumers in the study areas to buy their goods from shopping centers outside their governorates, the results showed the following:

- Low percentage of consumer (21%) who buy their goods from shopping centers located outside the study areas in general. This percentage varies from one region to another; Mazar (11%) and Karak (15%). However, it was relatively higher in Tafila and Ma'an: 26% and 30% respectively. This is due to the fact that Tafila and Ma'an are closer to
Aqaba free zone, where commodity prices are low and its commercial, industrial and service businesses enjoy tax and customs exemptions.

- Purchases from outside the governorates are concentrated in spare car parts and car maintenance; nearly 47% of purchases of these two categories occur from markets outside the study areas. It was found that selling car parts and providing maintenance services are among the activities that face competition from markets in Amman and Aqaba, which indicates that this commercial activity does not adequately meet consumers' needs. This creates an investment opportunity, either through developing existing businesses or creating new investments in these areas.

- The commodity group of (furniture and electrical appliances) and (clothes, textiles and children toys) also faces competition from markets in Amman and Aqaba: between 27% and 29% of purchases of this commodity group occur in markets outside the study areas. The tendency of consumers to buy these goods from shopping centers located outside the governorates creates an opportunity for those who provide these goods (a) to expand and develop their business and (b) diversify their commodities to cater to the tastes of all consumers, in order to take advantage of this untapped opportunity.

- There is a small positive correlation between income and shopping from outside the governorate and preferring to buy imported goods. Also, there is a small correlation between the number of family members who work outside their residence areas and shopping from outside the governorate.

As for the tendency of the consumers in the study areas to shop at markets in the governorate/area, the results showed the following:

- Shopping at markets inside the governorate accounts for about 79%. The percentage in Mazar is 88%, the highest among the four study areas, while the lowest percentage (70%) is in Ma'an.

- Consumer purchases from both Civil and Military Service Consumer Corporations account for an average of 22%.

- Purchases from markets inside the governorate are concentrated in basic commodities, like meat, foodstuff and cleaning materials. The percentage of buying these commodities from the local market ranges between 84%-98%.

- There is a relation between shopping centers and commodity groups. The percentage of buying basic commodities (foodstuff, meat, fish, cleaning materials, household appliances and stationery) from markets in the study areas is about 83%; 37% of these purchases were made from the two corporations.

As for the tourist consumers, the results revealed the following:

- The percentage of tourists who stay in the touristic areas covered in the study did not exceed 40%. This negatively affects any benefits to be received by the trade sector in the study areas from tourism.

- Results also reveal that 71% of tourists want to shop at markets in the touristic areas, but they think that these sites do not provide the commodities of interest to them. In addition, some believe that commodity prices in tourist areas are not competitive.

- Traditional clothing and oriental masterpieces are the most important commodities that tourists want to buy from markets in touristic areas. The percentage of tourists who like to buy such commodities during their visit to tourist sites is around 67%. Nonetheless, about 54% of them think that these commodities are not available in touristic sites, which represents an opportunity for vendors in those touristic sites to expand their business and increase their sales.
The results of the vendor survey showed the following:

- Vendors think that the prices in their areas are appropriate and fair. This is largely inconsistent with consumers' views that prices in their area are unfair compared to the other areas.
- Both consumers and vendors agree on a number of factors that help to achieve consumer satisfaction and increase sales volume, such as responding to customers' needs, diversifying commodities, the manner by which commodities are presented in the store and seasonal sales.
- Vendors in the Southern areas think that shopping from outside the governorates and from Military and Civil Consumer Corporations does not significantly affect their sales volume.

**OBJECTIVE**

The Chambers of Commerce in the Southern Governorates of Karak, Southern Mazar, Tafila and Ma'an submitted a request to the USAID-funded Economic Development Program (SABEQ), to conduct a study that aims to:

1) Identify (local) consumer behavior and trends in selecting consumer markets in Karak, Tafila and Ma'an.
2) Identify (tourist) consumer behavior and trends in selecting consumer markets when visiting tourist sites in Petra and Karak.
3) Explore vendors' views on the factors that, if present in shopping centers, would attract consumers and increase sales.

**INTRODUCTION**

The domestic trade sector (wholesale and retail trade and maintenance of vehicles) is an important economic sector in Jordan, contributing to about 10% of GDP. The domestic trade sector is among the sectors that attracts and employs Jordanian workers; employing about 17% of total Jordanian workers in all sectors. Data showed that the trade sector employs 7.1% of total workers in Karak, 5.5% in Tafila and 6.4% in Ma'an. This shows the low proportion of workers in this sector in the surveyed areas compared to the rest of the Kingdom.

Despite the importance of this sector's contribution to gdp and employment, officials in the chambers of commerce in karak, tafila and ma'an maintain that the domestic trade sector in these governorates suffers from weak sales in domestic markets. They believe that this is
due to the consumers' tendency to buy their goods from shopping centers outside their governorates.

**METHODOLOGY**

This study adopted a descriptive analytical approach; using an appropriate statistical analysis to study consumer behavior and trends in Karak, Tafila and Ma'an. Appropriate tools and methods were used to collect data from the study sample through three questionnaires: the first was designed to identify (local) consumer behavior and trends, the second to identify (tourist) consumer trends and the third to explore vendors' views on the factors that have an impact on increasing sales. The data were tabulated according to variables in order to facilitate description and analysis. Data were also analyzed using Statistical Package for the Social Sciences (SPSS) software, where percentages were used to analyze the factors that influence consumer trends in selecting shopping centers and consumer goods, in addition to analyzing the factors that have an impact on increasing vendors' sales.

To answer the questionnaire, respondents were asked to choose one of the following options for every item:

(Always, sometimes, rarely, never). These options were represented on a scale of 1-4 according to their importance, where (4) is the most important and (1) is the least important. This approach was used for purposes of analysis and to facilitate comparison between the factors according to their importance to both consumers and vendors. Then, points were given to each answer, as follows: always: 4 points, sometimes: 3 points, rarely: 2 points, never: 1 point.

The total score for each item was calculated by adding (the frequency of every answer multiplied by its points). To obtain the percentages included in the tables that explain the objectives of the study, the relative importance of the items was calculated by (dividing the point of each item on the total number of points).

**STUDY SAMPLE**

The survey sample in phase 1 covered the consumers in Karak, Tafila and Ma'an. The study sample was determined through population estimates for 2007 according to the Department of Statistics. A random sample of households was selected based on population density in the study areas. A total of 1915 questionnaires were distributed to the families' houses in every governorate, of which 1812 questionnaires were returned. Also, 240 questionnaires were randomly distributed to a number of tourists during their visit to touristic sites in Ma'an and Karak. Of the 240 questionnaires, 186 were returned. In phase 2, a survey was
conducted on a sample of vendors who are engaged in various commercial activities. A purposive sample was selected from the vendors, representing 12 different commercial activities. A total of 265 questionnaires were distributed through direct field visits to the vendors, of which 263 questionnaires were returned.

STUDY TOOLS

A number of questionnaires were designed and developed to measure the (local and tourist) consumer trends and satisfaction with the commodities and markets within their geographical areas by studying survey-related literature, discussing the questionnaires' items with the heads of the Chambers of Commerce in Karak, Tafila and Ma'an and including their observations in the questionnaires' items. The questionnaires were reviewed by the Dean of the College of Business Administration and Economics at Al-Hussein Bin Talal University, Dr. Abdul Kareem Awad. His observations were also included in the questionnaires. The first section of the questionnaire consisted of (38) items that cover consumer satisfaction with the commodities and their trends in selecting shopping centers. The other section of the questionnaire was designed as a matrix consisting of (6) horizontal items that represent the potential shopping centers, and (14) vertical items that include the most important consumer goods, in addition to the personal information section. A 35-item questionnaire for vendors was developed to explore their views on sales and the factors that affect them.

CONCLUSIONS

The study concluded that a certain proportion of consumers buy their goods from markets outside the study areas. This creates an investment opportunity in these areas, either through (a) developing existing business or (b) making new investments to increase the volume of domestic trade in these areas creating new job opportunities.

The most important conclusions that contribute to increasing the vendors' market share:

1. Providing quality goods with long validity periods and competitive prices in the shopping centers and providing factors that can increase confidence between consumers and vendors, such as after-sale services and product guarantees.
2. Adopting promotional policies, such as offers on prices, discounts on the value and volume of purchases and selling at fixed prices.
3. Respecting consumers and responding to their needs, providing clean places to present and promote products in a way that attracts consumers and hiring presentable sales personnel, all of which would help to build conviction and confidence of consumers in the shopping centers.
4. Providing diversified goods in accordance with the incomes of all categories of consumers.

**Investment opportunities revealed by the study**

The results of the study showed that there is an opportunity to increase the volume of commercial activity in the study areas, either (a) by taking advantage of increased market share for some activities through developing existing business and increasing their competitiveness, especially price competitiveness, or (b) investing in untapped activities, since a relatively large proportion of consumers buy their needs from outside these areas. These opportunities are the following:

1. **Spare car parts**: an average of 50% of sales and maintenance services are from markets outside the study areas, which creates an opportunity for vendors to cooperate with big companies in the Kingdom to provide parts for different types of cars.

2. **Vehicle maintenance**: results showed that about 44% of consumers go to Amman and Aqaba to obtain maintenance services, which represents an opportunity to establish modern maintenance workshops that attracts technicians and promote specialized vocational education in this field among locals. It is noteworthy that this sector employs a large number of workers.

3. **Selling electrical appliances, furnishings, furniture, carpets and moquette**: some 29% of consumer purchases occur in markets outside the study area. Therefore, investing in these activities would be profitable if products similar in quality and prices to those in Amman and Aqaba markets were provided.

4. **Selling clothes, shoes, fabrics, children toys and construction materials**: about 27% of consumer purchases occur from markets outside the study areas, which provides an opportunity to invest in these activities by developing and expanding markets or establishing modern markets that respond to consumers’ needs and preferences in selecting shopping centers.

5. **Providing commodity groups which consumers prefer to buy from Civil and Military Corporations**, which represents a lost opportunity for vendors who provide these products; consumer purchases from these two corporations account for an average of 22% in the study areas.

6. **Improving the shopping centers near the touristic sites and providing the commodities that tourists want to buy**, like traditional clothing, oriental masterpieces and accessories, in cooperation with companies specialized in such products.

7. **Establish branches for touristic restaurants which tourists find trustworthy**, in order to attract them, and build hotels that encourage tourists to stay longer periods in the touristic sites. This would positively impact the trade sector.

8. **There are promising investment opportunities in the field of maintenance services**, through contracting with the institutions that require product guarantees and after-sale services.
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