

CONSUMER ATTITUDES, ETHNICITY, LIFESTYLE AND HOUSING CONSUMPTION IN KAMPALA

By Nkote N. Isaac* and Rachael Daisy Mirembe**

Abstract

Consumption behavior is about understanding human actions, which contributes to a better understanding of the rationale of the market choices of consumers. While real estates transactions are usually modeled as economic transactions, we introduce the element of ethnicity that denotes a tribal belonging and the lifestyle as predictors of housing consumption in Kampala, Uganda. The paper examined how attitudes of consumers, ethnicity and lifestyle influence the choice of residential space using a sample drawn from Kampala in a cross sectional study. The empirical findings suggest that the current pattern in housing residential consumption is explained by the dynamics of lifestyle and ethnicity of the residents of Kampala city. Finally, the findings will have policy implications for the development of real estates market that is heterogonous and diverse in Kampala.

Key work:; Ethnicity, Lifestyle, Consumer Attitude, Uganda, Housing consumption,

1.0 Background

Kampala is a cosmopolitan city that has more facilities and opportunities compared to the other urban areas in Uganda. There has been growing population as a consequence of internal rural-urban immigration as people seek for employment opportunities. It is therefore home to people from a wide range of ethnic and social backgrounds. Kampala City has a very large and diverse immigrant population that has subsequently shaped housing in both direct and indirect ways. First, immigrant settlement patterns have led to ethnic concentrations in different suburbs of the city, which is similar to the trend in some cities that depict higher concentration of ethnic communities across the whole city or in certain specific areas of the city. Most areas are in fact very diverse as the public places and spaces in these cities develop a multicultural character, with different ethnic groups often vying for influence and representation (Collins& Kunz, 2009). There is a tendency for immigrants to cluster together in a suburb or area, thereby leading to emergency of ethnic precincts as explored by (Gold, 2000; Kloosterman and Rath eds, 2003).

The emergency of ethnic community organizations necessitated corresponding urban planning decisions to confer on a part of the city an ethnic character and decide the way that this is represented in the public spaces.

The focus in this article is on the residential space and housing consumption by the different ethnicities in addition to the infrastructure developed in suburbs. Kampala is centred around the four major ethnic groups namely the Bantu, the Hamites, Nilo – Hamites and the Luo. These four ethnic groups have settled in different suburbs of Kampala city for example the northeast, south and west. It has been noted that these different groups tend to settle in a particular area that are in line with their ethnicity and lifestyle. The notable examples is the choice of residential facilities in areas along the routes to their origin homes.

The changing consumer lifestyle has impacts on the consumption and purchase of housing units. According to Solomon (2004), a consumer's lifestyle is contextualized as the ways one chooses to spend money and how one's values and tastes are reflected in consumption choice. What one consumes says a lot about them, their culture and the changing lifestyle they are being emerged (Song & Chen, 2004). Changing lifestyles means changing habits as people seek to express their identity in many areas, including housing consumption.

In the face of lifestyle pressures such as incomes that affect all, many look for areas that suit their lifestyle and ethnicity since residential choice is associated with lifestyle of the involved parties. At the same time, ethnicity in the Ugandan context is associated with the availability of other facilities that foster interaction. In today's lifestyle for one to decide on the residential property to be purchased or to be rented, people interact within their social groups.

The construction or renting of residential property within their social group provides them with a level of satisfaction of being a part of the group along with ultimate convenience. The study's main objective is to determine the consumer attitude ,ethnicity and lifestyle in renting and or constructing a house.

The structure of the paper is as follows. The next section reviews the interdisciplinary literature on consumer attitudes, ethnicity lifestyle and housing consumption. The remainder of the paper contains a section on each ethnic precinct before a brief conclusion of the main themes of this article.

2.0 Literature Review

2.1 Consumer Behavior

Most real estate study is based on neoclassical economic theory that assumes people make rational economic decisions about renting and buying real estate as part of their attempt to maximize utility (Gilber & Nelson, 2003). However, residential and other real estate customers such as retail tenants often consider nonfinancial, perceptual factors in selecting a site. The consumer behavior is the study of individuals, groups or organizations in obtaining, using and disposing of products and services, including the decision processes that precede and follow these behaviors (Gilber and Nelson, 2003). Consumer behavior examines not only consumers' actions, but also the reasons for those behaviors. Consumers purchase products and services for the benefits derived from their use.

According to Gilber & Nelson, 2003, several internal factors determine a consumer behavior that include motivation, attitudes that combines cognitive beliefs, emotional affects and behavioral intentions, perception, personality and self–concept and lifestyle which refers to the distinctive ways in which consumers live, how they spend their time and money ,and what they consider important activities, interests and opinions.

Attitudes are often considered as an evaluative or cognitive process, and a disposition to behave in certain ways (Jaccard & Blanton, 2005). Broadly, attitude is as psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor, (Eagly & Chaiken 1993,). Therefore, attitude is focused on a particular entity or object, rather than all objects and situations with which it is related. According to the multi-component view of attitude, all responses to a stimulus object are mediated by the person's attitude toward that object. These responses then are classified into three categories called as three components of attitude. Cognitive component refers to perceptual response and verbal statement of belief (person's thoughts); affective or emotional component are sympathetic nervous responses and verbal statements of belief (person's feelings); and behavioral or cognitive component implies overt actions and verbal statement concerning behavior (behavioral tendencies) (Fishbein & Ajzen, 1975). Although any response can be used to infer a person's attitude (Fishbein & Ajzen, 1975),

a single evaluative score cannot adequately represent the attitude construct in all its complexity (Ajzen & Fishbein, 2005).

According to Ajzen, (1991), general attitude toward an object that is formed by salient beliefs, the subjective probability of a relation between the object of the belief and some other object, value, concept, or attribute (Fishbein & Ajzen, 1975). Consumer attitudes may vary in terms of strength, direction (positive or negative) and stability. Attitudes develop from beliefs about the favorableness of a behavior and the strength of those beliefs.

Two consumers may use the same attributes to evaluate real estate choices, but have different beliefs about property features and those features' ability to satisfy their needs. One consumer may believe that living in a gated community in Uganda provides better security for the family while another may believe that living in an open community (without gates and walls separating the houses) is better. Thus, one consumer would value the gated community highly and another would value the one without more highly even though having security is an important attribute to both.

2.2 Ethnicity

Cooper et al (2000) argues that ethnicity to incorporate religion, language and cultural norms, as well as country of birth and skin color – all of which may contribute to an individual's affiliation with a particular ethnic group. Ethnic identity involves the extent to which individuals identify with and gravitate to their own racial or ethnic group. Ethnic identity includes elements such as racial and ethnic pride, affinity for group culture, attitudes toward majority culture, involvement with group members, experience with and attitudes regarding racism, attitudes toward intermarriage, and the importance placed upon preserving one's culture and aiding others of like background. For immigrant groups, ethnic identity includes aspects of acculturation such adoption of values and practices of the host country.

2.3 Lifestyle

According to Pisman , 2007, “lifestyles are styles, manners, ways of using certain goods, places and time, that differentiate people”. Lifestyle is the sum total of the values, passions, knowledge, meaningful deeds and eccentricities that constitute the uniqueness

of each individual. Further, life styles are indefinite with regard to the elements they cover, varying from behaviors to behavioral domains and to factors that influence behavior (Pisman, 2009). “Lifestyle correlates to behavior, attitude, values and standards”. The word life style is often used to emphasize the complexity of our current individualizing society (Pisman, 2007). The individualization process decreased the mental pressure for uniform behavior on individuals and made the need for individuals to make their own choices grow. In the same time, the opportunities to give concrete form to these individual choices have grown. Lifestyle changes in one household type can influence other household types in the same society and in other societies (Duchin, 2003). This diffusion relies on direct material impact, lifestyle emulation, and the stimulation of the imagination through a demonstration effect, and leadership and activism. These channels may be strong enough to comprise the fundamental mechanism for the transmission of behavioral change,(Zukin,1998).

2.4 Housing Consumption

Real estate is an important asset that pays off housing services, a major consumption good (Piazzessi *et al*, 2006). A Consumer may be defined as the actor of 'to consume'(Motaher, 2007). He further says that consumption refers to actions which serve the satisfaction of individual needs by products and services. Consumption as argued by Song & Chen 2004 is ‘simply a process of objectification that is, a use of goods and services in which the object or activity becomes simultaneously a practice in the world and a form in which we construct our understandings of ourselves in the world’. The primary purpose of consumption is to generate physical survival. In addition to the satisfaction of physical needs, the purpose of products of consumption produces an immaterial benefit for instance by living a certain house, we show that we belong to a certain group or live a certain lifestyle.

Models of Housing Consumption have been advanced and these include Simple Life-Cycle Consumption Theory suggests that a permanent rise in house price has both a positive wealth effect and negative income and substitution effects on consumption, (Kahn, 2001). For renters, only the negative effects operate, as intuitively, renters need to save more to get onto the housing ladder and in anticipation of higher rents. However,

other effects operate through the collateral role of housing: higher house prices raise consumption by relaxing the credit constraints faced by owner-occupier households. As a result, variations in credit market and tax regimes as well as in transactions costs can affect the house price to consumption transmission.

In addition, Muelbaur & Keiko, (2009), emphasize that housing wealth affects aggregate consumption. In countries where consumer access to credit is restricted, these restrictions enhance the negative effect on consumption of higher house price because saving for a house deposit needs to be higher.

Quite distinct from the above is the Inter-temporal consumption theory that is premised on the households with a high elasticity of inter-temporal substitution and a low asset to income ratio will experience negative effects on consumption from a rise in the real interest rate, while the opposite is likely to be true for households with the opposite characteristics, (Muelbauer & Keiko, 2009).

Consumption-based asset pricing model is illustrated by a typical consumer with a flow of income who faces two kinds of dilemma. Firstly, the consumer has to decide how to allocate present and future consumption among goods and services. Consumption decisions are also savings decisions from which the funds available for investment arise. This is known as the consumption- savings problem of the consumer. Secondly, one has to decide how to invest among various assets. The demand for an asset is determined by the consumers' desire for smooth fluctuations in consumption over time. This is called the portfolio selection problem (Oikarinen & Kahra, 2002). The two problems are interrelated, since the consumer can affect his or her consumption path by transferring wealth between different time periods through portfolio selection. Both of the problems involve making decisions under uncertainty, considering simultaneously the probabilistic notions of expected return and risk.

2.5 Behavioral economic hypotheses

Norms / mental accounts: according to this view, the current income (or a certain portion of it) of an agent is an entitlement to spend. Also, instead of saving his income an agent spends a certain proportion of current income on housing because that is customary and thus “norm”-al in the literal sense. Norms are hard to identify empirically; while the ratio

of rent to current income is observable and thus could give a hint of mental accounts playing a part, a high rent-income ratio is of course also a “rational” reason to move.

Procrastination: it could also be the case that agents are perfectly aware that they should rationally be moving to a cheaper home, but they suffer from procrastination effects. This explanation in isolation would imply that agents used to have a good reason to live in their expensive home. The most likely case is the space requirement of children.

Myopia, i.e. the assumption that agents simply do not consider their future needs. In its extreme form that would imply that no income changes ever lead to an adjustment of current consumption until wealth is depleted. In general, myopia of course induces under saving and tends to prevent wealth accumulation.

2.6 Relationship between Consumer Attitudes, Ethnicity, Lifestyle and Housing Consumption

People within groups with similar age, sex, education, ethnicity among others have very different behavior patterns and pluriformity, which is socially accepted. For decades, studies try to determine the motives for preferable housing conditions. They often reveal correlations with age, type of household and income. However, these indicators cannot fully explain why for example some middle class young families prefer new houses nearby a village and others look for older houses in the city centre. If lifestyles ‘help to make sense of what people do, and why they do it, and what doing it means to them and others’ , lifestyles could also explain the motives for preferable housing conditions. Consumption serves the satisfaction of needs, which may vary according to culture (ethnicity, life style) and nationality (Motaher, 2007). Further, consumption produces an immaterial benefit for example by an individual living in a certain house, he shows that he belongs to a certain group or live a certain lifestyle. Lifestyles evolve over time, so corresponding consumption patterns may change as well (Gilber & Nelson, 2003).As lifestyles change, the value of various property attributes to consumers will change. Lifestyle may also affect tenure choice in that residents who like to be mobile are more likely to rent .Lifestyles vary within the population, creating submarkets that place greater value on certain attributes that support their activities. Attitudes and intentions are more likely to be good predictors of behavior when they are measured relatively close to

the time when the behavior is to occur, before situational influences and unexpected events can have an impact (Gilber & Nelson, 2003).

3.0 Methodology

The research was conducted to answer the epistemological question of the relationship between the consumer attitude, lifestyle, ethnicity and housing consumption in Kampala city in Uganda. Silverman (1993) underscores the importance of choosing an appropriate method in order to achieve the desired outcome. Bearing this in mind, this study adopted a cross sectional, qualitative and quantitative research approach, which is a positivist (Bryman and Cramer, 1999).

Quantitative research uses structured questions and a formalized procedure of data collection where a large sample of the population is involved. Further justification for the use quantitative data is that it allows comparison with what has already been done in similar context. The use of quantitative method seems therefore the most accurate process to achieve accurate results, that can be compared to previous results made in other studies, and that are therefore more reliable.

3.1 SAMPLING

The rationale for sampling is to obtain a sample of people that will represent the population from which it is selected. This is on the assumption that the results obtained from the sample can be generated to the entire population of study. In this research, the sample size was taken from the formal brokerage firms and non-formal real estate's brokers operating in Kampala City. The sample size was taken to be 43 registered brokers and 69 non-registered brokers who operate in different suburbs of Kampala City

3.2 DATA COLLECTION

The secondary data was derived from several records and publications thereby facilitating the gathering and analyzing various previous major studies regarding consumers' behavior and housing consumption. The databases of Kampala City Authorities, Association of real estate's agents (AREA), leading brokerage and developers firms were used. The secondary data collected helped in developing an approach to research problems and study variables.

To establish how consumer behavior, lifestyle, and ethnicity impact on housing consumption, primary data was obtained by use of a self-administered questionnaire. We used a structured questionnaire, comprising of questions that pre-specify the set of response alternatives and the response format, (Malhotra, 2004). A structured questionnaire with closed and few open questions was developed to collect the quantitative data needed.

Having developed the questionnaire, a pretest of the questionnaires was conducted in order to observe the respondents understanding of the statement and questions in the questionnaire. This was done with 9 AREA members. The results of the validity and reliability of instruments based on the Alpha Cronbach tests were attitude 0.7863, ethnicity 0.6840, lifestyle 0.7149 and consumption 0.6985. Since all the coefficients were above and close to 0.70, the instruments were taken to be reliable since instruments with such coefficients are scientifically proved to give reliable results (Nunnally, 1978). Though the results were valid, there was further fine-tuning of some questions that were tested while incorporating the suggestions and the final version of structured questionnaire. It was then distributed to the 167 respondents using stratified simple random sampling.

The study was conducted in April 2011. To obtain the respondents there was back and forth consultations about the progress in filling the questionnaires and then collecting the questionnaires. We earlier explained to the respondents about the importance of the research before issuing the questionnaire. This helped overcome the possible limitations of non-response from some of the respondents, though there was a problem with the second category of non-registered real estate brokers.

Descriptive statistics on frequency distribution, correlation and regression analysis were the appropriate statistics used. According to (Woodbury 2001, Gavin 2008) a correlation statistics is a number that describes the type of relationship or association that exists between two or more variables. The study generated means, standard deviations, correlations and the results are depicted in table 1 below that show the nature of relationship between consumer attitudes, ethnicity, life style and housing consumption in Uganda.

The data collected from questionnaire was transformed in to statistic-related figures computed by mathematical processes and then produced various tables in which numbers have unique meaning to be interpreted. According to Thomas (1997) “Raw data obtained and analyzed in a correct way will give vital information to assist in the management decision making process. The collected data was later entered into the SPSS that has vast number of statistical and mathematical functions for analysis.

The response rate showed that the majority of the respondents were the individuals 64.6% followed by firms 36.4%. Their level of education was predominantly degree holders 58.0% for the registered AREA members and basic education for the non-AREA Members.

From the results of the study presented in table 1 below, we can deduce that consumer attitude is strong since the mean for the constructs is 3.38 against a maximum and minimum of 4.75 and 2.33 respectively. And that the housing consumption in Kampala city was low since the mean for the constructs is 2.84 against a maximum and minimum of 4.40 and 1.40 respectively. The standard deviations for ethnicity of 0.63050 and for housing consumption of 0.66877 suggest that the respondents did not give close responses in each situation.

Interpreting the correlation results in table 1 consumer attitude was found to exhibit a moderately high relation with housing consumption ($r=0.631^{**}$) while ethnicity had a moderated relationship with housing consumption of $r=0.517^{**}$, and $r=0.618^{**}$ for lifestyle.

Table 1: Mean, Standard deviation, factor analysis and correlation

Variables	Mean	SD	FA	1	2	3	4	5
Housing Consumption	2.8444	.66877		1.000				
Consumer Attitudes	3.3827	.63050		.631 ^{**}	1.000			
Ethnicity	3.6712	.50953		.517 ^{**}	.604 ^{**}	1.000		
Lifestyle	3.4017	.60874		.618 ^{**}	.736 ^{**}	.758 ^{**}	1.000	

* Correlation is significant at the 0.01 level (2-tailed).

** Correlation is significant at the 0.05 level (2-tailed).

Table 2: Regression analysis

Dependent Variable variables	Standardized coefficient			Independent	
	Beta	T	Sign	Housing consumption	
Constant		.175	.861	R-square	
Consumer Attitude	.377	3.007	.004	Adjusted R ²	0.431
Ethnicity	.073	.565	.574	sign change	0.000
Lifestyle	.285	1.861	.067		

The regression model where housing consumption is the dependant variable revealed that the aspect of consumer attitude was the most important variable thus predictor of housing consumption ($p < 0.05$ significance). The results indicated that enhancing consumer attitude would help to predict housing consumption to about 37% while lifestyle would lead to 28% prediction to housing consumption. This implies that consumers in Kampala considered ethnicity especially among the affluent class less compared to consumer attitude and lifestyle. The study variable predicted about 43% as per the Adjusted R²

4.0 Conclusion and Policy Implication

In this paper, we examined the predictors of housing consumption in Kampala City. The findings have implications particularly in several aspects. As noted in section 1, the purpose of the study was to examine the consumer attitudes, ethnicity, lifestyle and housing consumption.

Using cross sectional data, we established that while consumer attitude is very important in the way people make their choices on the housing consumption, there were divergence in results particular when one disaggregates the findings between formal and non-formal brokers as they deal with the different market segments. However, the empirical results show that ethnicity plays an equally important role especially for the lower level market segment as the desire to identify with a particular ethnic group greatly influenced the choice of where to rent or purchase a house. Indeed citing a respondent who has been in the brokerage business revealed:

I have been in this brokerage business for 11 years and my experience is that most of our clients (lower market end), overwhelmingly think of renting where they can clearly identify with the neighbors, with whom they can share other community norms. This more than anything else is the most attractive point for them. This is not a one-incident issue but rather one where many subscribe to. They can even pay more for a similar housing unit in a location of ethnicity compared to another. *Broker in operating in Kamwokya suburb of Kampala*

To the contrary, among the affluent and well off, the lifestyle was more the combined with consumer attitude were the drivers of the housing consumption. A notable trend is where people in similar and comparable employment position and profession tend to gravitate in similar areas. In this case, it is the principle of who is who in your neighborhood.

4.1 Limitations

The fieldwork was conducted in one month and coping with tight schedules of the respondents particularly the formally established brokers was hard. However, the fact that there was prior arrangement with the respondents and authorization by AREA, there was little time lost during the process.

The high none response of the non-registered brokers meant that the information pertaining to the consumer attitude and ethnicity could not be fully captured. Because this category of brokers has not permanent offices but just posters where they can be reached, getting a true response was difficulty besides the lack of confidence and a lot of suspicion. Further, there was the challenge of operational memory of the respondents as many do not keep records and therefore could not verify the information provided.

This study-elicited information from the brokers and therefore their views are shaped by the information given by the clients when looking for housing for rent or purchase/construction. Therefore, the likelihood of bias was high and it needed to be counted by the actual consumers.

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