Consumer Behaviour as an Indicator of Income Structures

THOMAS LABAHN

Deutsche Gesellschaft für Techische Zusammenarbeit (GTZ) - Mogadishu

Introduction

Everybody visiting or living in Mogadishu recognizes a striking discrepancy between the low wages, especially for civil servants, and the consumption patterns of many people. Obviously within the last few years, a certain numerically growing strata of Somalis has gained the economic potential to request and buy rather expensive consumer goods, mainly imported ones.

Between km 4 and the center of town lies one of the main shopping streets of Mogadishu, the Maka-al-Mukarama. In its present appearance it was established only recently. It acts as a boundary between Waaberi, a quarter with an economically mixed population, and Hodan, an affluent quarter. In this street, for a length of 1.9 km one finds a wide variety of general stores, including dress makers and haberdasheries, video shops, pharmacies, restaurants, and tea shops. In mid 1985, when the survey was started, there were 273 shops, restaurants, and hotels in total. By May 1986, the number had increased up to 302. This trend — the establishment of more and more shops — led to the conclusion that in a place where shops are located, customers will also be found. This conclusion is not surprising. Furthermore, even the multitude of shops can be explained with reference to the large, quickly growing population of Mogadishu. But what makes one wonder is the fact that the shops seem to be of a somewhat different type than the ordinary, old Somali shops. This difference is evidenced by the replacement of the traditional wall paintings beside the entrance, indicating which goods are offered inside, by bright illuminated plates. And indoors one does not find any longer the uneven, wooden shelves, but rather show-cases. The most striking fact, however, is the enormous increase in the number of goods which are offered.

The observations were the basis for research which was carried out in Mogadishu during 1985 and the beginning of 1986. The basic idea was that data concerning the Maka-al-Mukarama would shed light on the aforementioned discrepancy between salaries and expenditure. Therefore, data was collected about the number of shops, their size, their year of establishment, the offered goods and finally about their customers.

As the number of interviews, as well as the range of the questions, was limited, this article cannot claim to present comprehensive results to problems concerning household level expenditure structures. The data, however, are sufficient to reveal certain trends.

In order to understand the full scale of changes taking place, the phenomena occurring in the new shopping area are contrasted with the situation at two traditional markets.

The Markets

Within each of the quarters of Mogadishu (Wadajir, Waaberi, Hodon, Xamar Jabjab, Xamarweyne, Shangaanni, Boondheere, Howlwadaag, Wardhiigley, Shibbis, Yaaqshiid, Kaaraan, and Cabdilcasiis) is at least one main market. For the purpose of this study, a smaller, older market and a larger, younger one were selected. The first market is located in Wardhiigley, the second in the fast expanding quarter of Wadajir. The first one has a more established tradition which is revealed by the duration of vendors there. Whereas, at the Wardhiigley-market, we see an average of 9.5 years — with a high of even 20 years —, the average for the Wadajir-market is only 2.5 years of business activities.

Also, in respect to the size an obvious difference exists. The Wardhiigley-market consists of ca. 55 booths as well as a grain- and meat-house. On the other hand, the Wadajir-market is comprised of 280 stalls along with a vegetable - and fruit-building. Instead of a detailed breakdown, only the percentages of the most important stalls on both markets are given:

Wardhiigley		*Wadajir*	
vegetables	38%	foodstuff	23%
foodstuff	24	clothes	15
foodstands	13	tailors	14
tailors	9	beverages	9
		grain	8
		vegetables	6

In respect to ownership, two facts are worth mentioning. First, a considerably high proportion of booths are owned by women. Second, as was discovered in 72% of the interviews, it is the owner who is selling the goods. In the remaining cases, a close relative (brother, father or mother) was found running the shop.

The majority of vendors feel that the business climate is favourable: ca. 80% regard it as satisfactory (13:3 and 10:2). Discontent was expressed by vegetable sellers. Generally, two reasons were given for being responsible for the unsatisfactory business:

a) too many booths providing the same goods;
b) customers' transactions per booth are too small.

Thus we have reached the aspect of customers. The majority of them constitutes a rather homogeneus group. At least in a self-assessment all those interviewed characterize themselves as belongig to the group of medium income earners. In the few cases where the profession of the husband has been stated indication was that a ranking in the lower medium income group would be more appropriate. The most interesting observation, however, resulted from an examination of the basket which contained goods bought for daily consumption. It generally included meat, tomatoes, vegetables, bananas, and papayas. Frequently, spaghetti and oil could also be found. In addition rice, flour and sugar were sometimes seen. As the quantities were rather small, it came as no surprise that those interviewed stated that a similiar basket of goods has to be bought daily.

The following figures concerning the level of expenditure are listed with cautiousness as interviews were taken on a random basis and as the bias was too small. On the other hand, similar figures are mentioned by H. Laux.[1] For Wadajir-market, in 22 of the 25 cases, expenditures were generally between 100 and 200 So.Sh., with an absolute minimum of 85 and a high of 230, thus averaging 151 So.Sh. For Wardhiigley-market the range was much broader.

Expenditures ranged between 50 and 400 So.Sh., with the majority between 100 and 250 So.Sh. Here the average was 184 So.Sh. Combining these figures, we come to an average of 167 So.Sh., for both markets, and this, in combination with the statement that this is daily expenditure for foodstuff only, is astonishing as it leads us to the conclusion that not less than 5000 So.Sh. are spent per month, whereas the salary of a civil servant may be 1500 So.Sh.[2]

It can be stated therefore, that the consumption habits of a number of Somali households do not correlate with the level of what seems to be the first source of income.

The Maka-al-Mukarama

Let's turn our attention now to the main topic, the Maka-al-Mukarama. Here, too, the customers declared themselves as belonging to the medium income strata. But obviously, foodstuff shops are recruiting their layer of buyers from those who do not have to buy the cheapest offered goods; e. g. those who do not buy the cheaper, locally produced spaghetti, but the imported Italian type, also those, who do not buy flour or sugar unpacked, but packed. Clearly, these shops are responding to the expanding requirements of customers. So they offer honey from Australia, jam from Bulgaria, cheese from France, and biscuits from Italy, to list only a few items. All these articles are packed and canned, and they are comparatively more expensive.

Even higher, in respect to the assumed available money, are the sums which are spent for clothing. Twenty interviews in clothing shops revealed that, on the average, 1700 So.Sh. were spent for trousers, shoes, and shirts.

Finally, the 20 restaurants are all quite well frequented and, as only in a few cases the share of foreigners is unproportionally high, one can state that a considerable number of Somalis are able to afford a menu which costs, on the average, 300 So.Sh.

---

[1] It is especially interesting that Laux' figures are not only similar to those mentioned here, but that his data show the same graduation between the various quarters as indicated by this survey.

[2] Objection may be raised because it is assumed that there are more than one income earners per family thus explaining the level of expenditure. Another study (Labahn 1986), however, indicates that there are rarely more than two persons per household who obtain a regular salary/wage.

Is was mentioned already that there are 302 shops altogether. The distribution is as follows:

1.	clothing shops	62
2.	tailors	41
3.	furniture shops	34
4.	tea shops	34
5.	hotels	21
6.	restaurants	20
7.	electrical shops	11
8.	video shops	11
9.	auto spare part shops	10

It is interesting to note that, within the last nine months, five new clothing shops have been established, giving an indication that the market for those items has not reached a saturation level.

Out of the total number of shops interviews were made in 39 of them or approximately 13%. From these was found that the establishment of the shops was concentrated during the period 1981-1982 and in 1984.

In respect to ownership our data reveal a similar situation as in the markets. Only in 23%, however, the owner was selling the goods, but generally in all the other cases a member of the family was running the shop.

In 11 cases a second or third shop is owned. But ownership of other enterprises is rare. Thus, it can be concluded that for the majority, the investment in the shop seems to be the first business activity. The data basis might be too weak but it looks as if these bulky investments reflect the emergence of a certain new strata of entrepreneurs.

Moderate rent seem to facilitate business considerations. Although 23 shop owners stated that they were unsatisfied with the business climate, leaving 16 who felt otherwise, nobody has taken action. A check, nine months after the first survey, showed that no one had given up; not even those who stated their discontent.

The main reason for discontent is the lack of customers. It was frequently said that there are too many competitors.

This is especially true for tailors, who compete not only among themselves, but also with the large number of shops which offer ready-made clothes. But the situation varies between types of shops. Sometimes, even a large number of rivals does not conflict with making a good business. This can be seen by the statement of a video shop owner who remarked: «People pay whatever price we request».

It seems somewhat difficult to make a sound, detailed analysis at this stage of research, but what has been mentioned so far can obviously be regarded as indicators of a substantially higher purchasing power than can be expected by following official statistics. This is the case even if we look at the traditional markets, and more so in respect to the shops of the Maka-al-Mukarama.

Conclusion

Whereas things on the traditional market may be explained with reference to the cooperative family structure and kinship network, for the Maka-al-Mukarama the economic strength of individuals seems to be more decisive.

Applying Engel's Law, which states that the lower the household income the higher will be the percentage of money spent on basic needs items (generally foodstuffs), we can expect that the buyers of the fairly expensive, sometimes rather fashionable clothes in the Maka-al-Mukarama belong to a group which does nothave to struggle for its livelihood.[3] That this group is growing steadily is indicated by — as has been outlined — the steadily growing number of those respective shops.

It has been mentioned before that the owners of the shops in the Maka-al-Mukarama constitute a certain new strata. Probaly the same holds true for their clients. The present situation proves that there are fundamental social changes under way. Accumulation of capital and circulation of money starts to follow different patterns than in the past. The Somali society is in a process of gaining a more modern shape by splitting into various, rather distinct, strata; distinct, at least, in respect to economic criteria.

References

Labahn, T. 1986, *The professional career of graduates of the Somali National University*, Mogadishu (unpublished)

Laux, H. (forthcoming), *Probleme der Brennholz- und Holzkohleversorgung in Mogadishu*, München.

USAID, 1985, *Report on Inflow of Remittances of Somali workers abroad* (prepared by Somconsult), Mogadishu.

[3] As space is limited we cannot even tackle the question which are the sources for this kind of expenditure. Probably, the largest source are the remittances of workers abroad. In a study, undertaken at the end of 1984 for USAID, it is stated that 68.000 Somalis live on the Arabian peninsula. Out of this number 26.000 have a job. The overall figure as well as the number of those employed seem to be fairly underestimated. As only a small number does not send back any remittances, however, even this number is sufficient that 110 million US-dollar can be transferred per year (according to the study).