February 2012

NN DED Completes Consumer Shopping Preference Survey.
Navajo Consumers Surveyed

From November 2011 to February 2012, the Division of Economic Development Support Services surveyed Navajo consumers on their shopping preferences in a first-of-its-kind survey.

Some interesting data are emerging in two areas: demographics and shopping preferences. The survey measured preferences for purchasing food and clothes, product and service facility preferences, and desired products and services.

The Regional Business Development Offices collected 736 surveys from the 110 Navajo Chapters in New Mexico, Arizona, and Utah. The goal for the initiative was to collect 550 completed surveys.

Survey Highlights

Highlights of the survey include:

- Over eighty percent (80%) of Navajo consumers purchased their groceries from off the Navajo Nation!
- The top three preferred food stores were Wal-Mart (30%), Bashas (19%), and Safeway (18%).
- About nineteen percent (19%) highly desired Variety of Food offering within their communities, followed by those desiring an automobile shop at about seventeen percent (17%) and those desiring home improvement stores at about sixteen percent (16%).
- A striking seventy-five (75%) of consumers drove at least 50 miles or more to procure items. About twenty-five percent (25%) travelled under 50 miles to purchase items.
- About twenty-six percent (26%) paid a mortgage on their homes and about forty-four percent (44%) had no mortgage. About fifteen percent (15%) paid rent for their housing.
- About sixty-four percent (64%) of respondents indicated they made less than $30,000 per year.
- About eighty percent (80%) had access to or owned a vehicle!
- Only about two percent (2%) shopped for items at the local Trading Post, a dramatic change from decades ago when most Navajo consumers bought from local trading posts.
- JC Penny’s and Wal-Mart were consistently identified for clothing purchases.
- About ninety-five percent (95%) of respondents self-identified themselves as Navajo.

Demographic Data

Interestingly, the overall demographic data obtained was similar to those found from the U.S. Census American Community Survey 2006-2010 information.

About sixty percent (60%) of respondents were female and about forty percent (40%) were male. About sixty-eight percent (68%) of respondents were from Arizona, about twenty-three percent (23%) from New Mexico, and about nine percent (9%) from Utah.

About fourteen percent (14%) indicated either divorced or separated. About five percent (5%) indicated he or she was a widow.

Like the Census data, the majority of respondents were young and never married at about forty-eight percent (48%), followed by those considered married at about thirty-three percent (33%).

About fifty-one percent (51%) of respondents had a high school diploma or less, followed by those that had some college or at least a Bachelor’s degree at forty-five percent (45%). About fourteen percent (14%) indicated they had a college degree.

By assessing and reviewing Navajo specific data, a more insightful description is possible. To understand some of the main factors, information is next provided for employment, shopping preferences, products and services, and respondent recommendations.
Employment Information

About thirty-nine percent (39%) of the respondents indicated they were employed and thirty-four percent (34%) indicated they worked for the tribal government. A remarkable forty-seven percent (47%) stated they worked either for a tribal, state, or federal government (See Figure 1).

About thirteen percent (13%) said they were self-employed. A notable fourteen percent (14%) said they were Out-of-Work and looking for a job. Only about twelve percent (12%) indicated they worked at a business and about seven percent (7%) worked at a Non-Profit entity.

Shopping Preferences

The purpose of the survey was to understand where Navajo consumers preferred to shop for groceries and clothing. There were some interesting data that emerged from the survey, some obvious, some subtle.

Respondents, on a monthly average, spent about $345 on groceries and $220 on clothing (See Figure 2). The most repeated monthly amount spent for groceries was about $300 (median) on groceries and $150 (median) for clothing.

For groceries shopping, about seventy-four percent (74%) of Navajo consumers often preferred to visit only four branded stores, two located off and two located on Navajoland (See Figure 3).

Shopping for clothing, consumers again travelled off Navajoland. Consumers shopped at JC Penny’s, Wal-Mart, Sears, Rio West Mall, Dillard’s, Bealls, flea market, and online for clothing with no particular order of preference.

Consumers shopped in Gallup, Farmington, Flagstaff, Phoenix, Tuba City, Albuquerque, and Window Rock for groceries and clothing. Despite long distances, many of the consumers have travelled to border towns to not only purchase food and clothing, but other items for their homes.
Product and Services Desired

What other products and services are desired by Navajo Consumers? What do these consumers want to see within their communities?

When consumers ranked their number one choice for type of retail located within their communities, Convenience Store was the top choice, followed by Restaurant, then Entertainment (See Figure 4).

When consumers were asked about what type of product or service desired, the top choice was Variety of Food at about nineteen percent (19%), followed by an Automobile Shop at seventeen percent (17%), then a store that offered Lumber & Fence items at sixteen percent (16%).

About twenty-five percent (25%) desired Automobile Shop and Diesel Fuel availability within their community (See Figure 5). About thirty-five percent (35%) desired home improvement products offered.

Recommendations

A significant number of respondents offered recommendations in different areas of economic and business development including:

- “Build cultural and tourism centers.”
- “Be friendly, especially Navajo Nation employees.”
- “Build healthy (food) restaurants.”

Note: All numbers have been rounded up. M of E at +/-3.6, 95% c level.
Policy Implications

Population Boom: The Navajo population, in general, is booming. There were a significant percentage of those who stated Never Married at about forty-eight percent (48%); about twenty-three percent (23%) had educational attainment up to 11th Grade.

Policy implications for this group include educational infrastructure, transportation needs, and quality of food.

Enormous Transportation Needs: Number of vehicles on road and high mileage with higher fuel costs. Over eighty percent (80%) used vehicular transportation for purchasing staples.

Policy implications include development & maintenance of an extensive reservation transportation network, safety of roads, safe driving, and need to purchase vehicles, as well as addressing the increasingly high reservation fuel costs, which are already usually higher than nearby border towns.

High Cost of Groceries: What are the true costs of groceries and clothing in comparison between stores located on and off Navajoland? Including the enormous fuel costs and fast food purchases, what are the true costs that these consumers borne in travelling long distances to procure items for their basic needs?

Policy implications include economic development ensuring locally-based food, clothing, and other items for purchase, as well as strategic comprehensive planning and development.

Unmeasured Customer Service: How are consumers treated at Navajoland stores? Has there been a good study measuring customer service? What improvements are necessary for stores catering to Navajo consumers?

Policy implications include a consumer protection code, financial lending protection regulations, and truth-in-lending code.

Measured Unemployment Rate: How many of the respondents are employed? How many are unemployed? Respondents reiterated the need for employment opportunities across the Navajo Nation. Similar to the 2005-2009 ACS unemployment calculation of about sixteen percent (16%), fourteen percent (14%) of respondents indicated they were not employed and looking for employment.

Policy implications include establishing an official unemployment rate for the Navajo Nation that would be all encompassing of those seeking employment including involuntary part-time workers, marginally attached, and discouraged workers. Moreover, the Navajo Nation is now able to convene a group of experts to not only establish an unemployment rate, but also establish numerous metrics to truly measure the state of Navajo Nation economy.

General Conclusions

- The Navajo Consumer has evolved into a sophisticated buyer. Gone are the days of only choosing among the few staples at the local Trading Post. The Navajo Consumer now has more disposable income to purchase items and the ability to access different products and services. Even more, this consumer has developed a preference of buying certain branded items.
- The Navajo Consumer’s quality of life directly depends on employment opportunities on the Navajo Nation. This consumer, unlike others off the reservation, does not necessarily have easy access to other financial products (such as investing or 401k) to compliment his limited monthly income.
- The Navajo Consumer, by default, generates environmental impacts from consuming products for her use. Enormous amount of trash is generated from all purchased items that require proper trash disposal, yet there are very few landfills or transfer stations for these disposed items. By taking items from border towns with proper trash disposal options to isolated towns creates a significant waste disposal management problem in which the Navajo Consumer is a key player.
- The Navajo Consumer must expend tremendous resources to procure necessary and convenient items for his or her quality of life. Challenges in this new economic frontier include securing employment to be able to purchase monthly staples to travelling tremendous distances to procure items to disposing of trash from items purchased to allocating more funds to cover high fuel costs.
- The Navajo Consumer is tacitly challenging the tribal government to implement comprehensive economic development based on data, timely response, sound judgment, long-term planning, expertise, and flexible strategy.

Economic Data and Tools

This Economic Data Bulletin was completed under the auspices of Division Director Albert Damon, Jr. and Chief Financial Officer Raymond Nopah, with support from Regional Business Development Offices. Lester Tsosie, MPA, MBA authored this Economic Data Bulletin. More bulletins on financial, operational, managerial, and strategic development will be published.