

## Exploring Factors that Influence Store Patronage amongst Low-Income Consumers in Cape Town, South Africa

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Doi:10.5901/mjss.2014.v5n20p152

### Abstract

*The study investigates the factors that influence store patronage among low-income consumers in a Cape Town township by exploring the relationships amongst the influencing factors and determining the factors that consumers prioritise. Based on factor and multiple regression analyses of data from a convenience sample of 113 adult shoppers, the study found that relationship-based promotion and convenient branded solutions are among the important factors of store patronage. Store location is a significant influencer of both store satisfaction and store loyalty while store location, store image, and promotion are significant influencers of store loyalty. The study concludes that low-income consumers are not homogeneous in their responses to marketing stimuli designed to elicit store patronage. Retailers need to be clear about the segments to pursue and not assume that all low-income consumers are primarily motivated by low prices.*

**Keywords:** store patronage, store satisfaction, store loyalty, low-income consumers, retail sector

### 1. Introduction

The retail sector in South Africa has increasingly been making attempts to serve low-income consumers in areas like townships that were previously mainly served by small and/or informal traders (Klemz, Boshoff, & Mazibuko 2006). This trend is consistent with other emerging markets where big and more organised retailers are making inroads into previously underserved low-income areas (D'Andrea, Ring, Aleman & Stengel 2006). It is important for both practitioners and researchers to understand the factors that influence store patronage amongst low-income consumers, how retail stores are perceived, and particularly how choices between stores are made by these consumers. Though this is not a new area of enquiry in the marketing literature (see Babin, Darden & Griffin 1994; Gwinner, Gremler & Bitner 1998; for example), it is not evident that this question has been addressed from the perspective of low-income consumers in South Africa, hence this investigation of the factors that influence store patronage amongst low-income consumers.

A rich body of knowledge exists regarding the factors that influence store patronage. Studies of store patronage behaviour show that consumers are influenced by a variety of factors that may be summarised into, for example, location, merchandise, service, and store atmosphere (Lindquist 1974; Mazursky & Jacoby 1986); or access, in-store atmosphere, price and promotion, cross-category product/service assortment, and within-category brand/item assortment (Ailawadi & Keller 2004). It is evident from the literature what the key determinants of store patronage are mainly based on studies undertaken in the highly industrialized countries (Paswan, Pineda, & Ramirez 2010). But some studies have also been undertaken in emerging market contexts (e.g., Paswan et al. 2010; Uncles & Kwok 2009) including South Africa (e.g., du Plooy, de Jager & van Zyl 2012; Klemz et al. 2006; Ligthelm 2003). For example, du Plooy et al. (2012) investigated customer satisfaction with services provided by small grocery retail stores in the informal sector in Gauteng and

concluded that empathy, tangibility, reliability, and assurance were the key drivers of service. On the other hand, Ligthelm (2003) studied informal retailers nationally and observed that the retailers understand their strengths and weakness regarding various factors including location, service, and business hours; and high prices of branded goods, stock shortages, and poor customer service; respectively.

This study focusses on understanding factors that influence store patronage from the viewpoint of low-income consumers. Given the growing importance of the consumer segment in terms of size and rising incomes, this paper builds on extant literature by investigating the impact of influencing factors on store patronage among low-income consumers. This is particularly important in light marketplace globalisation that has increased awareness of important fundamental differences between high income countries and emerging markets societies, which include basic differences in socioeconomic, cultural and regulative institutions. Compared to consumers in high-income countries, low-income consumers in emerging markets are characterised by socioeconomic institutions usually associated with low human development (i.e., low formal education, literacy and numeracy, relative youth, low access to print media and books) as well as important cultural and regulative differences. These differences make it conceptually unclear if findings generated elsewhere would apply in emerging market contexts, hence the counsel to “to test even our most established theories in emerging markets” (Burgess & Steenkamp 2006: 345). Low-income consumers are different, and it is not likely that their preferences will significantly converge with those of high-income country consumers, hence the call for the adoption of different marketing programs for emerging market consumers (Dawar & Chattopdhyay 2002).

Based on the theory of planned behaviour, it is conceptualised that store patronage behaviour is preceded by attitudes and intentions that are formed prior to a customer's behaviour. Attitude refers to one's overall positive or negative evaluation of performing a particular behaviour. The stronger the positive attitude towards the behaviour is, the stronger the intention and likelihood of performing the behaviour (Armitage & Conner 2001). These attitudes are influenced by consumer perceptions of store characteristics. It is assumed that investigating the factors that influence attitudes and intentions towards retail stores can help us to understand store patronage. The objective of this paper is therefore to investigate the relationship amongst the factors that influence store patronage among low-income consumers and to determine which factors are considered more important by low-income consumers. The rest of this paper is structured as follows. First, a literature review on factors that influence store patronage focusing on retail store characteristics, store satisfaction, store loyalty, and demographics is presented. This is followed by the research method, finding, and discussion and implications.

## **2. Literature Review**

Store patronage, like store choice or preference, is a result of a consumer's assessment one store being better than others based on their experience (Thang & Tan 2003). There are various measures of store patronage behaviour include patronage intention, frequency of visits, time spent, number of items bought, shopping enjoyment, satisfaction, repeat purchase, money spent, and share of wallet (Paswan et al. 2010) and store choice (Thang & Tan 2003). It is expected that positive consumer perceptions of a store on both functional and psychological factors of importance to them will increase the likelihood of the store being chosen by the consumer (Paswan et al. 2010). Store patronage or preference is determined by store characteristics of which many are documented in the literature.

### *2.1 Retail store characteristics*

Retail store patronage is determined by a multitude of retail store characteristics (Burke 2002; Ganesh 2007; Pan & Zinkhan 2006) such as the design and ambient environment (Sherman, Mathur & Smith 1997), product quality, price, product selection and assortment, service quality, convenience, friendliness of store staff, store image, store atmosphere (Pan & Zinkhan 2006), and cleanliness (Carpenter & Moore 2006). These store characteristics offer functional or utilitarian benefits (Paswan et al. 2010). Other factors besides functional benefits are also important determinants of consumer behaviour in general and store patronage in particular namely hedonic factors (Babin et al. 1994) and psychological (or intangible) factors (Zinkhan, Fontenelle & Balazs 1999). These include customer service, familiarity and comfort with store owners and employees, affiliation, role enactment, and support for local environment. The presence of these factors contributes to a store's brand equity which is a function of store image. The image of a store in the minds of consumers is the foundation of its brand equity (Ailawadi & Keller 2004). For a retailer, brand equity is manifested in the favourable response it elicits from its customers compared to its competitors. Though many attributes influence store image, they may be summarised into 4 groups: location, merchandise, service, and store atmosphere (Lindquist 1974; Mazursky & Jacoby 1986). To reflect the increasing importance of pricing and the depth and breadth of merchandise,

Ailawadi and Keller (2004) proposed 5 groups namely access, in-store atmosphere, price and promotion, cross-category product/service assortment, and within-category brand/item assortment. The following factors which the literature identifies as important influencers of store patronage are discussed below: store image, product (merchandise), price, promotion, and location (place).

**Store image:** Store image is refers to the way a store is perceived by its customers. It is accepted that consumer perceptions of a retailer's activities and brand equity influence store image (Cliquet & Jara 2012; Ailawadi & Keller 2004); which in turn is significantly responsible for retail patronage (Finn & Louviere 1996). Consumers are more likely to patronise a store with a favourable image (Osman 1993). The literature identifies both a direct and indirect relationship between store image and loyalty; with store satisfaction as the moderator between store image and loyalty (Houston & Nevin 1981; Lindquist 1974). From the customer's viewpoint, store image includes both the functional attributes and psychological attributes associated with a store (Martineau 1958) and therefore has both objective and subjective measures (Diallo, Chandon, Cliquet & Phillippe 2013). Store image is important because it is known to influence both consumer purchase behaviour (Grewal et al. 1998) and store choice (Thang & Tan 2003). Having chosen a store, a customer may develop store familiarity. Store familiarity refers to the number of experiences a customer has with a store (Alba & Hutchinson 1987). Store familiarity is known to influence consumer behaviour as it positively impacts on consumer cognitive processes and information analysis (Park & Lessig 1981). According to Laroche et al. (1996), store familiarity facilitates brand evaluation in a specific store context. Therefore, increased store familiarity leads to more consumer purchases from the store (Chebat, Gelinias-Chebat & Therrien 2005).

In evaluating a store, consumers also consider *store atmosphere*; the environment that is created by the coordination of a number of store attributes including merchandise display, mobility, music, colour, lighting, and other decorative features (Bloemer & de Ruyter 1997). Store atmosphere is known to influence shopping behaviour and increase merchandise attractiveness. The many different aspects of in-store atmosphere may be divided into physical features and social features. Physical features include design, lighting, layout, and ambience; while social features include clientele, staff, and friendliness. Staff and friendliness are important because for some consumers, shopping provides an opportunity for socialisation (Tauber 1972) and an avenue to cope with loneliness (Rubenstein & Shaver 1980). The influence of store staff on purchase intention in South Africa is known to vary depending on the type of store. In large stores, staff mainly rely on being responsive and providing assurance while staff in small independent stores rely on empathy and customer willingness to influence purchase intention (Klemz et al. 2006). Baker, Parsuraman, Grewal, & Voss (2002) argue that store atmosphere affects consumer perceptions of the total cost of patronising a store. They contend, for example, that a pleasing physical design can reduce the perceived economic and psychological costs of shopping in a store. Store atmosphere also mediates how consumers view other aspects of store image (Ailawadi & Keller 2004) such as price, quality, and service quality (Baker et al. 2002). A store atmosphere that meets customer expectations encourages store patronage (e.g., more frequent visits, more purchases, and longer visits) even though it may be associated with higher prices. The importance of store atmosphere in store branding is therefore not surprising in light of the employment of intangibles to position and differentiate brands in the marketplace (Ailawadi & Keller 2004). In this study, the customer's relationships with store staff and/or owners are considered.

**Product (merchandise):** Merchandising is a central aspect of store image and attraction. It includes the quality, selection or range, styling, and fashion of the products (Lindquist 1974; Nevin & Houston 1980). A strong merchandise mix facilitates customer satisfaction and therefore contributes to customer attraction and retention (Nevin & Houston 1980). For example, product assortment; "the number of different items in a merchandise category" (Levy & Weitz 1995:30) influences store or retail centre patronage (Koelemeijer & Oppewal 1999). Greater assortment attracts customers and encourages purchase in addition to reducing the customers' perception of costs associated with shopping (Dellaert, Arentze & Bierlaire 1998). Perceived product quality is known to vary depending on the store from which the product is purchased (Darden & Schwinghammer 1985). Consumer perceptions of quality are therefore associated with store patronage (Darley & Lim 1993). Research suggests that low-income consumers show a predilection for depth, breadth and quality of assortment (Grewal 1999). To illustrate, a typical shopping basket for low-income consumers is filled with a variety of household staples, including basic foodstuffs, perishables, packaged food and beverage items, and cleaning and personal care products. It is therefore important to understand what product factors, particularly quality, range, and brands, influence customer satisfaction and store loyalty amongst low-income consumers.

**Price and promotion:** Price is an important element in the strategies employed by retail stores. Price levels and consumer willingness to pay are generally inversely related (Dodds, Kent & Grewal 1991). One way to increase store traffic and sales is therefore to reduce prices. However, in some cases, consumers associate high prices with high quality (Dodds et al. 1991), especially in the absence of other cues to assess quality. This means that though high prices are associated with high quality, they are also associated with an unwillingness to pay by consumers. A number of factors

contribute to a store's price image. These include average price levels, price variations, frequency and depth of price promotions, and positioning strategies or pricing format (Ailawadi & Keller 2004). Though not every retailer can successfully use price promotions, some customers expect them and take them into account in making purchase decisions (Levy, Grewal, Kopalle & Hess 2004). Price promotions create publicity and build customer traffic into the store in addition to contributing to sales of other categories that may not be on promotion. Price promotions are known to encourage store switching and to attract traffic into stores (Kumar & Leone 1988; Walters 1991). Consumers are more likely to form a favourable price image when offered more frequent price promotions than when offered bigger but less frequent price promotions (Ailawadi & Keller 2004). Bucklin and Lattin (1992) argue that promotions in one category may not necessarily influence store choice, but determine where the category is purchased. This is consistent with the notion that consumers typically patronise more than one store (Ailawadi & Keller 2004). It also highlights the centrality of store atmosphere in enhancing price promotion.

In periods of economic downturn, consumers tend to be more price-conscious and seek price deals that offer them better value for money. Additionally, they employ other strategies such as consolidating shopping to save on transportation costs, patronising "one-stop shopping" malls, and shopping closer to their homes (Grewal, Roggeveen, Compeau & Levy 2012). Consumers also employ non-price cues to develop their price perceptions. The customers' perception of price may be more important than the actual price (Monroe 1973). The customers' perception of price may be inclusive of shelf price, commuting time, waiting time, costs of transportation, child care, and the burden of carrying heavy packages. In light of the budgetary constraints faced by low-income consumers, one expects price to be a major determinant of customer satisfaction and store loyalty amongst low-income consumers.

Store patronage and consumer behaviour are also affected by a retailers price format which can range from Every Day Low Pricing (EDLP) to High-Low Promotional Pricing (HILO). While customers who shop in bulk may prefer EDLP stores (to take advantage of low prices across all categories), those that shop in small quantities; like low-income consumers; may prefer HILO stores to capitalise on categories that are on deals and therefore minimise the average price they pay. The co-existence of HILO and EDLP formats and why none of the formats is dominant are well documented in the literature (e.g., Ho, Tang & Bell 1998). Promotion is important because it makes consumers aware of the store and its activities and also incentivises customers (Thang & Tan 2003). It is therefore an important factor in store choice decisions.

*Location (place):* For consumers, location of and access to the retail store are important factors in the store choice decision. Location which is mainly perceived in terms of time and distance is a particularly compelling value proposition that retailers offer low-income consumers who tend to shop more frequently and make small purchases because of their limited and unstable cash flows. Consumers tend to prefer stores that are easily accessible to them (Eppli & Shilling 1996). While some authorities argue that location is a major determinant of the success or failure of retail stores (Ownbey, Davis & Sundel 1994); some studies show that location does not account for most of the variance in the store choice decision (Bell, Ho & Tang 1998). They contend that instead of emphasising location, consumers seek to optimise their "total shopping costs" (Ailawadi & Keller 2004: 333). This suggests that in some instances (e.g., bulk shopping); consumer may pay more consideration to other factor (e.g., price promotions) than location in determining the store of purchase.

## 2.2 Store satisfaction and store loyalty

Store satisfaction which may be defined as "the outcome of the subjective evaluation that the chosen alternative (the store) meets or exceeds expectations" (Bloemer & de Ruyter 1997: 501) is a determinant of store loyalty (Bitner 1990). It is the result of a consumer's evaluation of store expectations and perceived store performance. Because store evaluation is dependent on a consumer's motivation and ability to evaluate the store, two types of satisfaction may be identified namely manifest satisfaction and latent satisfaction. Manifest satisfaction is a result of an explicit evaluation of performance against expectations; hence the consumer will be aware of it and may develop commitment to a store based on it. Latent satisfaction on the other hand occurs when the consumer is unable to perform an explicit evaluation of performance against expectations because they lack the motivation and/or ability to do so. The consumer is unlikely to be aware of latent satisfaction and will have no commitment to the store because the evaluation of performance against expectations is implicit (Bloemer & de Ruyter 1997).

Store loyalty is "the biased (i.e. non-random) behavioural response (i.e. revisit), expressed over time, by some decision-making unit with respect to one store out of a set of stores, which is a function of psychological (decision making and evaluative) processes resulting in brand commitment" (Bloemer & de Ruyter 1997: 500). This definition distinguishes between visiting behaviour and store loyalty and emphasises the centrality of store commitment to loyalty. Store

commitment is a result of a consumer pledging to choose one store over others following an explicit and extensive evaluative process. The precedents of store loyalty include store image and store satisfaction. This suggests that a store that seeks to build store loyalty should prioritise its image and store satisfaction. Satisfied customers are assumed to be loyal customers (Martenson 2007). But some studies suggest that because low-income consumers may have more time at their disposal, they are more likely to prioritise comparison shopping (Goldman 1977) and therefore manifest less store loyalty than high income consumers. Low-income consumers are also more likely to employ shopping for recreational purposes (Pan & Zinkhan 2006). The need to satisfy customers and generate store loyalty is particularly critical for local small stores that do not have the resources and expertise to compete on cost or price against the large retail store (Klemz et al. 2006).

### 3. Method

The convenience sample for this study was drawn from Gugulethu Township in Cape Town, South Africa. It consisted of respondents that were 18 years and above; were solely or jointly responsible for the household's main shopping for groceries, and had freedom to choose any shop for their purchases. The interviews were conducted by the researcher at a number of representative retail outlets including supermarkets, mini-markets, and independent stores using a two-part structured questionnaire. The first section consisted of screening questions and question relating to shopping behaviour and shopping preferences using measurement items culled from the literature (Table 1). The questions relating to shopping behaviour and shopping preferences were designed to elicit responses on factors that influence store patronage using statements on a Likert-type scale ranging from 1 (Strong agreement) to 5 (Strong disagreement). The second section sought to obtain demographic details. Pre-testing the questionnaire demonstrated that the questions were simple and easy to understand. Data was collected from a total of 150 respondents via intercept interviews of which only 113 were suitable for analysis. Though a bigger sample than 113 would have been preferable, the current sample size is considered adequate because of the higher marker loadings greater than 0.80 (Tabachnick & Fidell 2001). The scale items (Table 1) were subjected to a reliability analysis which showed that Cronbach's alpha was 0.77; which is above the 0.70 threshold for a scale to be considered of acceptable internal consistency and therefore reliable. Descriptive statistics were used to describe the sample characteristics. To explore the underlying relationships among the variables of interest and to examine the extent to which the independent variables contribute store patronage, factor analysis and standard multiple regression analysis were employed, respectively.

### 4. Findings

The items used in the data collection instrument and the descriptive statistics are presented in Table 1. The majority of the respondents were females (70.8%) who regularly shopped at one store (80.5%).

Factor analysis was employed to explore the underlying relationships among the variables of interest (Table 2). An investigation of the resulting correlation matrix reveals a number of correlation coefficients equal to and greater than 0.3. Further, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy of 0.7 is above the 0.6 minimum required to use factor analysis. The Bartlett's test of sphericity is also significant ( $p=0.00$ ). Therefore, the data meets the criteria for factor analysis to be employed. Based on the Kaiser criterion to extract components with eigenvalues of 1 and above, 6 initial components accounting for 61.6% of the total variance were extracted. However, an examination of the screeplot suggested that 5 components were more appropriate. These 5 components were subjected to a varimax rotation, based on which the following 5 components were extracted (accounting for 56.1% of the total variance explained). Varimax rotation was used because it is known to minimise the number of variables that have high loadings on each factor (Tabachnick & Fidell 2001).

Component 1 accounts for 14.99% of the variance. Anchored by the variable *event sponsorship* (I shop in stores where they seem to invest more in sponsorship of events), 8 variables loaded onto this component. The other variables include *various events* (I shop in stores where they seem to invest more in sponsorship of various events), *ad people* (I shop in stores where their advertisement portray people like me), *relationships* (I shop in stores where I have personal relationship with staff or owner), and *credit availability* (I shop in stores that offer credit facilities). This component, labelled *relationship-based promotion* suggests that a significant proportion of the respondents consider promotion, particularly sponsorships of events, important. Also important in this component is the value of relationships with the owners and store staff, the use of credit, and the messages source similarity with models employed in the advertisements. Accounting for 14.11% of the variance, anchored by the variable *known brands* (I shop in stores that sell well known brands) and with 6 other variables loading on it, component 2 is made up of customers who desire well known

and high *quality brands* (I shop in stores that sell high quality brands, I shop for branded products only) from *attractive stores* (I shop in hygienic and attractive stores) in proximity to their areas of residence (I do consider proximity of the store, I plan to shop in stores closer to my place of residence). This component is labelled the *convenient branded solutions* group.

**Table 1:** A priori factors, measurement items and descriptive statistics

	N	Mean	Standard deviation
<i>Store (brand) image</i>			
I shop in expensive stores	112	3.51	1.458
I shop in stores that sell well known brands	110	2.50	1.283
I shop in stores where they seem to invest more in sponsorship of various events	110	2.86	1.324
I shop in stores that frequently sponsor soccer events	109	2.36	1.273
I shop in stores that are not very well known to me	110	2.76	1.241
<i>Customer satisfaction</i>			
I shop in stores that completely satisfies my needs	107	2.04	1.228
I shop in stores that are best able to satisfy my needs	108	2.19	1.271
<i>Customer loyalty</i>			
Even if two stores stock the products that I need, I would still rather shop in a particular store	106	2.40	1.270
If there was another store as this store, I would rather buy from this store	111	2.55	1.284
<i>Product</i>			
I shop in stores that sell high quality brands	112	2.40	1.277
I shop for branded products only	112	3.31	1.163
I shop in stores that offer a wide product range	110	2.43	1.260
<i>Price</i>			
I shop in stores where I feel the prices are low	111	1.96	1.220
I shop in stores where I feel the prices are generally high	113	3.64	1.482
I shop in stores that offer credit facilities	111	3.09	1.339
<i>Promotion</i>			
I shop in stores where advertising campaigns for the store are frequent	109	3.00	1.210
I shop in stores where their advertisement portray people like me	110	2.98	1.285
I shop in stores where they seem to invest more in sponsorship of events	110	2.98	1.394
I shop in stores where I have personal relationship with staff or owner	111	3.51	1.190
<i>Location (place)</i>			
I plan to shop in stores closer to my place of residence	110	2.50	1.413
I do consider proximity of the store	111	2.76	1.274
I shop in hygienic and attractive stores	111	2.23	1.234
I shop in stores closer to my place of work	111	3.05	1.344
<i>Composite variables</i>			
Store (brand) image	103	2.82	.658
Customer satisfaction	104	2.13	1.180
Customer loyalty	106	2.49	1.140
Product	110	2.71	.884
Price	110	2.90	.796
Promotion	107	3.13	.925
Location (place)	110	2.62	.880

**Table 2:** Rotated component matrix results (without variable loadings <.3)

	Component				
	1	2	3	4	5
<i>Event sponsorship</i> (I shop in stores where they seem to invest more in sponsorship of events)	.815				
<i>Various events</i> (I shop in stores where they seem to invest more in sponsorship of various events)	.757				
<i>Ad people</i> (I shop in stores where their advertisement portray people like me)	.608				
<i>Relationships</i> (I shop in stores where I have personal relationship with staff or owner)	.605				
<i>Credit availability</i> (I shop in stores that offer credit facilities)	.603				
<i>Frequent ads</i> (I shop in stores where advertising campaigns for the store are frequent)	.594	.468			
<i>Close to work</i> (I shop in stores closer to my place of work)	.534				
<i>Soccer events</i> (I shop in stores that frequently sponsor soccer events)	.452			.318	
<i>Known brands</i> (I shop in stores that sell well known brands)		.806			
<i>Quality brands</i> (I shop in stores that sell high quality brands)		.701			
<i>Branded</i> (I shop for branded products only)		.637	.389		
<i>Store attractiveness</i> (I shop in hygienic and attractive stores)		.582	-.445		
<i>Distance</i> (I do consider proximity of the store)		.569			.321
<i>Close to home</i> (I plan to shop in stores closer to my place of residence)		.532			.354
<i>Product range</i> (I shop in stores that offer a wide product range)	.306	.384			
<i>Expensive stores</i> (I shop in expensive stores)			.852		
<i>High prices</i> (I shop in stores where I feel the prices are generally high)			.800		
<i>Known stores</i> (I shop in stores that are not very well known to me)			-.343		
<i>Satisfaction</i> (I shop in stores that completely satisfies my needs)				.895	
<i>Best satisfaction</i> (I shop in stores that are best able to satisfy my needs)				.846	
<i>Low prices</i> (I shop in stores where I feel the prices are low)		.318		.427	
<i>Store loyalty 2</i> (If there was another store as this store, I would rather buy from this store)					.811
<i>Store loyalty</i> (Even if two stores stock the products that I need, I would still rather shop in a particular store)					.790
% of variance explained	14.99	14.11	9.50	9.42	8.12
Cumulative %	14.99	29.09	38.59	48.01	56.14

The third component is accounts for 9.50% of the variance and is made up of customers who are high price seekers (I shop in expensive stores) and profess to shop at well-known stores (I shop in stores that are not very well known to me) that are perceived to be expensive (I shop in stores where I feel the prices are generally high). Only 3 items loaded on this component which is labelled *high price seekers*. Component 4 accounts for 9.42% of the variance and comprises of customers who are mostly influenced by the ability of a store to satisfy their needs (I shop in stores that completely satisfies my needs, I shop in stores that are best able to satisfy my needs) and *low prices* (I shop in stores where I feel the prices are low). Only 3 items loaded on this component labelled *satisfaction and price seekers*. Finally, accounting for 8.12% of the variance, the fifth component is made up the *loyal customers* (If there was another store as this store, I would rather buy from this store, Even if two stores stock the products that I need, I would still rather shop in a particular store) who, all things being equal, prefer to patronise a regular store. This is the only a priori component that has been retained without merging with other a priori components.

To determine which influencing factors are considered more important by low-income consumers, standard multiple regression analysis was conducted. Prior to conducting the multiple regression analysis, the data were examined for compliance with test assumptions. Some correlation between the independent variables and the dependent variables was present. The tolerance and variance inflation factor (VIF) were all greater than .10 and 10 respectively. Therefore, multicollinearity was not violated. Inspections of the normal p-plots and the scatterplots did not reveal major deviations from normality. Outliers (cases with standardised residual outside the range -3.3 and 3.3) (Tabachnick & Fidell 2001) were not evident.

The items used to measure the factors that influence store patronage (see Table 1) were merged to form composite variables that were employed in a standard multiple regression analysis to evaluate the extent to which the independent variables explain the variance in two dependent variables; namely customer satisfaction and store loyalty. First, multiple regression analysis was conducted to examine the relationship between customer satisfaction as a measure of store patronage and the independent composite variables store image, product, price, promotion, and location (Table 1). The analysis shows that only 16% of the variance in customer satisfaction is explained by independent

variables included in the model ( $R^2=.16$ ,  $F(5,92)=3.49$ ,  $p<.0001$ ). An examination of the unique contributions of each one of the independent composite variables shows that only location is positively and significantly correlated with customer satisfaction, i.e., location positively influences customer satisfaction ( $\beta=.31$ ,  $p<.05$ ) (Table 3).

**Table 3:** Regression analysis: store satisfaction

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.516	.573			
Brand image	.356	.234	.198	1.524	.131
Product	.101	.171	.076	.592	.555
Price	.055	.167	.037	.331	.742
Promotion	-.295	.160	-.231	-1.839	.069
Location	.416	.161	.310	2.587	.011
Dependent variable: Store satisfaction					
$R=.399$ , $R^2=.160$ , $Adjusted\ R^2=.114$ , $F=3.492$ , $p=.006$					

Second, multiple regression analysis was conducted to examine the relationship between customer loyalty as a measure of store patronage and the independent composite variables store image, customer satisfaction, product, price, promotion, and location (Table 1). In this case, 27% of the variance in customer loyalty is explained by the regression model ( $R^2=.27$ ,  $F(6,80)=4.97$ ,  $p<.001$ ). Three independent variables namely brand image ( $\beta=.31$ ,  $p<.05$ ), promotion ( $\beta=.31$ ,  $p<.05$ ), and location ( $\beta=.31$ ,  $p<.05$ ) were found to be significantly correlated with customer loyalty (Table 4).

**Table 4:** Regression analysis: store loyalty

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.074	.569		1.888	.063
Brand image	.516	.222	.305	2.325	.023
Customer satisfaction	.139	.095	.151	1.461	.148
Product	-.064	.156	-.050	-.410	.683
Price	-.110	.150	-.078	-.739	.462
Promotion	-.384	.141	-.330	-2.731	.008
Location	.499	.147	.379	3.384	.001
Dependent variable: Store loyalty					
$R=.521$ , $R^2=.272$ , $Adjusted\ R^2=.217$ , $F=4.972$ , $p=.000$					

## 5. Discussion and Conclusion

This study set out to investigate the relationship among the factors that influence store patronage among low-income consumers and to determine the relative importance of these independent variables in predicting store patronage. After a factor analysis, five factors were extracted only one of which (i.e., store loyalty) was in the a priori list of independent variables. The first new factor *relationship-based promotion* acknowledges the importance of event sponsorships, source similarity in advertising, relationships with staff and/or owners, and frequency of advertising, but it also includes credit availability as an important tool for promotion and building store patronage. This suggests that beyond the traditional promotional mix elements, low-income consumers in this study consider credit availability as an incentive or promotional tool. The second factor is the product-centric *convenient branded solutions* which emphasises the importance of high quality and well known branded products that are sold in attractive stores in proximity to places of residence. The merging of product variables with place variables in this factor suggests that low-income consumers value convenience in their desire for branded quality products. This means that retailers targeting this segment in low-income areas need to offer convenient branded solutions rather than assume that price is the only factor to consider.

Though one expects low-income consumers to be primarily motivated by low prices, the third factor that emerged from the factor analysis comprises of *high price seekers*; customers who shop in expensive stores and where prices are perceived to be generally high. Consistent with their focus on a specific type of store, these customers patronise stores that well-known to them. To cater for these customers, retailers need to invest in creating the right image and in creating awareness. The fourth component is that of customers that seek satisfaction and low prices from stores. For these



*satisfaction and low price seekers*, low prices are most likely what motivates customer satisfaction and store patronage. This factor is in contrast to the high price seekers, and considered together, the two factors evidence that low-income consumers are not homogeneous in all respects. The last component, *store loyalty*, comprises of customers whose store patronage is motivated by loyalty to stores. For these customers, retailers need to identify the antecedents of store loyalty in order to foster it. In the next section, the question of which factors are important predictors of customer satisfaction and store loyalty are addressed.

In a multiple regression analysis to assess the importance of the predictors of customer satisfaction, only location (place) was found to be a significant predictor. This finding implies that it is important for retailers catering for in low-income consumers to make place decisions that meet customer expectation; particularly proximity and attractiveness and hygiene. An assessment of the importance of the predictors of store loyalty shows that three of the six independent variables; store image, promotion, and location; are significant predictors. Therefore, to encourage customer satisfaction retailers need to focus on location, but to encourage loyalty they need to emphasise location, store image, and promotion as well.

This study has the following main weaknesses. The sampling frame was limited to only one township in Cape Town; and the sample size realised was not large; limiting the generalizability of the results. Also, in an effort to be parsimonious with the number of variables, other important determinants of store patronage were left out. Future studies could consider covering more townships, using larger samples, and also employing more a comprehensive set of appropriate variables.

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