

## Consumers' Patronage Intentions in Discount Retailing

Akturan, U.

Galatasaray University, Department of Business Administration Ciragan Cad. No.36, Ortakoy, Istanbul, Turkey

\*Corresponding author E-mail: uakturan@gsu.edu.tr

**Abstract:** *Retail patronage has been studied throughout various studies in the marketing literature. However, there are a few studies concerning the consumers' patronage intentions in discount retailing. This study examines how consumer characteristics, convenience, satisfaction and attitude affect discount store patronage intention. In the study data is collected from 600 consumers by face to face interviews and the hypothesis are tested by SEM. As a result, it was found that the discount store patronage intention is affected by price consciousness, sale proneness, attitude and satisfaction but not influenced by value consciousness and convenience.*

**Keywords:** *Discount stores, patronage intentions, retailing*

### 1. INTRODUCTION

Retailing has witnessed dramatic changes, from the evolution of small independent retail stores to the general stores carrying several merchandise lines with limited assortments, to the more significant development of chain stores (Gable et al., 2008). The development and diffusion of discount stores are one of the most significant trends in retailing. Discounting is based on below market pricing, low expense structure, selfservice, rapid inventory turnover, and high sales volume (Brennan and Lundsten, 2000). A retailer that offers a broad variety of merchandise, limited service, and low prices is commonly referred to as a discount store (Levy and Weitz, 2007, p. 48). In Europe, during the past 15 years, discount stores have become an important store format like in other parts of the world (Gable et al., 2008). The rise of the number of discounters all around the world is partially triggered by Wal-Mart's expansion internationally in the early 1990s (Zook and Graham, 2006). Today top 10 list of the worldwide retailers is dominated by discount retailing- Wal-Mart, Carrefour, Tesco, Schwraz UnternehmensTreuhand and Aldi (Deloitte, Global Powers of Reatilrs 2011).

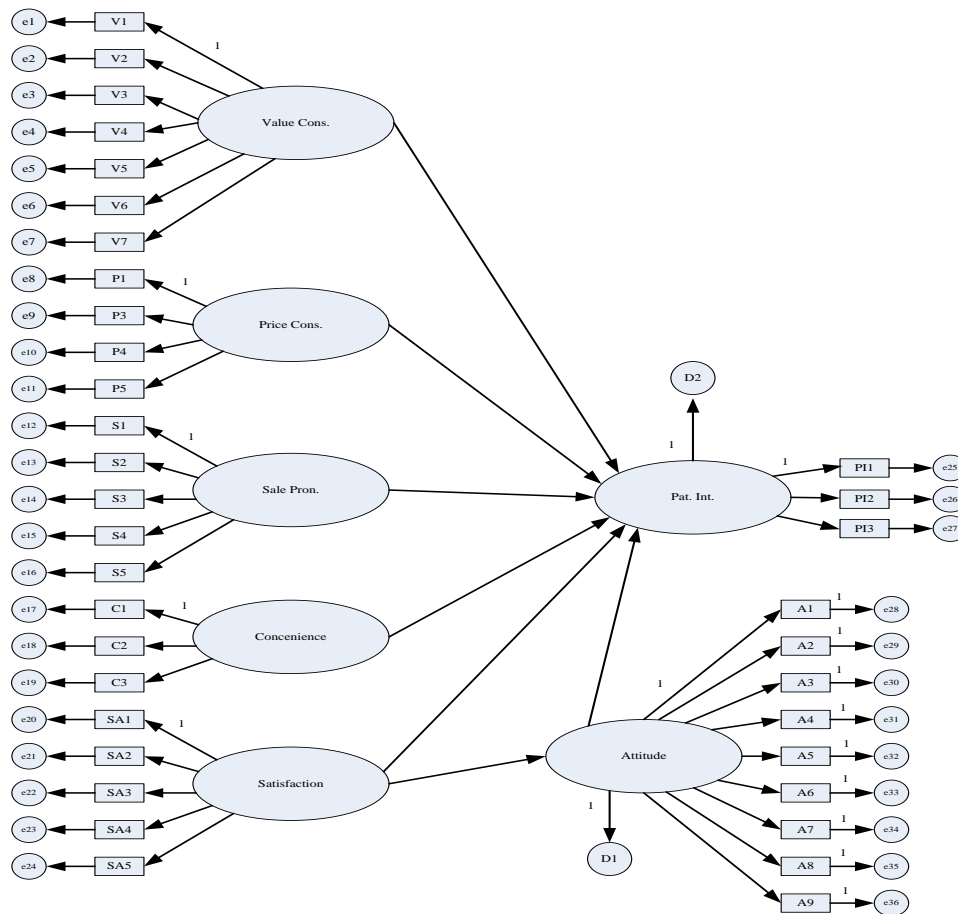
Patronage can be defined as shoppers' tendency to concentrate visits on the same store. An understanding of patronage behavior is critical in retailing because it enables retailing managers to identify and target those consumers most likely to purchase (Pan and Zinkhan, 2005, p.229). In the literature there are various studies on the factors affecting retail patronage behavior but the discount store patronage is not specifically studied much. The aim of this study is to determine the relationship between consumer characteristics, convenience, satisfaction, attitude and discount store patronage intention.

### 2. CONCEPTUAL FRAMEWORK

The first comprehensive model on consumers' patronage behavior is introduced by Monroe and Guiltinan (1975). In that model Monroe and Guiltinan (1975) proposed that consumers' store choice behavior is determined by four constructs: general activities and opinins about shopping, strategies for planning and budgeting, importance of store attributes and perceptions of stores. That model was refined by Darden et al. (1981) who included the personal characteristics, and later, by Bellenger and Moschis (1982) who included social and structural variables such as social class, age, and lifestyles. In the literature there are various studies on retail patronage. Throughout that studies, the factors affecting the consumers' patronage behaviour and intentions can be summarized under three groups: (1) consumer characteristics, (2) product characteristics, and (3) store characteristics.

Consumer characteristics include socio-demographics (Freyman, 2006), experience (Mano, 1999), lifestyles and values (Baltas and Papastathopoulou, 2003), risk perception (Mitchell and Kırıl, 1999; Sinha and Banarjee, 2004), shopping orientation (Baker et al., 2002; Sit et al., 2003), and attitude (Korgaonkar et al., 1985; Thang and Tan, 2003; Darley and Lim, 1993). Product characteristics include, product quality (Darley and Lim, 1993), product assortment, and price (Gehrt and Yan, 2004; Moore and Carpenter, 2006). Store characteristics include store atmosphere (Darley and Lim, 1983; Bearden et al., 1978; Grewal et al., 2003; Baker et al., 2002), service (Baker et al., 2002), store image (Darley and Lim, 1993), store size (Brown, 1978), travel time and convenience (Lindquist, 1974), and satisfaction (Ingene, 1984).

In this study, research model is developed for discount store patronage intention. As can be seen in the Figure 1, it is proposed that discount store patronage intention is affected by consumer characteristics- value consciousness, price consciousness and sale proneness-, convenience, satisfaction and attitude. The model is developed in relation with the patronage and discount stores literature. Therefore product characteristics and store characteristic -except satisfaction and convenience- are not included in the model.



**Figure 1:** Research Model

The research hypothesis are as follows:

- H1: Value consciousness affects discount store patronage intention.
- H2: Price consciousness affects discount store patronage intention.
- H3: Sale proneness affects discount store patronage intention.
- H4: Convenience affects discount store patronage intention.
- H5: Consumer attitudes towards discount stores affect discount store patronage intention.
- H6: Consumer satisfaction affects consumer attitudes towards discount stores.
- H7: Consumer satisfaction affects discount store patronage intention.

### 3. RESEARCH METHODOLOGY

In the study, the population is identified as the consumers shopping from discount stores. Data is collected from 600 consumer by face-to-face interviews. The questionnaire was formed in three sections, one was including the questions about the shopping behavior of consumers, second one is including multi- item measures of the consumer characteristics, attitude, convenience, satisfaction and patronage intention, and the last one was including the socio-demographic variables. The scales used in the study are as follows: Value consciousness, price consciousness and sale proneness: Lichtenstein et al.(1993); Convenience: Jin and Kim (2003), Koo (2003); Satisfaction: Grace and O’Cass: (2005); Attitude: Yoo, Park and McInnis (1998), Korgaonkar et al. (1985), Grace and O’Cass (2005); Patronage intention: Grewal et al. (2003). The socio-demographic characteristics of the respondents are given in Table 1.

**Table 1: The Socio-demographic Characteristics of the Respondents**

Age	n	%	Occupation	N	%
18-24	169	28,3	Student	109	18,2
25-34	104	17,3	Tradesman	39	6,5
35-44	83	13,8	Retired	26	4,3
45-54	1217	20,2	Store owner	24	4,0
55+ over	8	13,0	Civil-servant	120	20,0
	45	7,5	Private-sector	35	5,8
			Housewife	176	29,3
			Others	31	5,2
<b>Total</b>	<b>600</b>	<b>100.0</b>	<b>Total</b>	<b>600</b>	<b>100.0</b>
Income (USD)			Gender		
1.000 or below	261	43,5	Male	229	38,2
1.001-1.500	268	44,6	Female	371	61,8
1.501-2.000	44	7,3			
2001 or above	27	4,5			
<b>Total</b>	<b>600</b>	<b>100.0</b>	<b>Total</b>	<b>600</b>	<b>100.0</b>
Education			Marital Status		
High school and lower	458	76,3	Married	300	50,0
University and over	142	23,7	Single	300	50,0
<b>Total</b>	<b>600</b>	<b>100.0</b>	<b>Total</b>	<b>600</b>	<b>100.0</b>

#### 4. RESEARCH FINDINGS

In the study, before testing the research hypothesis, because multi-dimensional measures were used, the reliability and the validity of the scales were tested. In order to test the reliability Cronbach's Alpha coefficient, and to test the validity exploratory factor analysis was used. After that, SEM was used to test the hypothesis. In SEM, goodness of fit between data and model is important since it represents the estimation power of the model (Hair et al., 1998). There are various goodness of fit measures examined (Sharma, 1996).

**Table 2: Goodness of Fit between Data and Model**

Fit Measures	Measure.Model	Ideal Model	
Discrepancy ( $\chi^2$ )	1954,201	0.000	CMIN
Degrees of freedom	577	0	DF
P	0,000		P
Discrepancy / df ( $\chi^2/sd$ )	3,387		CMINDF
Goodness of Fit	0,830		GFI
Adjusted Goodness of Fit	0,804		AGFI
Normed fit index	0,852	1.000	NFI
Relative fit index	0,839		RFI
Incremental fit index	0,891	1.000	IFI
Tucker-Lewis index	0,880		TLI
Comparative fit index	0,891	1.000	CFI
RMSEA	0,063	0,05 < RMSEA < 0,08	RMSEA
Hoelter ,05 index	195		HFIVE
Hoelter ,01 index	202		HONE

As can be seen from Table 2 there is a fitness between data and the model. The unstandardized regression weights and the results of the hypotheses analyses were given in Table 3. Through the hypothesis test, H1 and H4 were rejected while the other hypothesis were accepted. In sum, the discount store patronage intention is affected by price consciousness, sale proneness, attitude and satisfaction, but not influenced by value consciousness and convenience. Furthermore, attitude is also affected by satisfaction.

**Table 3: Unstandardized Regression Weights**

			Estimate	St. Error	T	P		Unstand. reg.coef.
Patronage int.	<-	Value.cons.	,015	,049	,308	,758	H1: Rejected	,013
<b>Patronage int.</b>	<-	<b>Price cons.</b>	<b>,069</b>	<b>,041</b>	<b>1,676</b>	<b>,094</b>	<b>H2: Accepted</b>	<b>,057</b>
<b>Patronage int.</b>	<-	<b>Sale prone.</b>	<b>,194</b>	<b>,040</b>	<b>4,882</b>	<b>***</b>	<b>H3: Accepted</b>	<b>,199</b>
Patronage int.	<-	Conven.	,055	,037	1,487	,137	H4: Rejected	,053
<b>Patronage int.</b>	<-	<b>Attitude</b>	<b>,245</b>	<b>,085</b>	<b>2,883</b>	<b>,004</b>	<b>H5: Accepted</b>	<b>,171</b>
<b>Attitude</b>	<-	<b>Satisfaction</b>	<b>,691</b>	<b>,047</b>	<b>14,687</b>	<b>***</b>	<b>H6: Accepted</b>	<b>,775</b>
<b>Patronage int.</b>	<-	<b>Satisfaction</b>	<b>,612</b>	<b>,083</b>	<b>7,346</b>	<b>***</b>	<b>H7: Accepted</b>	<b>,479</b>

R<sup>2</sup>: 0,574

The results of unstandardized regression weights were given at Table 3 also. In that point, it was identified that satisfaction has the greatest impact on discount store patronage intention and attitude. R2 values represent the exploratory power of the dependent variables and the overall adequacy of the model. It displays the explained percentage of endogenous latent construct by exogenous latent variables. In that study, the developed model explains the %57,4 of the discount store patronage intention.

## 5. CONCLUSION

The aim of this study is to provide a better understanding of consumers' patronage intentions in discount stores. Store choice and patronage have been widely studied across the world. The beginning of patronage research is marked as Stone's (1954) conceptualization of shopping orientations. In the literature patronage behavior has been studied by various methods, such as outshopping versus local purchases, different store types, different product types, and consumer attributes, however, there is not a specific model on patronage intentions in discount retailing. And there is a growing power of discount stores. The top 10 of the world retailers list is dominated by discount retailers. This study contributes to the literature by developing and testing a model of discount store patronage intentions of consumers. As a result of the study, it was found that price consciousness and sales proneness affects the discount store patronage intention. This is an expected result since the competition base of the discount stores is their low price compared to other retail formats. Furthermore, it was found that attitude and satisfaction positively affect the patronage intention. Consumer satisfaction has a direct impact on patronage intention and also has an indirect impact by influencing attitude. This result confirms the literature on the store satisfaction and store loyalty (Bloemer and Ruyter, 1998). However, value consciousness and convenience are found as not affecting the patronage intention. In the literature the convenience of the store location is determined as important for patronage. But in the case of discount retailing, price and sales are more important than the location. Surprisingly, getting value does not affect the patronage of discount stores. This can also be explained by that the low prices and sales are more critical than getting value for the consumers of the discount stores. As a further research, the impact of the other consumer, product and store related factors on discount retailing patronage should be investigated in order to explain and develop a comprehensive model. Moreover, it is believed that cross cultures studies will provide deeper understandings.

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