

THE EFFECT OF CONSUMER DEMOGRAPHIC CHARACTERISTICS ON STORE LOYALTY INTENTIONS

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SUMMARY

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Loyal customers are very valuable for business managers, since they will tend to concentrate their purchases in the given store and will constitute a potentially profitable target market for the firm (Enis and Paul, 1970). Developing store loyalty begins with understanding how and why it develops. Therefore, the present study explores the subject of the effects of consumer demographic characteristics effects on store loyalty intentions of hypermarket/supermarket customers. The study finds significant differences in store loyalty intention by age, occupation and number of children. However, the study found no differences between gender, marital status and education in terms of store loyalty intention.

KEY WORDS: loyalty, consumer demographic characteristics, supermarket/hypermarket

ÖZET

TÜKETİCİ DEMOGRAFİK ÖZELLİKLERİNİN MAĞAZA SADAKATI NİYETLERİ ÜZERİNE ETKİSİ

Yöneticiler için sadık müşteriler çok değerlidir, zira bu müşteriler satın alımlarını söz konusu mağazaya yoğunlaştırma eğilimi içindedirler ve bu müşteriler firma için karlı bir potansiyel hedef pazar oluştururlar (Enis and Paul, 1970). Sadakati oluşturmak, sadakatin nasıl ve neden oluştuğunu anlamakla başlar. Bu nedenle, bu çalışma hipermarket/supermarket müşterilerinin demografik özelliklerinin mağaza sadakati üzerine etkisini araştırmaktadır. Yaş, meslek ve çocuk sayısı gibi demografik farklılıklar incelendiğinde, müşterilerin mağaza sadakati niyeti üzerinde önemli farklılıklar bulunmuştur. Ancak cinsiyet, medeni durum ve eğitim gibi demografik farklılıklar için sadakat niyetleri üzerinde bir fark bulunamamıştır.

ANAHTAR SÖZCÜKLER: sadakat, tüketici demografik özellikler, supermarket/hipermarket

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Developing store loyalty begins with understanding how and why it develops. Therefore, the present study explores the subject of consumer characteristics effects on store loyalty intentions of hypermarket/supermarket customers. The study finds significant differences in store loyalty intention by age, occupation and number of children. However, the study found no differences between gender, marital status and education in terms of store loyalty intention.

INTRODUCTION

Loyal customers are very valuable for business managers; since they will tend to concentrate their purchases in the given store and will constitute a potentially profitable target market for the firm (Enis and Paul, 1970). They repeatedly purchase products or services of the firm they are "used" to. They recommend company to others and they stick with a business over a long time. Moreover, there was no evidence to indicate that loyal customers were more expensive to serve than less loyal customers. At a basic level, retailers' lifeblood is the revenue developed through relationships with customers. This revenue can be expanded and developed through cultivating relationships with new customers, encouraging current customers to spend a larger proportion of their dollars with the retailer, and by extending the length of time or duration of the relationship-seeking customers for life (Babin & Attaway, 2000).

There is a clear link between customer loyalty and profitability in many industries, particularly in the services sector, where even slight improvements in customer retention can significantly improve business profitability. Similar conclusions can be reached in retailing. As Enis and Paul (1970)

noted, stores with a larger share of loyal consumers tend to be more profitable because they attract a larger share of consumer expenditures. Dunn and Wringly (1984) also found that store loyalty and total expenditure is positively related (Knox & Denison, 2000).

Repeat business provides retailers with better financial results. Loyal customers spend more in their first choice store than switchers do and they are not more expensive to serve. Since, loyal customers are more profitable to retailers, they are worth to special effort it may take to keep them. In addition, loyal customers are less costly to serve than non-loyal shoppers (Al-Awadi, 2002).

Particularly in the developed economies, where retailing become sophisticated with years of experience for both shoppers and retailers; store loyalty has become the battlefield for retailers as they try to attract shoppers to their stores. That's why many researchers and marketing practitioners are interested in finding out the consumer characteristics, which identify those with the store loyalty (East et al., 1995).

According to a study done in Turkey by AC Nielsen Zet (2000) loyalty is a positive concept for Turkish consumers. 53% of them prefer to do grocery shopping from the same store. But only 23% of them stay loyal to their store. The other 30% tell expensive prices, inefficient sales personnel, difficulty in transportation and low product assortment are the main reasons for them to switch to other stores. In this study, we particularly interested in whether store loyalty relates to demographic characteristics of Turkish consumers or not. Among many demographic characteristics, we have chosen gender, marital status, age, children, educational level and occupation.

BACKGROUND

Store Loyalty

Gilbert (1999) defined loyalty as a state of mind which predisposes an individual toward a particular retailer and leads to a higher than normal proportion of expenditure to be devoted to the retailer's offers. On the other hand customer loyalty is the relationship between relative attitude toward entity (product/service/brand/store) and patronage behaviour (Dick and Basu, 1994).

According to Odekerken-Schroder (2001) store loyalty is regarded as the conscious buying behaviour of a consumer expressed over time with respect to one store out of a set of stores and which is driven by commitment to this store. In case of absence of commitment, a customer is merely spuriously loyal, i.e. Behavioural response is directed by inertia.

According to Assael (1998), consumers become loyal to stores just as they become loyal to brands. Sometimes, store loyalty may be stronger than brand loyalty. But also, as with brand loyalty, store loyalty may also reflect inertia. A person may shop at a particular store not because of any strong commitment to the store, but because his

time is limited and it is simply easier to shop in one place for his/her needs. Brand loyal consumers also tend to be store-loyal. It is possible that consumers who wish to reduce time and effort in brand selection also seek to minimise time and effort in store selection. In the opposite, shopping in the same store may foster loyalty for brands carried by the store, particularly private (retailer-controlled) brands.

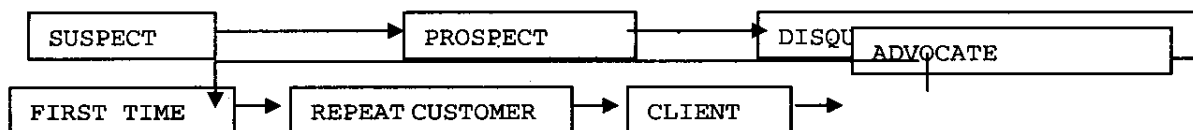
Griffin (1995), in her study, defined loyal customer as the one whom

- Makes regular repeat purchases;
- Purchases across product and service lines;
- Refers others; and
- Demonstrates immunity to the pull of the competition.

As we can see, unlike satisfaction, which is an attitude, loyalty can be defined in terms of buying behaviour. And each behaviour, either directly or indirectly, contributes to sales.

People grow into loyal customers by stages (Figure 1). Each stage has a specific need. By recognising each of these stages and meeting those specific needs, a company has more chance of converting buyers into loyal customers (Griffin, 1995).

Figure 1:
Stages of Growing Into Loyal Customer



Source: Griffin, 1995

Suspects include everyone who might possibly buy your product or service. They are called suspects, because company believes they may buy, but do not know enough to be sure. A *prospect* is someone

who has a need for the company's product or service and has the ability to buy. Prospects may know the company and the products they offer, but they still haven't bought from the company. *Disqualified prospects* are

those prospects about which the company has learned enough to know that they do not need or do not have the ability to buy the company's products. *First-time customers* are those who have purchased from the company one time. They can be customers of the company and still be customers of the competitors as well. *Repeat customers* are people who have purchased from the company two or more times. A *client* buys everything the company has to sell that he or she can possibly use. This person purchases regularly. The company has a strong, ongoing relationship that makes him or her immune to the competitors' offers. Like a client, an *advocate* buys everything the company sells regularly. In addition, however, an advocate encourages others to buy from the company. And advocate talks about the company, does marketing for the company and brings customers to the company (Griffin, 1995).

According to Assael (1998), store-loyal consumers engaged in less pre-purchase search, knew about fewer stores, and were less likely to shop even in stores known to them. He concluded that store-loyal behaviour appears to be "part of a low search, low knowledge and low utilisation level shopping style" and that this shopping style is more likely to exist among low-income consumers because they are constrained by their inability to shop much. Here, the implication is that store loyalty is an inefficient mode of shopping and is more likely to exist among low-income consumers because of limited information and less income. It is also found that store loyal consumers see more risk in shopping. Customers suggest that store loyalty may be a means of reducing the risk of shopping in unknown stores. So they tend to reduce risk in store choice, by shopping in one or a select number of stores.

Demographic Characteristics

With respect to gender, it is generally recognised that buying has traditionally been female-dominated (Kline & Wagner, 1994). Again in Oderkerken-Schroder et al. (2001) study, it is found that the effect of relational quality on store loyalty is larger for women than for men. This finding is important since the majority of the shopping population consists of female consumers. According to a study done among Turkish consumers, Uslu (2002) found that women are more likely to influence and be influenced by others in the shopping process. As a result, women tend to be more dependent, influensive, interested and expert in shopping behaviour process than men. Similarly, Korgaonkar et al. (1985) discovered that female consumers exhibit stronger patronage behaviour than male consumers. Moreover, demographic trends such as more working women and single parent households who have little time for shopping cause an increase on store loyalty intention (Assael, 1998). Hence, we formulate the following null hypothesis:

H1o: Store loyalty intentions will be the same irrespective of gender.

H2o: Store loyalty intentions will be the same irrespective of marital status.

With respect to age, it is claimed that older people think and behave differently than younger people concerning marketing-related phenomena. Wakefield and Baker (1998) indicated that different ages may create different consumer responses to retail environments. More specifically, several authors found support for the widely accepted theoretical assumption that older consumers rely relatively more strongly on aspects such as familiarity with the store, distance to the store and habit to become loyal to a particular store (Yoon, 1997).

According to the survey results among supermarket customers, which is performed by East et al. (1995); there was no

association between store loyalty and high income or length of education, however they found a negative correlation between store loyalty and age. Also in Reynolds, Darden, and Martin's study (1974), it is found that the store-loyal women tend to be older and more downscale (lower income, less educated) than one who is not loyal. Mason in 1991 supported these findings in his study; he found that under 45-year-old shoppers and the full-time employed were less frequent and more loyal shoppers. Moreover, he also found weak difference in store loyalty by social class, household size or number of children (East et al., 1995). Those findings lead us to generate the following null hypotheses:

H3₀: Store loyalty intentions will be the same irrespective of age.

H4₀: Store loyalty intentions will be the same irrespective of children.

Enis and Paul (1970) found that high loyalty was associated with low income and fewer years of education. Similarly Carman (1990) found lower income and less educated customers were more loyal customers. Carman (1990) and Dunn and Wringly (1984) that store loyalty is predominantly a phenomenon of the underprivileged. They found no relationship between loyalty and either income or period of full-time education. Therefore, we formulate the following null hypotheses:

H5₀ : Store loyalty intentions will be the same irrespective of educational level.

H6₀: Store loyalty intentions will be the same irrespective of occupation.

METHODOLOGY

At first, exploratory research was performed by means of literature survey. This enables us to be familiar with the concepts and terminology of store atmosphere and store

loyalty. In the second stage, descriptive research by means of survey performed on a representative sample of current hypermarket/supermarket customers in İstanbul. This enables us to obtain consumers' demographic characteristics and their loyalty intentions for that specific food retail store.

Data Collection Procedure

For this research, primary data was obtained through a structured disguised questionnaire. The questionnaires are distributed by the snowball method among people chosen through convenience sampling. The respondents completed the questionnaires at home, which assure sufficient time to finish the questionnaire. Also since respondents are the current hypermarket consumers, asking their opinions about that specific retailer enables us to obtain more significant and realistic answers than evaluating a hypermarket without mentioning a particular company.

Variables

Customer loyalty is a composite of a number of qualities. It is driven by customer satisfaction; it also involves a commitment on the part of the customer to make a sustained investment in an ongoing relationship with a brand or company. Finally, customer loyalty is reflected by a combination of attitudes and behaviours. These attitudes that reflect store loyalty intentions measured by (Prus and Brandt, 1995; Zeithaml et al. (1996):

Six questions were asked to measure store loyalty intentions of the customers for that particular store. The following store loyalty intention indicators all measured on a five- point scale from "never to always". The indicators are:

- intent to continue to do shopping from this store;
- intent to use the store for more grocery needs in the next twelve months;
- intent to recommend the store to friends;
- intent to say positive things about the store;
- intent to consider the store the first choice from which to do shopping;
- intent to encourage friends/relatives to do shopping from this store.

Information was also required about frequency of shopping, other stores attended, day of shopping, as well as the corresponding classification variables (sex, age, marital status, children, education, employment status, and average one-time shopping amount for that particular store).

Sampling

The population was defined as active hypermarket and supermarket shoppers chosen as big retail customers. According to Hair et. al,1998 the minimum number of sample size is to have at least five times as there are variables to be analysed. In our study , that is why our sample size is determined as 500. Out of five hundred 317 questionnaires have been returned. This reflects a response rate of 63.4%. So the sample consisted of 317 hypermarket/supermarket shoppers in Istanbul. Individual hypermarkets were chosen according to the number of stores they have. Those hypermarkets are located in Anatolian part of İstanbul. The respondents are non-randomly selected by snowball method. Although they did not necessarily have to purchase their whole shopping there, they all were habitual customers of that specific store. In terms of shopping experience, this enabled the customer to be

able to reflect on his overall judgment about the quality of the service received.

Methods of Data Analysis

First, a reliability analysis is performed for our dependent variable, which is store loyalty intention. Then some t-tests are performed to see if there is a mean difference among respondents' demographic characteristics in respect to their store loyalty intention.

FINDINGS

Reliability analysis for store loyalty intention measures

For store loyalty intention measures a reliability analysis is also performed and the reliability value for that measure is found as .70 which is above recommended levels.

T-Tests

For store loyalty intention measure t-tests have been conducted to see whether there is a difference between two groups with respect to marital status and gender. The t-test takes into consideration the means and standard deviations of the two groups on a particular variable and examines if the numerical difference in the means is significantly different from zero as postulated in the null hypotheses (Sekaran,1998).

In our study we couldn't find any significant differences in all dimensions (Table 1). Hence, the null hypotheses H1 and H2 have been accepted. Since Levene's Test for Equality is found not significant, equal variances are assumed for both groups (gender and marital status) for store loyalty intention measure.

Table 1
T-test for Store Loyalty Intention

		N	Mean	Std.Dev.		t	
P SEX .115	Female	204	18.2647	4.4199	Equal variances assumed	1.579	
	Male	83	17.3735	4.1193			Equal variances not assumed
						F p 1.427	
Levene Test for Equality of Variances							
						.233	
		N	Mean	Std.Dev.		t	p
MARITAL STATUS .080	Married	141	18.4681	4.3352	Equal variances assumed	1.759	
	Not Married	148	17.5743	4.3017			Equal variances not assumed
							F p .190
Levene Test for Equality of Variances							
						.663	

ANOVA Tests

Whereas t-Test would indicate whether or not there is a significant mean difference in a dependent variable between two groups, ANOVA helps to examine if there are significant mean differences among more than two groups (Sekaran,1998). The null hypotheses formulated for ANOVA tests for store loyalty intention dimension are H3-H4-H5 and H6.

Before performing ANOVA test, homogeneity assumption has been checked to see if it has been established for all the hypotheses above through Levene-Test.

However, for H5 homogeneity assumption was not established (p=.000). Therefore, Anova test can not be applied for this hypothesis.

For hypothesis H3, H4 and H6 we found a significant difference between groups meaning there are mean differences between groups regarding their store loyalty intention. Results of Anova test are shown in Table 2. Therefore we reject the null hypotheses H3, H4 and H6.

Table 2
Results of Anova for Hypotheses 3-4-and 6

		Sum of squares	df	Mean square	F	Sign. of F
H 3	Between groups	257.410	4	64.353	3.548	.008
	Within groups	5151.559	284	18.139		
	Total	5408.969	288			
H 4	Between groups	121.450	2	60.725	3.354	.036
	Within groups	4997.518	276	18.107		
	Total	5118.968	278			
H 6	Between groups	291.083	4	72.771	4.044	.003
	Within groups	5092.903	283	17.996		
	Total	5383.986	287			

Again to determine among which groups the true differences lie, we performed Scheffe-test.

Table 3
Results of Scheffe-test for Hypothesis 4

Number of Children	Number of Children	Mean Difference	Std. Error	Sig.
No child	1 child	-1,0825	,612	,211
	More than 1	-1,5074	,632	,060
1 child	no child	1,0825	,612	,211
	more than 1	-,4249	,713	,837
More than 1	no child	1,5074	,632	,060
	1 child	,4249	,713	,837

According to the results (Table 3), the third group which represents the respondents with more than one child is the one that is high on service quality perception and that group is significantly different from the respondents with no child.

According to the results (Table 4), the fifth group which represents the respondents above age 60 is the one that is high on store loyalty intention and that group is significantly different from the respondents age between 18-25.

According to the results (Table 5), the fourth group which represents the respondents who are unemployed- housewife is the one that is high on store loyalty intention and that group is significantly different from the respondents who are unemployed-student. Then it can be concluded that housewives-unemployed have higher store loyalty intention than the students-unemployed.

Table 4: Results of Scheffe-test for Hypothesis 3

AGE	AGE	Mean Difference	Std. Error	Sig.
18-25	26-35	-1,2444	,638	,434
	36-45	-,9340	,717	,791
	46-60	-2,2842	,859	,135
	Above 60	-3,1146	1,017	,055
26-35	18-25	1,2444	,638	,434
	36-45	,3105	,760	,997
	46-60	-1,0398	,896	,853
	above 60	-1,8701	1,048	,529
36-45	18-25	,9340	,717	,791
	26-35	-,3105	,760	,997
	46-60	-1,3502	,953	,735
	above 60	-2,1806	1,098	,416
46-60	18-25	2,2842	,859	,135
	26-35	1,0398	,896	,853
	36-45	1,3502	,953	,735
	above 60	-,8304	1,196	,975
Above 60	18-25	3,1146	1,017	,055
	26-35	1,8701	1,048	,529
	36-45	2,1806	1,098	,416
	46-60	,8304	1,196	,975

Table 5: Results of Scheffe-test for Hypothesis 6

OCCUPATION		Mean Difference	Std. Error	Sig.
Employed	unemployed-retired	-1,4954	,834	,524
	unemployed-student	,5449	,662	,954
	unemp.-housewife	-2,1620	,713	,059
	other	1,0582	1,191	,940
Unemployed-retired	Employed	1,4954	,834	,524
	Unemployed-student	2,0403	,931	,311
	unemp.-housewife	-,6667	,968	,976
	other	2,5536	1,359	,475
Unemployed-student	Employed	-,5449	,662	,954
	Unemployed-retired	-2,0403	,931	,311
	unemp.-housewife	-2,7069	,825	,031
	other	,5133	1,261	,997
Unemployed-housewife	Employed	2,1620	,713	,059
	Unemployed-retired	,6667	,968	,976
	Unemployed-student	2,7069	,825	,031
	other	3,2202	1,289	,185
other	employed	-1,0582	1,191	,940
	unemployed-retired	-2,5536	1,359	,475
	unemployed-student	-,5133	1,261	,997
	unemp.-housewife	-3,2202	1,289	,185

CONCLUSION AND FUTURE RESEARCH DIRECTIONS

This chapter presents a discussion of findings and the conclusions drawn from this study. The main purpose of this study was to find out if store loyalty intention of consumers differs according to demographic information provided by the respondents. First, we performed ANOVA test to see if there is a significant difference between groups regarding age, children, education and occupation. For store loyalty intentions of the respondents, we found significant differences between groups regarding age, number of children and occupation. Respondents above 60 years old are significantly different from the other age groups irrespective to store loyalty intention. Since older people are more conservative, this result supports our expectation that they tend to be more loyal. Again for housewives-unemployed store loyalty seem to be more important than the students-unemployed. This result is not surprising since housewives usually have more thought than students about what and where to buy. It is also found that, the store loyalty intention of the respondent with more than one child is higher than other groups (no child-1 child). This finding seems logical since crowded families have less time for shopping and more thought about what and where to buy.

We also performed t-tests to see if there is a significant difference between groups irrespective of gender and marital status. However, t-test results show that there is no significant difference between those groups for store loyalty intention. It seems that store loyalty of consumers do not relate with gender and marital status.

The difference between the store loyalty intentions of the respondents of age groups emphasises the importance of age-level on loyalty intention. Therefore, an atmosphere produces a certain response in teenagers may produce an entirely different

response in older shoppers (Turley and Milliman, 2000). Likewise, the difference between the store loyalty intentions of the respondents with more than one child emphasises the importance of family sizes on store loyalty intention. So we can conclude that, the respondents who belong to different age, occupation and number of children groups may response differently as far as their loyalty intention is concerned. Therefore, this study proves that reactions to retail environments are not same for different categories of consumers. The store loyalty intentions vary by age, occupation and the number of children they have.

For further research, it would be useful to study the effect of demographic characteristics on actual behavior rather than just store loyalty intentions of consumers. Respondents may claim they intent to be loyal, but we cannot be sure that they will really develop loyalty to that store. Therefore one recommendation would be to expand our survey data by incorporating supermarket scanner data. As more supermarkets offer frequent shopper programs and track purchases of their customers, an integration of purchase and survey data may soon be commonplace.

Also food retailers may not have been satisfactory enough to test the effect of demographic characteristics on store loyalty intentions. Future research is needed to explore the effects of demographic characteristics in other store types (e. g., discount, specialty, and non-food retailers).

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