

# **THE MODERATING EFFECT OF LOYALTY CARDS ON THE RELATIONSHIP BETWEEN STORE AWARENESS, STORE PERCEIVED QUALITY AND STORE BRAND CHOICE A SURVEY ON SELECTED SUPERMARKETS IN ELDORET TOWN, KENYA**

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## **Abstract**

*This study aimed to examine the moderating effect of loyalty cards on the relationship between store awareness, store perceived quality and store brand choice. For this explanatory research design was used. Systematic sampling was used to collect data using self-administered questionnaire from a sample size of 384 of shoppers. Reliability test of the research instrument was done by the use of Cronbach alpha. Pearson correlation and multiple regression models were used to analyze the data and to test the hypotheses using SPSS. The findings show that store awareness, store perceived quality, and loyalty cards have a significant effect on store brand choice. Further, that loyalty cards have a significant moderating effect on the relationship between store awareness and store choice, thus providing new findings in scholarly literature. Companies should therefore put strategies in place to enhance store perceived quality, store awareness and shopping cards involvement which leads to store choice. Stores should also provide enough information to customers on the benefit of loyalty cards involvement as it's an important factor in the relationship between store awareness and store choice.*

*Keywords: Loyalty Cards, Store Awareness, Store Perceived Quality and Store Brand Choice*

## INTRODUCTION

Due to the diversity in the consumer markets and increasingly saturated supermarkets in the retail industry, stores that offer quality products and better services will definitely have an advantage over the others (Muganda, D.A & Waiganjo, 2014). In recent times consumers choose their favorable and familiar brands or stores due to the rise in their consciousness. Consequently in order for stores to compete with others they must create love for their brands in the minds of consumers. This desire for differentiation is responsible for the development of brands which leads to store brand choice that satisfies the consumers' needs and wants (Muganda D.A, & Waiganjo, 2014).

According to Kotler & Armstrong (2004), brand is a name, term, design, symbol or any other feature that identifies one seller's goods or service as distinct from those of other sellers. A brand is also a company's promise to deliver a specific set of features, benefits, services and experiences consistently to buyers. It can be thought of as a contract to the customer regarding how the product or service will deliver value and satisfaction (Kotler & Armstrong, 2001). Many writers agree that brand loyalty is one of the most sought-after goals of modern marketing management, but also one of the most difficult to achieve (Okutoyi,2012).

In modern competitive retail markets, growth markets are increasingly scarce and consumers are sovereign in dictating what shape the market will take. Returns can only be made if the customer decides to purchase and purchase again, as a part of a relationship with the store and the brand (Gilbert, 2001). Kuloba & Wesonga, (2015), contends that, in today's low growth and highly competitive markets, retaining loyal customers is vital for survival. Keeping customers is a more efficient strategy than attracting new ones. However this has been a hard task to achieve since modern consumers have become more confident and demanding. They simply want products and services that satisfy them and have no time for the ones, which do not. Today's customers are tougher and more informed and so sensitive to poor service that they often walk away and never come back, (Kuloba & Wesonga, 2015).

Kumar *et al.*, (2002), states that as consumers are confronted with more choices than ever before, it is inevitable that making the right store choice can be confusing or even intimidating. Consumers subsequently make use of a few evaluative criteria when considering a retail store to shop at, and this is vital to success in modern business. Research has shown that store choice is a dynamic decision and can be conceptualized as a problem of deciding when and where to shop. Customers bypass several supermarkets located within same proximity, stocking almost similar products and offering almost same customer services with the mind of visiting only one shop.

According to De Chernatony *et al.*, (2011), it is not factories which make profits but relationships with customers, and it is a company and brand names which secure these relationships. This means that loyalty to the brand or store often determines whether a company makes a sale or not due customer choice. Although past studies have proposed that store awareness and store perceived quality has a direct influence on Store Brand Choice; to the best of our knowledge, no study has examined the moderating effect of loyalty cards on the relationship between these variables and Store Brand Choice in the supermarket retail industry. The aim of this study is to fill this gap.

## LITERATURE REVIEW

### The concept of Store Brand Choice

Store choice is classified in literature as primarily a cognitive process. Store choice behavior of shoppers has been found to be similar to brand choice, the only difference being the importance of the spatial dimension (Kumar *et al.*, (2002). While brand choice is devoid of any geography, the choice of a store is very much influenced by location (Fotheringham, 1998). It has much information processing behavior as any other purchase decision.

Kumar *et al.*, (2002), found that the level of pre-purchase information regarding the brand determined the type of store chosen. Shoppers who had higher level of pre-purchase information generally shopped at the specialty store, whereas shoppers with low pre-purchase information bought at departmental stores. This is mainly attributed to customers adopting a risk reduction policy with regards to their impending purchase. A store is chosen based on the self-confidence that the customer has regarding the store about the nature and quality of product and service he would receive. The importance placed on the customer's familiarity with the store will depend upon the perceived risk in making an erroneous purchase and the importance of the product category to the shopper.

The store choice problem has also been studied using the framework of diffusion of innovation propounded (Kumar *et al.*, 2002). They found that the perceived risk attached to the product is also transferred to the store and such transfer is more likely for product categories that do not have strong brands associated with them.

Kursunluoglu,(2014) establishes five criteria that affect consumers' supermarket choices as; reliability of the supermarket; short waiting period on check-out lines; correctness of the price tags on the shelves; broad merchandise assortment, and; impressive in-store atmosphere. Batt, (2009) study on Australian consumers ranked influencers of supermarket choice as; competitive price; good quality products; freshness; convenience; close proximity to home and; location. While, a study based on Malaysian consumers by Wel, *et al.*, (2012), ranked influences

as; store personnel and physical characteristics; adversity by the store; store merchandise selection; store location; peer influence; product variety and quality; and services offered by the store. This study looks at the moderating effect of Loyalty cards on the relationship between store awareness, store perceived quality on store choice.

### **Store Awareness and Store Brand Choice**

Store identity is defined as the name and/or the logo associated with the store. The awareness of the store identity may have an impact on store recall or recognition processes by the consumer. Today, retailers take advantage of changes in the competitive environment to transform store identity into an intangible asset with great value and difficult to imitate. Thus, consumers' knowledge about the store name may lead to success or failure ((Hartman & Spiro 2005).

Looking at the brand arguments of Keller (1993) in terms of a store, store knowledge comprises both store awareness, measured by the strength of the store name as a node in the memory network, and store image, measured by the attributes associated with the store. It is the ability of a consumer to recognize the store name and to recall the store name, which will activate associations in memory that form a consumer's store image.

Store awareness is the informational node associated with the store name. The strength of store awareness in the memory is reflected by the ability to identify the store under different conditions, including store recognition or the ability to recognize previous exposure to a store when given the store name as a cue and store recall or the ability to retrieve the store when given the retailing category or some other cue (Keller, 1993). Store awareness plays an important role in decision making as it has an impact on store choice. Based on the above discussion, the following hypothesis is presented:

**H<sub>01</sub>:** Store awareness has no significant effect on Store brand choice

### **Store Perceived Quality and Store Brand Choice**

Perceived quality of store is defined as "the consumer's judgment about a retailer's overall excellence or superiority". This definition is adopted from Zeithamal (1998) which emphasizes consumer's perception over the actual or objective quality of a retailer. Perceived quality is believed to be a type of association warranting elevation to the status of a separate dimension of a retailer's equity.

The development and management of a favorable store image is a critical aspect of a retailer's capability to maintain his market position (Samli, 1998). So called power retailers must maintain the consumer's view of their company as distinctive enough to become loyal to them

and go out of their way to shop at their stores (Berman *et al.*, 1995). This can be achieved by being price oriented and cost efficient, convenience oriented, customer service oriented, innovative, offering a dominant assortment, and being upscale. The most noteworthy factors for retailing are the sharp definition of customers and the wants of the customers (Stern *et al.*, 1996).

Mazursky *et al.*, (1986) suggested that store image dimensions such as quality of merchandise, quality of service, and pleasantness of shopping can be used to improve retailers' value to the customer. Zeithaml (1988) proposed that closing the quality perception gap, identifying key intrinsic and extrinsic attribute signals, acknowledging the dynamic nature of quality perceptions, understanding how consumers encode monetary and nonmonetary prices, and recognizing multiple ways to add value are used to enhance store value.

Store's image (value) is the most valuable asset of a supermarket; it can be used for establishing a store's competitive advantage via positioning or differentiating from its competitors (Hirschman, 1981). Perceived store value, is based on a customer's overall perception and evaluation of a particular store (Steenkamp *et al.*, 1991). This perceived value is what leads customers to choose where to shop; hence we present the following hypothesis:

**H<sub>02</sub>:** Store perceived quality has no significant effect on Store brand choice

### **Loyalty Cards and Store Brand Choice**

Liu (2007) defines loyalty cards as a scheme or loyalty programs run by Stores that allows consumers to accumulate free rewards as incentives for making repeat purchases with a firm. Such a program is not beneficial to the consumer for a single purchase as it aims at achieving loyalty over time. Bose S, & Gopal Rao, (2011), opine that loyalty cards are important in enhancement of the overall value of the product or service as they motivate loyal buyers to make their next purchases.

Several studies prove the effectiveness of loyalty decisions on the repurchase decisions of the customers as well as their share of wallet. Lewis (2004) studies the loyalty program of an online grocery and drug store merchant using experiments to check for long term effect of loyalty program on customer retention. He concludes that the loyalty program under the study was successful in increasing the annual purchase for a substantial proportion of the customers. Nako (1997) asserts that a reward program, added to excellent service with easy and quick earned rewards, takes the consumers' minds off the price. Hence, consumers do not hesitate in purchase even at the cost of spending more. Reichheld (1996) postulates that as a customer frequently purchases from a specific outlet or marketer, he fails to keep a track of the competitors' prices and thus, fails in comparing them. Consequently, he becomes less sensitive

to the competing prices. Loyalty programs tend to increase the switching costs of the customer (Kim *et al.*, 2001). As a member of a loyalty program, consumers tend to make purchases from a single firm to accumulate rewards rapidly.

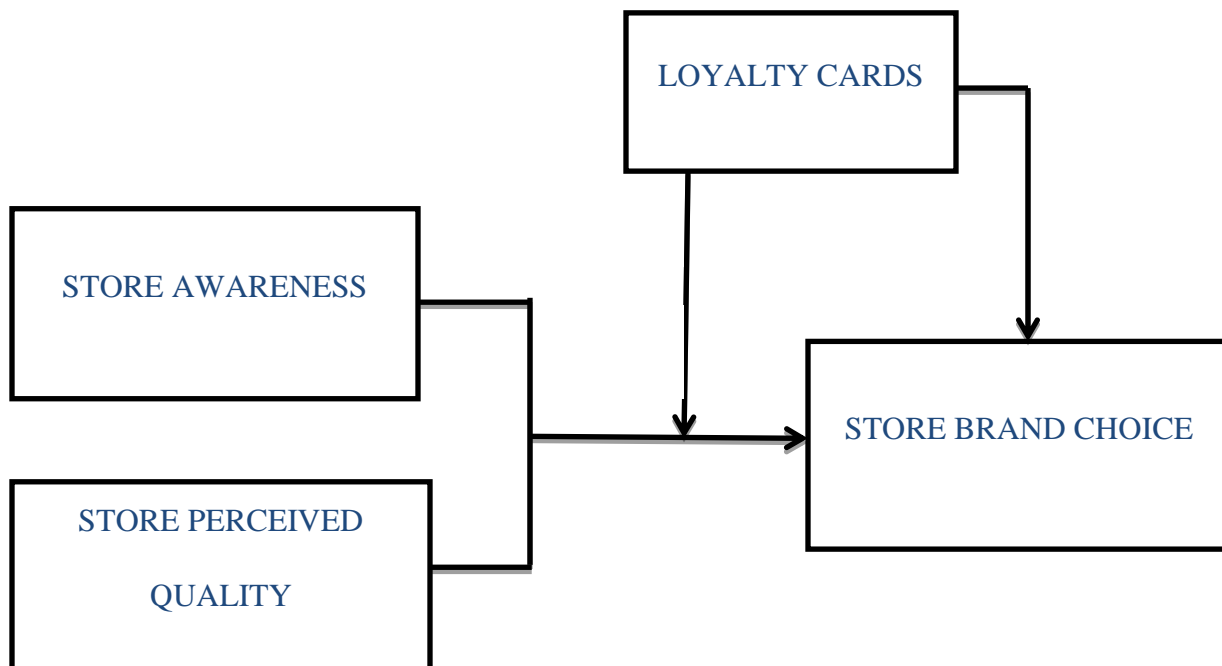
Crosby (2002) argues that for a customer loyalty scheme to be effective, it must be synergized among all elements of the organization. It is important for organizations to be aware that customers, who are interested in an organization, do so with expectations that the company will reciprocate and recognize loyalty with appropriate rewards (McMullan *et al.*, 2008). When organizations offer target customers value-adding benefits that are difficult or expensive for its competitors to provide and that are not readily available elsewhere, they create a strong foundation for maintaining and enhancing sustainable competitive advantage as loyalty card holders act as “apostles” in helping to market the firm. We therefore propose the following hypotheses:

**H<sub>03</sub>**: Loyalty card has no significant effect on Store brand choice

**H<sub>04</sub> (a)**: Loyalty card has no significant moderating effect on the relationship between Store awareness and Store brand choice

**(b)**: Loyalty card has no significant moderating effect on the relationship between Store perceived quality and Store brand choice

Figure 1. Conceptual Framework



## METHODOLOGY

### Research Design

The research design used in this study was explanatory research design. This was ideal to describe the characteristics of the variables and at the same time investigate the cause effect relationship between variables (Malhotra *et al.*, 2003).

### Study Area and Target Population

Four major supermarkets located in Eldoret town, Uasin Gishu County in the Republic of Kenya served as the sampling frame. The study was carried out between 20<sup>th</sup> February-18<sup>th</sup> March 2016. The respondents were shoppers of; Khetia's, Uchumi, Tuskys, and Naivas supermarket stores. The high urban population growth rate has led to the sprawling of supermarkets within the town which makes it a better place to study consumer choice.

A survey done by the researcher from the four supermarkets' management on their customer base was summarized in table 1 below:

Table 1: Target Population

Name of Supermarket	Approx. daily number of Customers	Approx. monthly customers	Percentage Customer base
Khetia's	4,000	120,000	32%
Uchumi	2,000	60,000	16%
Tuskys	2,700	81,000	22%
Naivas	3,700	111,000	30%
<b>Total Customers</b>	<b>12,400</b>	<b>372,000</b>	<b>100%</b>

### Sampling Design

Sampling is a procedure of using a small number of units of a given population as a basis for drawing conclusions about the entire population. Its main reason is to reduce cost and save time. Zikmund *et al.*, (2010), says sampling helps the researcher in estimating some unknown characteristics of the whole population and make generalizations.

Systematic interval was used to select every 10<sup>th</sup> respondent. The sample size was determined by the formula adopted from Ebuehi & Akintujoye (2012), and distributed according to the percentage of customer base of the stores as indicated by table 2.

$$n = \frac{Z^2 pq}{d^2}$$

Where: n = the desired sample size

z = the standard normal deviate at the required confidence level (1.96)

$P$  = the proportion in the target population estimated to have characteristics being measured (0.5)

$$q = 1 - p \text{ (0.5)}$$

$d$  = the level of statistical significance set (0.05)

$$n = \frac{(1.96^2 \cdot 0.5)(1-0.5)}{0.05^2} \text{ giving us a sample size of 384.}$$

Table 2: Distribution of Respondents (Sample Size)

Name of Institution	% share of customers	Sample size- (respondents)	No. of respondents per store
Khetia's	32% (0.32)	384	123
Uchumi	16% (0.16)	384	61
Tuskys	22% (0.22)	384	85
Naivas	30% (0.30)	384	115
TOTAL	100% (1)	384	384

### Types of Data, Sources and Collection Instruments

Primary data was utilized to produce quantitative information by the use of a comprehensive, closed ended self-administered questionnaire given to shoppers as the respondents. The development of questionnaire in this study was divided into a number of steps and guided by the objectives of the study.

The first section comprised of variables to be measured using previously developed instruments 5-points Likert scale of (1) strongly disagree to (5) strongly agree. This section emphasized on the measurements of independent variable (store awareness), the mediator (store perceived quality) and dependent variable (store brand choice). The second section contained the demographic variables of the respondents, such as county of residence, gender, age, education, income; shopping frequency, monthly average spending and number of shopping cards each of them applied ordinal and nominal scale.

### Measurement of Variables

Respondents were asked the extent to which they agree/disagree with a series of statement about their perceptions concerning the variables on a 5-point likert scale. Store awareness, items were adopted from, Arnett *et al.*, 2005, Yoo *et al.*, (2000) & Aaker (1991) (cited by Gil-Saura *et al.*, 2013), store perceived quality scale items was adopted from, Sweeney & Soutar,(2001) and Kaul (2005), with few modifications to suit the current study. The next



variable was the dependent variable, Store brand choice, with its items adopted from Hans *et al.*, 2003 and lastly the moderator, Loyalty cards items adopted from Chaabane & Volle (2010).

## **ANALYSIS AND FINDINGS**

The data contained responses from customer's questionnaires of the four sampled Supermarket stores in Eldoret town. 384 Self-administered questionnaires were distributed to the respondents, out of which 354 were returned, indicating a response rate of 92%. However only 346 questionnaires were used as 8 of them were not properly filled, hence excluded from the final tally. This response rate therefore shows a good representation of the study population as it was above the adequate 50% as recommended by Mendenhall *et al.*, (2003) as cited by Kinyuru *et al.*, (2014).

### **Demographic Characteristics of the Respondents**

This study included 346 valid questionnaires for the analysis. It comprises 74.30%, (n=257) of respondents from Uasin Gishu county, and 25.70 %, (n=89) from other counties. The gender distribution was 57.80% (n=200) female and 42.20% (n=146) male, with predominant age group being 18-35 years (83%, n=287). Majority, (88.10%, n=305) of the total respondents' income level was above Ksh 10,000 and 61.50% (n = 213) possessing graduate degree. The study also shows that most respondents, 80.6 %, (n=279) do their shopping in a supermarket more than 2 times in a month with 74.8 %, (n=259) of them spending above Ksh. 5,000 of their monthly income in supermarket shopping. Lastly the study shows that 79%, (n=274) had loyalty card.

### **Descriptive Statistics**

Table 3 describes the summary statistics for the sampled variables. Store Brand Choice showed a mean of 4.15 and a standard deviation of .677, Store awareness with a mean of 4.1, standard deviation of .560 and Store perceived quality with a mean of 3.8 and standard deviation of .647. This signifies that majority of the respondents have the same opinion that this variables influences their choice of shopping store. Moreover, the study showed that the respondents also concur on the statements describing loyalty cards with a mean of 3.46 and a standard deviation of 1.02. This is therefore a clear sign that loyalty cards influences store shopping choice.

### **Scale Reliability**

Reliability is whether the concept and the result are reliable and if the study can be replicated with the same result (Ahlstrom, *et al.*, (2014). To get a measurement of how reliable the

gathered data is, the statistical measurement *Cronbach's alpha* was used to test the scale as shown in the table 3.

According to Tavakol & Dennick, in Ahlstrom, *et al.*, (2014), the Cronbach's alpha value should lie between 0.7 and 0.95 to be acceptable. The results of the study shows Cronbach's alpha in all variables indicating higher than 0.7 and overall validity of items as 0.892. Hence the questionnaire is reliable and accepted for the study.

### Correlation

Pearson correlation analysis was conducted to examine the relationship between the variables; (Jahangir & Begum, 2008). The correlation coefficient value (r) range from 0.10 to 0.29 is considered weak, from 0.30 to 0.49 is considered medium and from 0.50 to 1.0 is considered strong (Wong & Hiew, 2005). However, according to Field (2005), correlation coefficient should not go beyond 0.8 to avoid multicollinearity.

Based on the results, the correlation between Store awareness and Store brand choice was the strongest with  $r = 0.612$ , p-value, 0.01, Store perceived quality and Store brand choice,  $r = 0.477$ , p-value, 0.01, and Loyalty cards relationship with Store choice had a correlation 0.390.

Table 3: Descriptive Statistics, Scale Reliability, Correlation and Factor Analysis

Variable	No. of items	Mean	Std. Deviation	Skewness	Kurtosis	Cronbach's Alpha	Correlation
SBC	5	4.149	.67673	-1.327	2.154	.834	
SA	4	4.094	.55968	-.884	.811	.720	.612**
SPQ	5	3.779	.64171	-.234	-.442	.772	.477**
LC	5	3.476	1.02357	-.883	-.098	.924	.390**
Overall	19					.892	

**Notes:** SA -Store awareness, SPQ – Store perceived quality, LC – Loyalty cards, SBC –Store Brand Choice

### Factor Analysis

In order to assess the construct validity, items were examined by principal components extraction with varimax rotation. The Kaiser Meyer- Olkin (KMO) measure of sampling adequacy was used to compare the magnitude of the observed correlations coefficients and that of partial coefficient correlations. KMO values below 0.5 do not permit the use of factor analysis technique.

The factor loading for Store awareness four items as shown in table 4 are; 0.706, 0.764, 0.824, 0.685 and has Eigen values of 2.230 with accumulative percentage variance of 55.741. This means that more than 56% of the common variance shared by the four items can be accounted or explained by these four factors. Kaiser Meyer-Olkin (KMO) had a measure of 0.706 which is above the threshold of 0.5 (Field, 2005) hence Bartlets test of this construct is significant with chi-square of 307.077 (p-values 0.000).

Store perceived quality five items had a factor loading of; 0.712, 0.810, 0.718, 0.771, 0.598 and Eigen values of 2.632 with accumulative variance of 52.646. Kaiser Meyer-Olkin (KMO) had a measure of 0.762. Bartlets test of this construct is significant with chi-square of 455.309 (p-values 0.000).

Loyalty cards factors loaded are shown in Table 4. The Kaiser Mayer-Olkin (KMO) value is 0.884 which according to Field (2005) meets the threshold of over 0.5. Bartlett's test in the data sets is therefore significant in the study with chi-square of 1309.320, with (p-value) at 0.000.

The Factor loading for Store Brand Choice as indicated on the table above shows Kaiser Mayer-Olkin (KMO) value is 0.818 which meets the threshold of over 0.5. Bartlett's test in the data sets is therefore significant in the study with chi-square of 688.806, with (p-value) at 0.000.

## Hypotheses Testing

### ***Results for Direct Effect -Hypotheses H01, H02 and H03***

The first and second Models as shown in table 5 tested the direct effect of the independent variables reflected in hypotheses, H01, H02 and H03.

The Model, shows a goodness of fit as indicated by the F-statistics (F 83.563 and 65.453) which was significant at 0.001 % level and coefficient of determination  $R^2$  .424 and  $R^2$  .465 respectively. This implies that the independent variables, store perceived quality and store awareness, explains 42.4% of the variations of overall store brand choice and the model is better fit with the inclusion of a moderator as it explains 46.5 variations in the Store brand Choice.

The results shows that Store awareness ( $\beta$ eta=0.498, p= 0.000), Store perceived quality ( $\beta$ eta=0.250, p=0.000) and Loyalty cards ( $\beta$ eta=0.214, p= 0.000), positively and significantly affect Store Brand Choice. The null hypotheses H01, H02 and H03 are therefore rejected. This affirms that Store awareness, Store perceived quality and Loyalty cards have a positive and significant effect on Store Brand Choice.

Table 4: Factor Analysis for All Variables

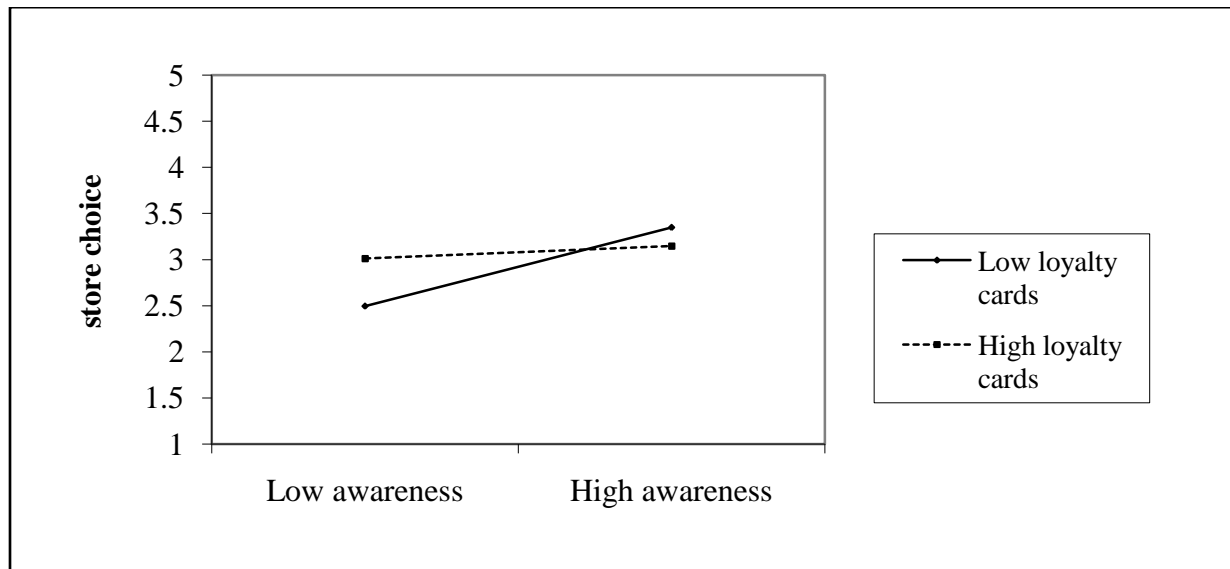
Variable	Scale items	Factor loading	Eigen values	% of variance	Meyer-Olkins KMO	Chi-Square	P-value
SA	I can quickly recall the symbol/logo of this particular supermarket	0.706	<b>2.230</b>	<b>55.741</b>	<b>0.706</b>	<b>307.077</b>	<b>.000</b>
	I know how this shopping store looks like	0.764					
	I can recognize this particular supermarket store in comparison with other stores	0.824					
	Some characteristics of this supermarket come to my mind quickly whenever i think of shopping	0.685					
SPQ	This supermarket provides prompt services at the promised time	0.712	<b>2.632</b>	<b>52.646</b>	<b>0.762</b>	<b>455.309</b>	<b>.000</b>
	The supermarket handles customers' complaints effectively	0.810					
	This supermarket offers quality products that are fully guaranteed	0.718					
	The supermarket gives individual customer attention	0.771					
	The supermarket offers latest products in response to changing trends	0.598					
LC	I feel more distinguished than other customers because am a loyalty cardholder	0.835	<b>3.841</b>	<b>76.814</b>	<b>0.884</b>	<b>1309.320</b>	<b>.000</b>
	I receive better treatment from the supermarket employees because I have the loyalty card of this supermarket	0.860					
	I feel so close to this supermarket every time I think of shopping, no other name come to my mind because of the loyalty card	0.909					
	I feel I share the same values as the brand name of this supermarket because of the loyalty card	0.888					
	I belong to a community of people who share same values because of the loyalty card of this supermarket	0.888					
SBC	I choose this supermarket because it has a large variety of products	0.786	<b>3.072</b>	<b>61.437</b>	<b>0.818</b>	<b>688.806</b>	<b>.000</b>
	I like this supermarket because it offers high quality products	0.828					
	I prefer this supermarket because its layout makes it easier for customers to find what they need	0.820					
	I choose this supermarket because employees' behavior instills confidence in customers	0.689					
	I choose this supermarket because it has a clean , attractive and convenient physical facilities	0.789					

+ SA=Store awareness, SPQ=Store perceived quality, LC= Loyalty cards, SBC= Store Brand choice

### ***Moderating Effect of Loyalty Cards on the Relationship Between Store Awareness and Store Choice***

Model 3 and 4 shows the results of Hypotheses H<sub>0</sub>4 (a) and (b) testing the moderating effect of Loyalty cards on the relationship between Store awareness; Store perceived quality and Store Brand Choice. The results shows that Loyalty cards have a negative and significant moderating effect on the relationship between Store awareness and Store brand choice with ( $\beta = -.273$ ,  $p = 0.000$ ). Hence hypothesis H<sub>0</sub>4 (a) is rejected. Figure 1 below shows the nature of the interaction.

Figure 1: Nature of the interaction



The above figure shows that when there is high loyalty cards involvement by customer's in any supermarket, store patronage and choice will not be affected due to low awareness. The benefits accrued from loyalty cards by customer's acts as a remedy to low store awareness. However as store awareness increases in the mind of customers, supermarket investment in loyalty cards does not add any value to store choice.

Hypothesis H<sub>0</sub>4 (b) tested the moderating effect of Loyalty cards on the relationship between Store perceived quality and Store brand choice. The results shows the interaction had a ( $\beta = -.082$ ,  $p = 0.134$ ). Since the  $p > 0.05$ , we fail to reject hypothesis H<sub>0</sub>4 (b).

Table 5: The Hierarchical regression analysis results

Variables	Model 1	Model 2	Model 3	Model 4
Constant	3.416E-015	3.528E-015	.066	.080
Store awareness	.498***	.470***	.407***	.400***
Store perceived quality	.250***	.197***	.154**	.162**
Loyalty cards		.214***	.267***	.261***
LC * SA			-.273***	-.226***
LC * SPQ				-0.82
F	83.563***	65.496***	64.407***	52.276***
R <sup>2</sup>	.424	.465	.534	.538
Adjusted R <sup>2</sup>	.419	.458	.526	.528
$\Delta R^2$	.424	.465	.534	.538

Dependent variable: score (store brand choice, sig.001)

Note:\*p<0.05;\*\*p<0.01;\*\*\*p<0.001)

(SA=Store awareness, SPQ=Store perceived quality, LC=Loyalty cards).

Table 6: Summary of Hypotheses Tests Results

Hypotheses	Beta	p-value	Results
Hypothesis – H01	.498	.000	Rejected
Hypothesis – H02	.250	.000	Rejected
Hypothesis – H03	.214	.000	Rejected
Hypothesis – H04(a)	-.273	.000	Rejected
Hypothesis – H04(b)	-.082	.000	Fail to Reject

Note, sig at p<0.001

## DISCUSSIONS AND CONCLUSION

Store awareness had coefficient of,  $\beta = 0.498$ ,  $t = 8.810$ ,  $p = 0.000$ . This means that the higher the store awareness, expressed as the consumer's ability to identify the store among other alternatives (Rossiter & Percy 1987) or the likelihood to be on his mind, the higher the store choice is confirmed.

The positive and significant impact of store awareness in the purchase intent coincides with a number of previous studies (Del Rio *et al.*, 2002, Richardson *et al.*, 2004, Jara & Cliquet, 2012). Thus, store brand awareness, which is related to brand/ store familiarity, store recognition and recall, plays the most important role in enhancing consumer's purchase intention.

The results of the study also confirms that Store perceived quality has a positive and significant effect on Store Brand Choice with a  $\beta = 0.250$ ,  $t = 4.425$ ,  $p = 0.000$ . This is in line with studies done by; Sethuraman, 2000, Hoch & Banerji, 2000, Bao *et al.*, 2011, Sabri, (2015) which shows that perceived quality plays a positive role on the purchase intentions among consumers.

The findings shows that Loyalty card had a  $\beta=0.214$ ,  $t=4.163$ ,  $p=0.000$ . This confirms Abdul *et al.*, (2010) findings who suggested that, Loyalty cards attract most loyal retailer customers. The result is also supported by Omar & Musa (2009), Ou *et al.*, (2011), and Evanschitzky *et al.*, (2006). Their studies indicated that the benefit provided in loyalty program was a driver of program satisfaction judgments, and that holds an important role in the formation of store patronage.

## **THEORETICAL AND MANAGERIAL IMPLICATION**

The study provides new findings, that loyalty cards do moderate the relationship between Store awareness and Store choice. The findings of the study add some new understanding to the literature on Store awareness; Store perceived quality, Loyalty programs and Store choice and their interrelationships which influence the development of the retail industry in a developing country context. Further exploration of the concept and the nature of the moderating effect are needed in this field to ascertain the results of this study.

Companies should therefore create more Store awareness programs which help shoppers, to quickly recall and recognize their stores of choice. Awareness also aid customers in distinguishing brands and products of their store of choice from that of competitors through unique symbols or logo which leads to store choice.

Stores should also put more emphasis on building Store perceived quality by providing services at the promised time, handling customer complaints effectively which can be achieved by giving individual customers attention and by offering latest products and services of high quality that are fully guaranteed, as this has been found to influence customer store choice.

Lastly, Stores should encourage customers to use their loyalty cards while doing their shopping. This is because, the findings of the study reveals that when Store awareness diminishes, store choice will not be affected due to high Loyalty cards involvement which acts as a remedy to low Store awareness.

## **LIMITATIONS AND FUTURE RESEARCH**

Due to the limited geographical scope of this research, this study should be replicated in other areas, since it is expected that retail distribution, culture, and consumer habits in each country exert an influence on consumer perceptions. Moreover, since this study focused on a single industry (supermarket), results for the proposed model should be compared across different industries such as hotels, airlines, drug store chains or even fuel/oil industries as it might present different results.



Lastly, this study looked at the decisions customers make in selecting their choice of supermarket stores at one point in time (cross sectional), a longitudinal time span research would provide more insight on customer's choices and how they build their loyalty with these shopping stores.

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