Antecedents of Store Patronage and Cross-Shopping: The Case for Increasing Grocery Spend in Soweto

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ABSTRACT

Soweto makes up 43% of the City of Johannesburg's population, and up until 2005 it only made up 3% of the city's retail floor space. As a result, the intensity at which retail facilities have mushroomed in the last four years has raised questions whether all retailers who have invested in Soweto will succeed given the existing perceptions about the Soweto shopper and doing business in Soweto.

The aim of this qualitative study was therefore to explore factors driving store patronage and cross-shopping in Soweto because the evolution of store formats and the resulting cross-shopping behaviour have received limited attention in literature.

Interviews with shoppers from Soweto were conducted in the process and the results showed that an increasing number of Sowetans are actually shopping in Soweto.

The study ultimately makes the following conclusions:

- Factors driving store patronage in Soweto are competitive prices, the atmosphere in the stores, demographic variables, and retailer reputation.
- Cross-shopping is driven by limited product assortments, 'out-of-stock' situations, value-maximising behaviour and the convenience orientation of consumers.

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Name: Zandile Manana

Signature:

Date: 11 November 2009

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To God

I am nothing without you. Thank you for your grace and mercy.

To my wife, Palesa

For standing by my side. For building me up. And for holding me up in prayer. I am eternally grateful.

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You are the light of my life. Thank you for understanding, in your own little way.

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Chapter 1: Introduction

The South African food retail landscape has been changing dramatically over the last couple of years. Firstly, despite the emerging black middle class, there is a view that there is an oversupply of retail space in South Africa (especially in the saturated upmarket retail sector), and that townships like Soweto offer enormous potential for new stores (Kuipers, 2005). But while Soweto makes up 3% of the City of Johannesburg's retail floor space, retailers and developers are still concerned about going into townships (Palmer Development Group, 2005).

According to the Palmer Development Group (2005) retailers are concerned about moving to Soweto because of their perceptions that:

- It will be difficult to change shopping patterns of Soweto residents (hereafter referred to as Sowetans) shopping outside of Soweto.
- Sowetans shop outside of Soweto because they believe that shopping centres outside of Soweto offer more variety, as well as a more comfortable and attractive shopping experience.
- Shopping outside of Soweto is considered to be a day outing.
- Sowetans see products sold locally as inferior, even if they are exactly the same products sold in an outside shopping centre.
- There is corruption in the form of obligations to pay bribes in exchange for support for new developments.

Despite all these concerns, Soweto has attracted the most investment, in terms of commercial, retail, and community development vs. any other township in South Africa (Infusion, 2007). In fact Infusion (2007) argues that other townships merely fade into the background when compared to Soweto.

While retailers acknowledge the potential of new formats aimed at township dwellers, some think that such middle market neighbourhood centres and shopping malls have limited potential in the long-term (Kuipers, 2005). The view from Pepkor is that retailers must increasingly look elsewhere for growth if they do not want to have their margins eroded and thus cross-border activities in other African countries are seen as the most logical step for South African retailers (Kuipers, 2005).

There are, however, retailers who hold a different view. Pick ‘n Pay, for example, opened their sixth store in Soweto in April 2009, in an attempt to move into the mass market and grow market share (Mawson, 2009). But the group acknowledges that its core business will remain in high-income areas into the foreseeable future (Mawson, 2009).

The second trend that the retail environment is seeing is the rise of competitive distribution channels leading to a phenomenon called channel blurring (Karolefski and Heller, 2006). Retail formats have evolved from the traditional corner shop to an enormous variety of grocery store alternatives consisting of the supermarket, hypermarket, discount store, convenience store, speciality retailer, forecourts, and online supermarkets during the last thirty years (Kumar, in Geuens, Brengman, and Jegers, 2003). As a result stores in different

channels are becoming blurred in the minds of consumers because consumers can buy the same products seemingly everywhere, especially food.

Channel blurring has given rise to cross-shopping behaviour where consumers patronise different food stores for a multiplicity of reasons. But according to Skallerud, Korneliussen, and Olsen (2009) the evolution of store formats and the resulting cross-shopping behaviour have received limited attention in literature.

Historically the laws in South Africa restricted the type and amount of retail stores in townships. In 1949, for example, some 201,600 people living in Orlando, Moroka, Jabavu, and Pimville were served by only five milk shops, five fish fryers, five fresh produce shops and 188 small general dealers (Fraser, 2006). By the early 1980s virtually all clothing, furniture and half of all groceries purchased for Soweto came out of white stores in downtown Johannesburg (Fraser, 2006).

Fast forward to 2004, retail supply in Soweto by type of shopping location was as follows:

	GROSS LETTABLE AREA (GLA)		TURNOVER	
Type of shopping location	**m²**	**contribution split %**	**Rm/year**	**contribution split %**
Community Centre	17,000	15%	286	28
Neighbourhood Centre	24,000	21	344	34
Street front/strip/convenience	28,000	24	266	26
Informal (in organised market)	1,500	1	4	0
Informal (Spaza or Shebeen in house)	30,000	26	81	8
Informal (on street-no shelter)	16,000	14	43	4
TOTAL	**116,500**	**100**	**1,025**	**100**
Formal Sub-total	69,500	65	897	88

Table 1 - Retail supply in Soweto by type of shopping location
Source: Palmer Development Group (see Appendix 1 for definitions)

The increase in the type of shopping locations in Soweto has contributed to the incidence of cross-shopping. And given that a particular shopping psyche seems to have developed and entrenched itself in Soweto, with most people supposedly preferring to shop outside Soweto for reasons already mentioned, it appears that over and above the decision of format choice, township shoppers also compare major retail stores in the city/suburbs vs. those in townships (even if they share the same brand name). The implication of this is that a shopper can patronise two similar formats with the same brand name for different reasons.

1.1. Purpose of study

In light of the trends discussed above, the purpose of the study is two-fold. The first is to explore factors driving store patronage in Soweto, as far as grocery shopping is concerned. The second objective is to determine factors driving cross-shopping for Sowetans.

The research focuses on Soweto because there are questions about whether all the retailers who have invested in Soweto will succeed given the dizzying speed and intensity at which retail and entertainment facilities have mushroomed (Infusion, 2007). In turn, this poses questions about whether all these offerings may suffocate rather than enhance the booming market in Soweto (Infusion, 2007)

Besides these concerns, recent reports on economic wealth in South Africa show that black people are earning more money than in the past and the differential with the income levels previously based on Apartheid policies is starting to narrow (Mpahlwa, 2005). It therefore makes business sense for companies who want to grow their customer base to increasingly start looking at doing business in places such as Soweto. To put things in perspective, Soweto makes up 43% of the City of Johannesburg's population (Palmer Development Group, 2005) and it is about the size of the whole white population of South Africa in one area (Kuipers, 2005).

According to Mpahlwa (2005), consumers in townships want businesses located in townships to deliver a service equal to that of elsewhere in the city. As a result, he argues that there needs to be a greater shift in how townships are viewed. This view is supported by Imrie (2009) who asserts that the level of service in the retail stores in townships is often lower than the level of service in the suburbs (even if the stores belong to one retail group).

1.2. The significance of the study

Given that economic studies observe that township residents spend most of their disposable income outside townships (Pernegger and Godehart, 2007), the factors driving patronage behaviour and the extent of cross shopping need to be investigated. An understanding of patronage behaviour is a critical issue for retail managers because it enables them to identify and target those consumers most likely to purchase from them (Pan and Zinkhan, 2006).

Secondly, as competition in the food retail industry continues to intensify in South Africa, a better understanding of the linkage between consumers and format choice will be crucial to the food retailers' performance. The study by Carpenter and Moore (2006) concludes that while we can make general observations and predictions about demographic variables and store attributes that influence format choice, we cannot suggest the factors that influence the consumer to choose one format over another. They therefore suggest that a useful addition to this area of research would be to examine the situations under which consumers patronise different grocery formats.

Thirdly, Skallerud et al (2009) indicate that cross-shopping is a common behaviour among consumers, but that empirical studies that scrutinise the cross-shopping behaviour from the consumers' perspective are scarce.

Lastly, there is a major concern that if some retailers do not succeed because of the investment approach taken in Soweto, this may create the belief that 'if it didn't work in Soweto, it won't work anywhere else', thus denying other township investment opportunities (Infusion, 2007).

Chapter 2: Literature review

2.1. Patronage Behaviour

Osman (in Seock, 2009) defines patronage behaviour as the repeat purchase behaviour at a particular store for either the same type of products or any other products. Shim and Kotsiopulos (cited by Seock, 2009), however, see patronage behaviour as store choice behaviour that represents an individual's preference for a particular store for purchasing products. Pan and Zinkhan (2006) identify retail patronage to have two dimensions: (1) store choice (a consumer's choice to patronise a particular store) and (2) frequency of visit (how often a shopper patronises that store).

Based on the definitions above, I define patronage behaviour as the tendency to frequent a particular store for similar products that can be accessed or purchased elsewhere.

After observing actual consumer shopping behaviour, Dawar and Parker, Tang et al., and Turley and Milliman (in Ou, Abratt, and Dion, 2006) proposed that the determinants of shopping destination choice behaviour can be classified into five main categories: price, accessibility, atmosphere, demographic characteristics of consumers, and the retailer's reputation. Each of these determinants will be looked at in turn.

2.1.1. Price

Although it is well documented that low prices accelerate retail purchases, some research has found a positive relationship between monetary price and perceptions of product

quality (Pan and Zinkhan, 2006). Rao and Monroe (in Pan and Zinkhan, 2006) found that shoppers with limited sources of diagnostic information tend to make more use of price as a quality cue. As a result, some consumers may choose a retailer that offers high-priced products to enhance their expected quality (Tellis and Gaeth, 1990).

Some researchers report no evidence of a significant relationship between low-price offerings and retail choice (Lampkin and Burnett, in Pan and Zinkhan, 2006). Others suggest a significantly positive relationship (Thelen and Woodside, in Pan and Zinkhan, 2006)

Bell and Lattin (1998) propose that grocery shopping behaviour has three unique characteristics that suggest a relationship between shopping behaviour and the preference for different price formats:

a) Consumers typically shop for multiple items on a given trip;
b) For most of these items, they are usually unable to determine actual prices before visiting the store; and
c) Grocery shopping is repetitive – while individual trips may differ somewhat, most consumers settle into specific shopping patterns with respect to the average basket size per trip and frequency of shopping.

Bell and Lattin (1998) therefore argue that together, these three factors suggest that:

a) Store choices (if influenced at all by pricing) will be influenced by prices for a "basket" of multiple items;
b) Price expectations (rather than actual prices) will be the mechanism for this influence; and
c) It may be useful to segment consumers according to fundamental differences in shopping behaviour.

The main argument by Bell and Lattin (1998) is that consumer behaviour is an important determinant of the store choice decision when stores offer different price formats.

The study by Fox, Montgomery, and Lodish (2002) found that varying levels of assortment influence consumer purchases more than price. This, however, is contrasted by the study carried out by Farhangmehr, Marques, and Silva (2001) which shows that consumers evoke price and convenience for not buying certain goods in traditional retail stores, which reveals an attempt to optimize their time and money.

According to Skallerud et al. (2009) the relationship between price and patronage behaviour has yielded mixed results. In the study by Fox et al. (2002) price was found to be a weaker predictor of grocery shopping and spending behaviour than promotions and store assortment. Sanders and Costley (in Skallerud et al., 2009) compared price baskets for three established supermarkets and three new competing supermarkets in a U.S. South-Western city. They found that more than 50% of their respondents shifted patronage during a 12-month period and that price was an important determining factor.

2.1.2. Accessibility

According to Darley and Lim (in Ou et al., 2006) the travel time to a store is assumed to measure effort, both physical and psychological to reach a retail outlet. Thus, where a potential consumer is selecting shopping destination alternatives, if all the other influential factors are equal, the purchases will be made by spending the minimum travel time to the nearest shop that stocks the desired product (Hacket et al., in Ou et al., 2006). Since transportation and other costs of shopping that consumers incur are specific to the trip and independent of items bought, consumers seek to minimise the cost of obtaining these items (Kopalles, Biswas, Chintagunta, Fan, Pauwels, Batschford and Sills, 2009) Travel time, therefore, is seen to have negative effects on the activity and choice of one's shopping destination.

Furthermore, some researchers claim particular importance for the locational convenience aspect of the store environment in store choice or frequent visit to the stores, considering the fact that shopping is often done in multi-purpose trips (Seock, 2009). Black (in Seock, 2009) proposes that customers are likely to make their store selection while considering a number of activities simultaneously. For instance, customers may visit a store merely because it is near some other facility that has to be visited and not because of favourable attributes that the store may offer. In a similar vein, May (in Seock, 2009) claims that consumers tend to make more of their patronage decisions based on the shopping complex instead of the individual store. These findings indicate that the proximity of other service facilities is also an important determinant of store choice in food retailing (Seock, 2009).

2.1.3. Atmosphere

According to Diep and Sweeney (2008), consumers do not shop only to acquire goods and services, but also for experiential and emotional reasons. Kotler (in Diep et al., 2008) argues that retailers must seek ways to not only meet the consumer's objective and functional needs, but also to enhance the purchase experience by making the store a more enjoyable place to be. This view is supported by Kopalles et al. (2009) who argue that retailers do not charge for ambiance, but must still cover the cost of providing it. This is because shoppers' evaluations of the store's atmosphere affect their perceptions of value and their store patronage intentions (Grewal et al, in Pan and Zinkhan, 2006).

Lambert (in Pan and Zinkhan, 2006) suggests that stores should provide rest areas and an appropriate store temperature. Arousal induced by the store environment is said to intensify both pleasure and displeasure, such that time and spending behaviour increase in pleasant environments and decrease in unpleasant environments (Donovan et al, in Pan and Zinkhan, 2006).

Darley et al. (as cited by Ou et al., 2006) argue that the negative impact of travel time can be compensated for by enhancing store attractiveness. During a shopping trip, customers form value perceptions on the basis of their interaction with the products and various aspects of the store including the location, staff, and environment (Diep et al, 2008). This view is supported by the Atmospherics study (as cited by Seock, 2009) which shows that there is a positive connection between improving the retail store atmosphere and increasing

sales. Seock (2009) argues that as consumers infer retail store images from environmental cues, the store environment may represent the most imperative channel through which retailers can communicate with their consumers.

According to Berman and Evans (in Turley and Milliman, 2000) atmospheric stimuli can be divided into four categories: the exterior of the store, the general interior, the layout and design variables, and the point-of-purchase and decoration variables. These stimuli influence approach/avoidance, sales, arousal, perceptions of and actual time spent in the store, in-store traffic flow, and the perception of visual stimuli in the retail store (Turley and Milliman, 2000).

Other authors have added human variables to the Berman and Evans model (Turley and Milliman, 2000). Studies on human variables have focused on the effects of overcrowding in a store environment, and the effects of social cues such as the number or friendliness of employees. Research has tended to show that perceived crowding has a negative influence on consumer evaluations of the shopping experience, while more social cues influence the perceptions of service quality in a retail setting (Turley and Milliman, 2000).

2.1.4. Demographic characteristics of consumers

According to Pan and Zinkhan (2006), consumer demographic variables may be related to store patronage. However, they argue that no consensus exists about the relationships between shoppers' demographic profiles and their patronage behaviour.

There is, however, other research that reveals that there is a connection between demographic characteristics and patronage of retail formats, suggesting that individual characteristics of consumers influence their shopping behaviour.

According to Fox et al. (2002) family size has the largest effect on store preferences. This suggests that larger households are more likely to patronise and spend more at retailers which offer lower basket prices but fewer promotions. Carpenter et al. (2006) suggest that age, income, level of education, and household size are distinct predictions of store patronage.

Diep et al. (2008) argue that gender differences also influence consumer evaluations about where to shop. Rich and Jain (in Diep et al., 2008) similarly argue that women, regardless of their social class, enjoy aspects such as a pleasant store atmosphere, seeing new things, and generating new ideas, acquiring new clothes or household items, bargain hunting and comparing merchandise.

Seock (2009) suggests that various demographic groups have different store choice and patronage behaviour and that retailers should abandon the one-look-fits all strategy and try to differentiate stores that appeal to their demographic group.

Ou et al. (2006) looked at age, gender, income, and education and suggested that these four demographic characteristics influence patronage behaviour.

2.1.5. The Retailer's reputation

Retailer reputation is an important factor that influences consumer store patronage. It is suggested that retailers with good reputations offer customers good value, communicate honestly, are ethical, and well managed (Ou et al., 2006).

Gioia et al. (in Ou et al., 2006) say that corporate reputation is a relatively stable, long-term, collective judgement by outsiders about an organisation's actions and achievements. The implication of this is that retail customers are inclined to use products and services of organisations with favourable reputations and are more loyal to those retailers who they perceive to have a favourable reputation.

Previous studies suggest that there is a positive relationship between a favourable store name and a customer's willingness to buy (Grewal et al., as cited in Ou et al., 2006). Ou et al., (2006) however argue that consumers will buy in larger quantities from a store that has a good reputation, but the effect of this is less shopping frequency. Therefore it may be hypothesised that as the consumer's perceived reputation of the retailer becomes more favourable, a larger amount of money will be spent with that retailer, resulting in the consumer patronising the store less frequently (Ou et al., 2006).

Landry and Stark (2005) link consumer patronage to retailer community embeddedness. This suggests that retailers may also benefit indirectly from performing non-transactional functions that position them as member institutions within communities (Miller et al.,

2002). Landry and Stark (2005) propose that embeddedness is a function of three constructs, namely:

a) ***Socializing actions*** – this implies that a retailer may employ a distinctive focus on the unique needs of the community being served to ensure that community members 'see themselves' in the merchandise or services that are offered by the retailer.

b) ***Reciprocity*** – implies a belief in the on-going nature of the relationship between the retailer and the community. It is assumed that giving will continue in both directions.

c) ***Social compliance*** – implies that social pressures can be placed upon members of a community to shop in a given retail location once a retailer has become an accepted choice of the group.

2.2. Cross-shopping behaviour

Cross-shopping behaviour was defined by Cassill and Williamson (as cited by Skallerud et al., 2009) as a single customer patronising multiple types of outlets, which hold the same broad merchandise lines. Schoenbacher and Gordon (in Carpenter et al., 2006) defined cross-shopping behaviour as circumstances in which customers purchase goods through multiple channels run by the same retailer. Regardless of context, this phenomenon refers to the incidence of consumers shopping at different types of retailer formats for like products and it is a common behaviour among grocery shoppers (Carpenter et al., 2006).

In the research conducted by Cude and Morganosky (2001), participants indicated that they shop at a mix of retail stores because they cannot find everything they want under one roof. Cude and Morganosky (2001) also found that an influence on the decision to cross-shop appeared to be price and/or sales promotions.

In the study by Bell, Ho, and Tang (1998) participants recognised that their choice of formats depended on the type of grocery shopping they were doing.

Rhee and Bell (in Skallerud et al., 2009) studied supermarket cross-shopping behaviour and found that nearly three quarters of shoppers are very loyal to their supermarket. The study also revealed that store specific knowledge of assortment, layout, and prices were important factors hampering cross-shopping behaviour.

Johnson et al. (in Skallerud et al., 2009) studied multi-channel shopping among rural U.S. consumers and discovered that multi-channel shoppers were found to be more dissatisfied with local offerings than other shoppers.

The study by Skallerud et al. (2009) found that neither socio-demographics nor marketing activities of retailers provided compelling explanatory power of the cross-shopping behaviour. The study by Fox et al. (2002) found that shoppers of mass merchandisers were also frequent shoppers of other formats (for example, supermarkets and drug stores), which provides evidence that trips to mass merchandisers are not necessarily replacing trips to the supermarket.

The views above, however, are opposed by the Theory of Reasoned Action, which states that a person's former behaviour can explain his or her actual behaviour (Vogel, Evanschitzky, and Ramaseshan, 2008). The implication of this is that consumers prefer to buy from the same retailers that they bought from on previous purchase occasions, even though they might perceive other retailers to provide the same benefits. Corstjens and Lal (2000) explain that this phenomenon is due to the psychological commitment to prior choices and the customers' desire to minimise their cost of thinking. According to Vogel et al. (2008) this so-called inertia effect is rational because it helps consumers achieve satisfactory outcomes by simplifying the decision-making process and saving the costs of making decisions.

Vogel et al. (2008) suggest that customer equity as a measure of the expected future behaviour of a firm's customers is a key strategic asset that must be monitored and nurtured by firms to maximise long-term performance. Rust, Lemon, and Zathaml (2004) proposed a customer value model, stating that three equity drivers – value equity, brand equity, and relationship equity – influence a customer's switching matrix, which in turn has an impact on customer equity. Rust et al. (2004) therefore defined the three equity drivers as follows:

- ***Value equity*** – the customer's objective assessment of the utility of the brand based on the perceptions of what is given up for what is received.
- ***Brand equity*** – the intangible assessment of a brand, beyond its objectively perceived value.

- ***Relationship equity*** – the tendency of customers to stay in a relationship with the brand beyond objective and subjective assessments of the brand,

Vogel et al. (2008) included the construct of loyalty in their study instead of a switching matrix used by Rust et al. (2004) and they found strong support for their model. For example, they discovered that the drivers of loyalty intentions – value equity, brand equity, and relationship equity – explained 44.69% of the variation in loyalty intentions reactions.

In their study, Molina and Saura (2008) found that grocery stores are significantly less valued than the rest of establishments regarding the quality of their products, the emotional value, and the social value associated with these purchases. They speculate that this could be due to the peculiarities of the grocery products purchase process. For example, routine purchases and low customer involvement.

According to Skallerud et al. (2009) the following antecedents influence cross-shopping behaviour: product assortment, price consciousness, convenience orientation, impulse buying tendency, and perceived time pressure. These will be looked at in turn:

2.2.1. Product assortment

According to Koelemeijer and Oppewal (in Skallerud et al, 2009), product assortment contributes significantly to the explanation of the patronage of alternative retail channels. This major retailer attribute is described by breadth (number of brands/products) and depth (number of stock keeping units) of an assortment offered by a retailer. According to Pan

and Zinkhan (2006) the breadth (number of brands/products) and depth (number of stock keeping units) of an assortment offered in a store can help retailers to cater to the heterogeneous tastes of their patrons. Greater variety is therefore seen to help retailers to attract more consumers, and also to persuade them to make purchases while in the store (Skallerud et al., 2009).

Dellaert, Arentze, Bierlaire, Borgers, and Timmermans (1998) assert that retailers offering a large variety of products improve shopping convenience and make it easier to minimise costs associated with a shopping trip. This view is supported by Pan and Zinkhan (2006) who suggest that a wide selection of products can also minimise the perceived costs associated with each shopping trip and ease the shopping task.

Boyd and Bahn (2009), however, argue that while large assortments benefit consumers by providing many choices, wide choices also challenge consumers to use extensive cognitive processes in making purchase decisions. Thus, they suggest that when retailers offer extensive product assortments, they may also be adding cognitive costs to consumers – costs that may diminish the assortment's attractiveness.

The other view is that at distinct times, certain consumers may actually desire and reward a large assortment (Boyd and Bahn, 2009). For example, in high personal risk situations (i.e. large ticket purchases), consumers may seek the benefit of processing a large assortment.

Boyd and Bahn (2009) also argue that the consumers' desire for a large assortment could be driven by retailing practices, for example return policies. They therefore suggest that changes from a less to more restrictive return policy, and vice versa, should alter the consumers' view of a large assortment's attractiveness.

2.2.2. Price consciousness

Price consciousness is the degree to which customers focus on paying low prices (Konus, Verhoef, and Neslin, 2008). Therefore a price conscious consumer seeks to minimise the price paid for an item, which relates to savings.

According to Carpenter et al. (2006) price consciousness positively impacts patronage for low price formats. According to their study, consumers who are considered to be price conscious are more likely to frequent formats that stress low prices.

The study by Bell and Lattin (1998) shows that large basket shoppers prefer to shop in stores that implement Every Day Low Pricing (EDLP) while small basket shoppers prefer to shop in stores that implement High-Low Pricing (HILO). The idea here is that some retailers position themselves on the basis of "Low Prices, Everyday" across a wide assortment of product categories, while others offer temporary deep discounts in a smaller group of categories. The former strategy is commonly known as "EDLP", and the latter as "HILO" (Bell and Lattin, 1998).

The study by Vogel et al. (2008) found that value equity (defined earlier) is a primary concern in establishing future sales. Value equity represents a customer's balancing of what is given up (price) and what is received in return (value). Vogel et al. (2008) caution that value varies by type of shopper – those who seek low prices, those who are willing to pay higher prices for superior service or convenience, and those who buy at certain prestigious stores for status by paying very high prices.

2.2.3. Convenience orientation

Convenience orientation can be defined as the value consumers place on goods and services with inherent time- or effort-saving characteristics (Berry, Seiders, and Grewal, 2002). Convenience is increasingly important for consumers (Fitch, 2004) and has a major impact on consumers' buying decisions regarding store format (Berry et al., 2002). In fact Pan and Zinkhan (2006) argue that consumers' perceptions of convenience (for example, opening hours, location, and parking) have a positive influence on their satisfaction with the service that they receive from a store.

The view by Schroder and Zaharia (2008) is that convenience orientation characterises customers, who regard shopping as a rational problem solving process. Hence it is important to these consumers to acquire sought-after product with minimum investment of time, physical effort and mental effort.

The research by Lingenfelder and Loevenich (in Schroder and Zaharia, 2008) produces a two-factor structure to the measurement of the convenience orientation construct. One of

these factors can be understood as the need to carry out shopping faster and thereby saving time (Schroder and Zaharia, 2008). Lingenfelder and Loevenich (in Schroder and Zaharia, 2008) interpret the second factor as the need for flexibility in shopping times.

Some authors (for example, Bhatnagar, Misra, and Raghav Rao, 2000) associate convenience with on-line shopping.

2.2.4. Impulse buying tendency

Impulse buying tendency may be defined as "the degree to which an individual is likely to make unintended, immediate, and unreflective purchase" (Jones, Reynolds, Weuan, and Beatty, 2003). Rook and Fisher (in Skallerud et al., 2009) propose that impulse buying influences cross-shopping behaviour.

2.2.5. Perceived time pressure

Time pressure refers to a consumer's predisposition to consider time a scarce resource and plan its use carefully (Konus et al, 2008). Nicholson, Clarke, and Blakemore (2002) indicate that temporal variables, such as time of day and the urgency of the purchase influence channel selection behaviour. According to Pan and Zinkhan (2006) people perceive their discretionary time available as insufficient to accommodate all their desired uses of it. Therefore time savings for consumers are readily recognised and therefore likely to influence retail choice.

According to Skallerud et al. (2009) consumers with perceived time pressure may opt to spend as little time as possible shopping. As a result, they might focus on selecting the store that would take the least of their time. Iyer (in Skallerud et al., 2009) proposes that perceived time pressure also influences cross-shopping behaviour.

2.3. A brief look at loyalty

Literature seems to suggest that we cannot look at consumer patronage and cross-shopping behaviour without talking about loyalty. Dick and Basu (in Molina et al., 2008) define loyalty as the conjunction of a positive attitude and repeat patronage. Loyalty, in this case, is defined as an attitude that sometimes involves a relationship with a brand. Secondly, loyalty is considered in terms of revealed behaviour through repeated purchases (Molina et al., 2008)

According to Karolefski et al. (2006) consumers today are demanding and mobile enough to switch stores easily if dissatisfied with their shopping experience. As a result, serving them well enough to prevent shopper erosion is challenging for every retailer.

Kotler and Keller (2007) define loyalty as a deeply held commitment to re-buy or re-patronise a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behaviour.

Knox and Walker (in Molina et al., 2008: 307) define loyalty towards a store as “the biased behavioural response expressed over time by a decision-making unit regarding an

establishment in comparison with other stores, as a consequence of psychological decision making and evaluative processes that result in the commitment to the store".

Johnson, Hermann, and Huber (as cited in Vogel et al., 2008) indicate that the drivers of loyalty are complex and dynamic, and that they change and evolve over time.

2.4. Conceptual Model

The conceptual model for this study is presented in figure 1. The model takes the determinants of shopping destination choice behaviour and cross-shopping into consideration. The basis of the model is that by enhancing patronage behavior and limiting cross-shopping, grocery retailers will be able to direct more of the grocery shopping spend that is currently spent in suburbs and the Johannesburg CBD to Soweto. It is proposed that patronage behaviour can be enhanced through competitive prices, minimum travel time to get to the stores, an enjoyable shopping environment, differentiation, and retailer reputation. On the other hand, it is proposed that cross-shopping can be limited through wider product assortments, meeting the value orientation of customers, and longer opening hours.

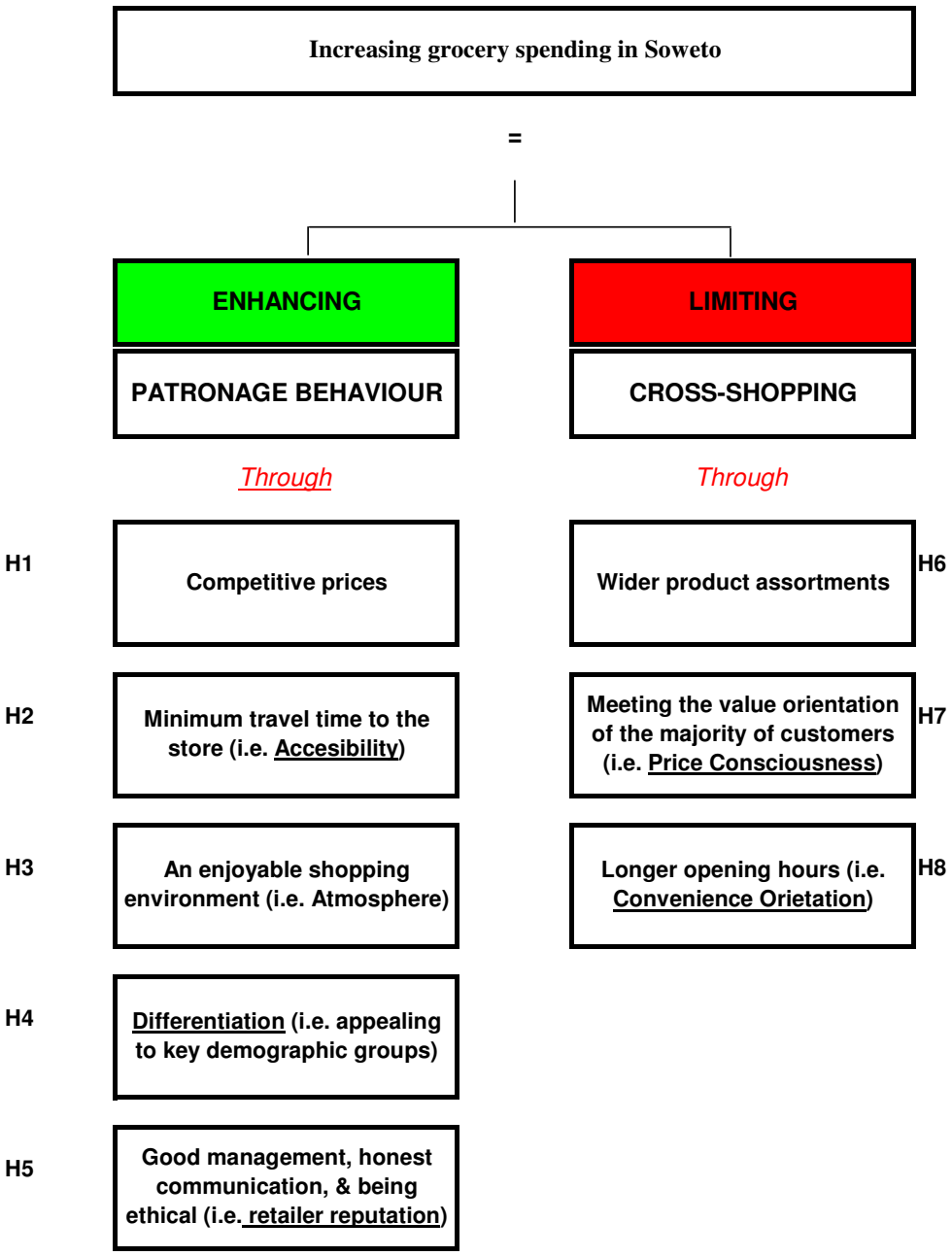

Figure 1 - Conceptual model

Chapter 3: Hypotheses

3.1. Patronage Behaviour

3.1.1. Price

H1: Lower prices influence the grocery shopping behaviour of shoppers in Soweto

3.1.2. Accessibility

H2: There is a positive relationship between minimum travel distance to the nearest stores and store patronage.

3.1.3. Atmosphere

H3: Major grocery retail stores in Soweto are lacking in experiential and emotional attributes which affects the patronage of stores in Soweto.

3.1.4. Demographic characteristics of consumers

H4: The effect of consumers' perceived reputation of the retailer on consumer behaviour varies with the age, gender, income, and education of the consumer.

3.1.5. The retailer's reputation

H5: There is a significant positive relationship between consumers' perceived reputation of the retailer and store patronage frequency.

3.2. Cross-shopping

3.2.1. Product assortment

H6: A wider product assortment limits the cross-shopping behaviour of shoppers in Soweto.

3.2.2. Price consciousness

H7: Price consciousness (i.e. the degree to which customers focus on paying low prices) is positively related to the shopping frequency in low price formats.

3.2.3. Convenience orientation

H8: The perceptions on convenience by the Soweto shoppers influence their satisfaction with the service that they receive from the stores.

Chapter 4: Proposed research method

4.1. Research Design

A quantitative research design was used to determine factors driving store patronage and cross-shopping in Soweto, as far as grocery shopping is concerned. A quantitative approach is one in which the researcher primarily uses post positivist claims to developing knowledge (i.e. cause and effect thinking, hypotheses and questions, use of measurement and observation, and the test of theories), employs strategies of inquiry such as experiments and surveys, and collects data on pre-determined instruments that yield statistical data (Creswell, 2003). The quantitative approach is used because it is the best approach to use to test a theory or explanation (Creswell, 2003).

4.2. Survey Design

A questionnaire was utilised to collect data face-to-face. According to Balnaves and Caputi (2001), face-to-face interviews allow greater flexibility in presenting information to respondents. The general goals of interviewing are to create a positive atmosphere, ask the questions properly, obtain an adequate response, record the response and avoid biases (Balnaves and Caputi, 2001).

The questionnaire was divided into four parts:

4.2.1. Part I: Patronage Behaviour

Part I of the questionnaire was aimed at testing three of the determinants of shopping destination choice behaviour, i.e. price, accessibility, and atmosphere.

4.2.2. Part II: Corporate Reputation

Part II looked at Corporate Reputation, which is one of the determinants of shopping destination choice. The questions posed in this section were obtained from Ou et al. (2006). Ou et al. (2006) utilised the 20-item reputation questionnaire that was developed by Fombrum and Shanley (1990). For this research, 12 questions from the 20-item reputation were used, excluding questions on leadership as they did not form the scope of this study.

According to Ou et al. (2006) the Cronbuch's Alpha for the instrument exceeded 0.84, which indicates that it is reliable. In order to assure the integrity of the questionnaire, the pre-testing of the instrument was conducted by administering the questionnaire to a group of academic experts and fifty shoppers who reviewed its physical appearance and content (Ou et al., 2006).

4.2.3. Part III: Cross-shopping behaviour

Part III of the questionnaire aimed to test the incidence of cross-shopping behaviour in Soweto. The questions in this section of the questionnaire were obtained from Skallerud et al. (2009). In developing measures to represent the antecedents of store switching behaviour, Skallerud et al. (2009) synthesized scales from the literature with those obtained

from their fieldwork. The initial measures were refined and pre-tested to enhance face validity.

All questions about antecedents of cross-shopping were measured on a seven-point Likert scale anchored by “strongly disagree” (-3), “neutral” (0), and “strongly agree” (+3). All the questions in part III were framed towards grocery shopping as the object of association.

4.2.4. Part IV: Classification information

Part IV of the questionnaire looked at the demographic characteristics of consumers. Ou et al. (2006) and Skallerud et al. (2009) both included this section in their questionnaires. For this research, some of the questions were worded differently to fit the South Africa context.

4.3. Sampling

According to Zikmund (2003) there are two basic sampling techniques: probability sampling and non-probability sampling. A probability sample is where every member of the population has a known, non-zero probability of selection, while a non-probability sample is where units are selected on the basis of personal judgement.

For this research, the probability sampling technique was used. Data was collected as consumers are leaving grocery stores through the systematic method. Systematic sampling is a sampling procedure in which an initial starting point is selected by a random process,

and then every nth number on the list is selected (Zikmund, 2003). In this case, every 7th consumer walking out of the selected grocery stores were approached.

Grocery stores in two shopping malls (i.e. Dobsonville mall, and Southgate mall) and the Shoprite Eloff Street store (in the Johannesburg CBD) were targeted for the study. Southgate and the Shoprite store in Johannesburg CBD were chosen because research indicates that of the disposable income that is spent outside Soweto a significant share goes to Southgate and the Johannesburg CBD (Palmer Development Group, 2005). The reason for focusing on shopping malls is that of the R1.05 billion spent within Soweto, R650 million was spent in the shopping centres (Palmer Development Group, 2005). Maponya Mall in Soweto was also identified for the study, but the Centre Management at the mall declined the request for interviews to be conducted at the mall.

Before the interviews were carried out, all respondents were asked to confirm their place of residence. If the respondents were not from Soweto, the interviewers did not proceed with the interview.

In the study done by Ou et al. (2006) ten stores were chosen as sites for data collection. At Publix and Winn-Dixie, 160 consumers were sampled. The large sample size was used partly to mitigate the effect of different patterns of stores for different responses.

Structural Equation Modelling (SEM) was employed in this study based on instruments used by Ou et al (2006) and Skallerud et al (2009). Although there is little consensus on the

recommended sample size for SEM (Sivo et al, in Hoe, 2008), Garver and Mentzer (cited in Hoe, 2008) proposed a critical sample of 200. In other words, as a rule of thumb any number above 200 is understood to provide sufficient statistical power for data analysis. Hox and Bechger (2008) however suggest that there are examples in the literature that use smaller samples.

The breakdown of the number of questionnaires collected from each site is as follows:

- Southgate Mall – 45
- Johannesburg CBD – 24
- Dobsonville Mall – 44
- Total - 113

4.4. Target population

The study population in this research was urban township grocery shoppers.

4.5. Sampling Frame

According to Zikmund (2003), a sampling frame is the list of elements from which the sample may be drawn. The sampling case for this study consisted of grocery shoppers on a Saturday morning, at month end (between 09h00 – 14h00), in the shopping centres identified. The interviews were carried out on the 1st of August 2009.

4.6. Unit of analysis

According to Zikmund (2003) the sampling unit is a single element or group of elements subject to selection in the sample. The unit of analysis in this study was the shopper.

4.7. Procedure

Potential respondents were approached and asked to participate in a short interview. They were informed that the research was conducted by a local university and that their identities would remain anonymous, since their names were not required to participate.

4.7. Data collection and Data analysis

4.7.1. Data collection

Data was collected using the instrument in Appendix 4. Students from the Universities of Johannesburg and Pretoria were used to conduct the interviews. In order to achieve the required quality of results, the following process outlined by Zikmund (2003) was followed:

- Capable people were selected and entrusted to collect the data.
- The personnel were trained after the recruitment and selection processes.
- Interviewers were advised not to close any interview before all pertinent information was secured.
- Interviewers were advised to answer, to their best of their ability, any questions the respondents had concerning the nature and purpose of the study.

- The respondents were urged to thank the respondents for their cooperation.

4.7.2. Data analysis

The questionnaire was developed and uploaded to mobile phones. The data was captured using mobile technology, meaning that data could be secured with quality control mechanisms. All the data was uploaded to a server and an electronic report was generated once all the questionnaires had been uploaded.

Chapter 5: Results

This chapter will present the sample of the research, the data analysis process that was followed in analysing the results, as well as the results of the research in line with the propositions as stated in Chapter 3.

5.1. Sample Description

Excluding the incomplete surveys, the N of the sample was 113.

47 respondents from the sample indicated that their preferred grocery stores are located outside Soweto, while 66 respondents preferred to shop in Soweto:

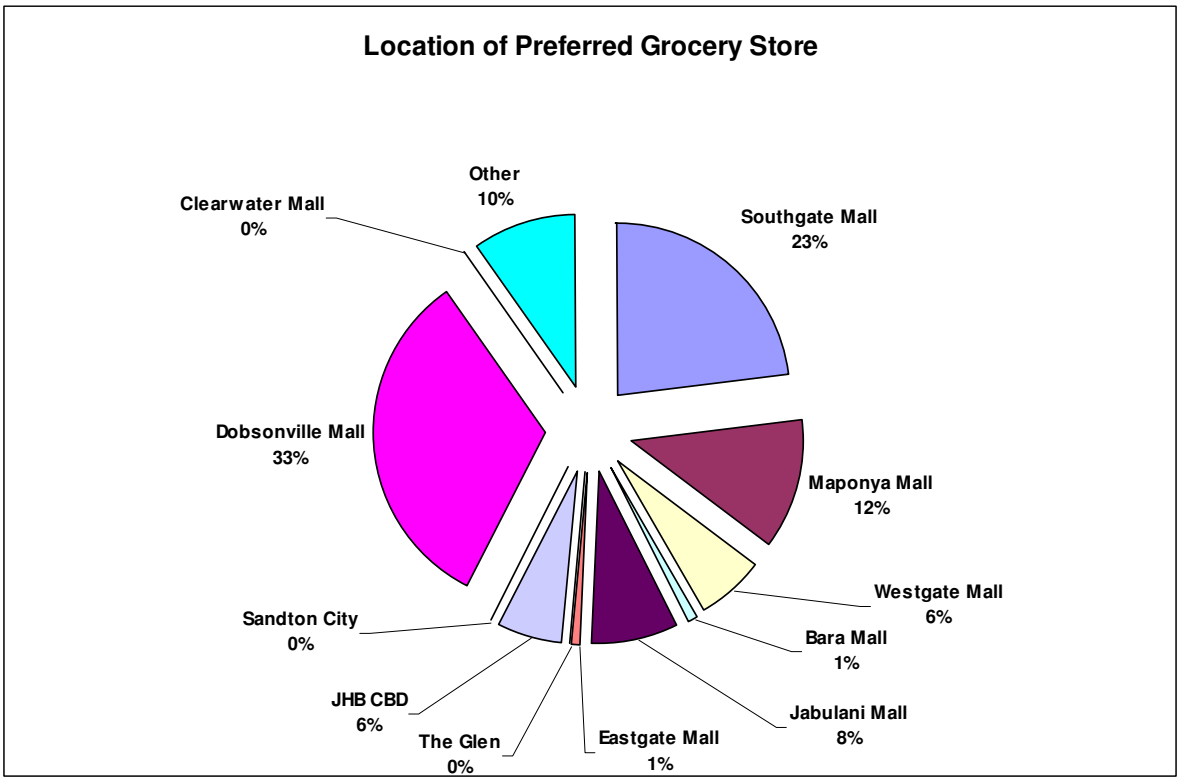

Figure 2 - Location of preferred grocery stores

5.2. Demographics of the sample

Age	**Number**	**Percent**	**Cumulative percent**
13 – 20	6	5.3	5.3
21 – 30	54	47.8	53.1
31 - 40	30	26.5	79.6
41 - 50	20	17.7	97.3
51 - 60	2	1.8	99.1
Over 61	1	9.0	100.0
Total	113	100.0	100.0
Gender			
Male	55	48.7	48.7
Female	58	51.3	100.0
Total	113	100.0	100.0
Marital Status			
Married	24	21.2	21.2
Single	80	70.8	92.0
Divorced	3	2.7	94.7
Widowed	6	5.3	100.0
Total	113	100.0	100.0
Household Size			
1	22	19.5	19.5
2	12	10.6	30.1
3	15	13.3	43.4
4	26	23.0	66.4
5	15	13.3	79.6
6	9	8.0	87.6
7	4	3.5	91.2
8	7	6.2	97.3
12	1	0.9	98.2
13	1	0.9	99.1
15	1	0.9	100.0
Highest Qualification			
No formal education	3	2.7	2.7
Primary school	3	2.7	5.4
High school	61	54.0	59.3
Certificate/Diploma	35	31.0	90.3
Degree	9	8.0	98.2
Post-graduate degree	2	1.8	99.1
Total	113	100.0	100.0
Employment Status			
Employed	70	61.9	61.9
Self employed	15	13.3	75.2
Student	5	4.4	79.6
Retired	1	0.9	80.5
Homemaker	2	1.8	82.3
Unemployed	20	17.7	100.0
Total	113	100.0	100.0
Household Income			
< R1,399	30	26.5	26.5
R1,400-R10,999	69	61.1	87.6
R11,000 - R19,999	10	8.8	96.5
> R20,000	4	3.5	100.0
Total	113	100.0	100.0

Table 2 - Sample description

The proposed research model, as demonstrated in figure 3, was tested using the Structural Equation Modeling (SEM).

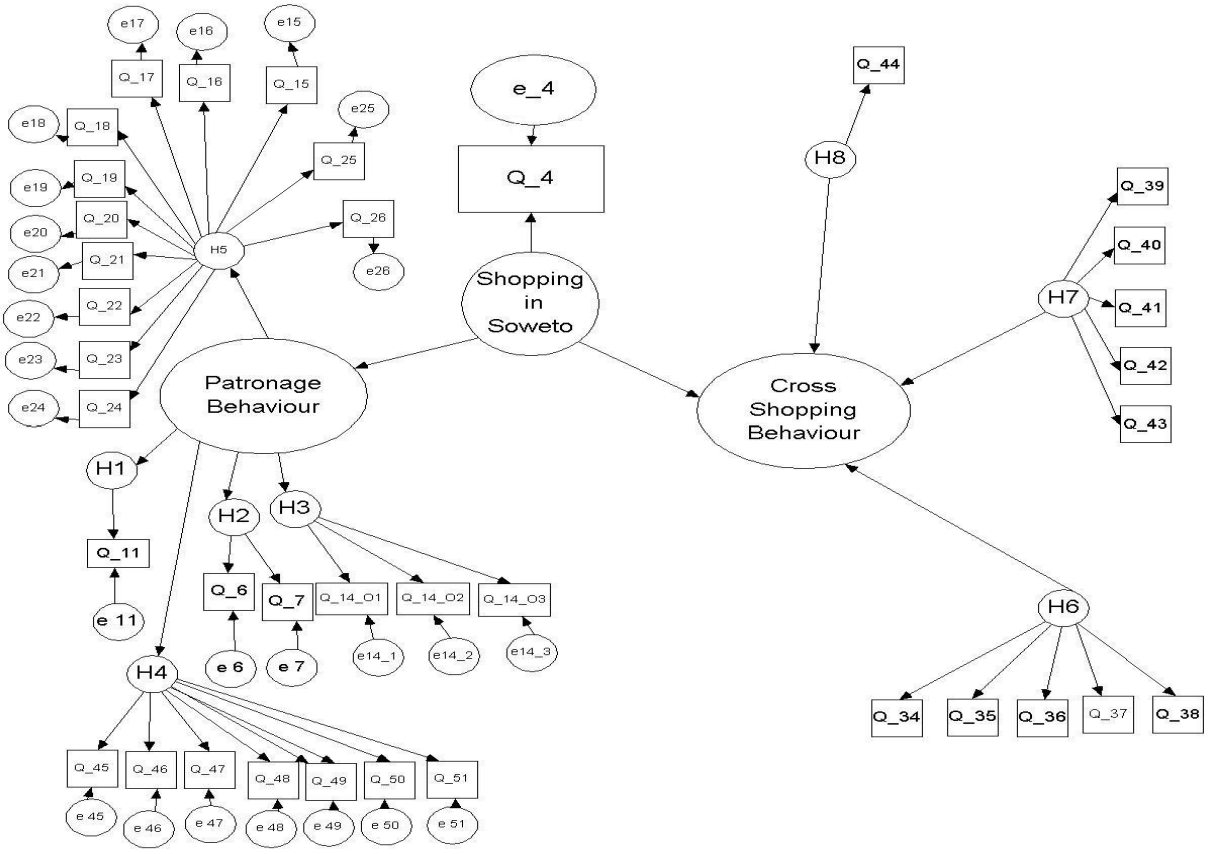

Figure 3 - Proposed model in SEM

According to Hox and Bechger (2008) SEM is a very general statistical modeling technique which is widely used in the behavioural sciences. According to Balnaves and Caputi (2001), the family of techniques known as Structural Equation Modeling (SEM) allows the researcher to test and confirm models of relationships between sets of variables, thus providing reasonable rejoinders to critics proposing the influence of other variables. By

using these techniques we are able to statistically control and test the impact of other variables

The SEM methodology allows us to simultaneously measure the structural model (i.e. the latent constructs) and the measurement model (i.e. the relationship between the latent constructs and their component variables). SEM is particularly valuable in inferential data analysis and hypothesis testing where the pattern of inter-relationships among study constructs are specified and grounded in established theory (Hoe, 2008). SEM is versatile than other multivariate techniques because it allows for simultaneous, multiple dependent relationships between variables.

The proposed model was evaluated in two stages. Firstly, the measurement model was evaluated and validated using Factor Analysis and Reliability Analysis. Secondly, the overall structural relationship or model was evaluated.

5.3. Evaluation of model

5.3.1. Factor Analysis and Reliability Analysis

Factor Analysis and Reliability Analysis are used to test whether the variables that make up our latent constructs are actually a measure of a single underlying concept. Figure 3 shows the latent constructs and the questions that were postulated as indicators of the latent constructs in the model.

Factor Analysis is carried out on each latent construct. If the constructs are indeed the measures of a single underlying concept, we would expect each group of questions making up a hypothesis to yield a one factor solution from the Factor Analysis. If a Factor Analysis suggests, for example, the existence of three factors, it is up to the Researcher to figure out what the factors mean (Jackson, Dezeel, Douglas, and Shimeall, 2005)

Reliability Analysis, on the other hand, is used to validate the questions that make up a hypothesis and this is done using Cronbach's 1951 alpha test. The test is based on the inter-item correlation between the items that make up the latent construct or hypothesis. If a group of items measure a single latent construct, then it would be expected that the latent construct shows a particular correlation structure that is consistent across multiple respondents. A reliability coefficient (alpha) of value 0.7 or higher is a very good level of reliability for social science research situations (Moss, Patel and Prosser, 1993). Moss et al (1993) also indicate that an alpha score of 0.6 is acceptable. Values of alpha lower than this would indicate that our latent constructs are not reliably measured by the items that make up the scale or hypothesis.

Findings of the Factor and Reliability Analysis

5.3.1.1. Lower Prices (H1)

Factor	Statement	Rotated Factor Loading	Cronbach's Alpha
H1: Lower Prices	- I know prices of grocery items that I buy regularly	n/a	n/a

Table 3 - Factor and Reliability Analysis of hypothesis 1

Hypothesis 1 was not included in the reliability and factor analysis as it was measured using a single item

5.3.1.2. Accessibility (H2)

Factor	Statement	Rotated Factor Loading	Cronbach's alpha
H2: Accessibility	- How far do you drive to your preferred store? - I would change stores if there were other stores nearer to home offering the same products		0.267

Table 4 - Factor and Reliability Analysis of hypothesis 2

Hypothesis 2 yielded a single factor solution, but its low value of Cronbach's alpha (0.267) indicates that the items that measure the construct (i.e. accessibility) are not reliably measured.

5.3.1.3. Atmosphere (H3)

Factor	Statement	Rotated Factor Loading	Cronbach's alpha
H3: Atmosphere	- Attribute 1 - Attribute 2 - Attribute 3	0.917 0.15 0.910	0.458

Table 5 - Factor and Reliability Analysis of hypothesis 3

The factor loadings show the correlation of the individual items on the scale to the factor. A correlation which ranges from -1 to -0.5 shows a strong negative correlation while a correlation from -0.5 to 0 shows a weak negative correlation. A correlation from 0 to 0.5 shows a weak positive correlation while a correlation from 0.5 to 1 shows a strong positive correlation.

Hypothesis 3 yielded two factors, and its Cronbach's alpha was also on the low side (0.458)

5.3.1.4. Demographic characteristics of consumers (H4)

Factor	Statement	Rotated Factor Loading	Cronbach's alpha
H4: Demographic characteristics of consumers	- Age	-0.15	0.078
	- Gender	0.33	
	- Marital status	0.509	
	- Household size	0.098	
	- Highest qualification	-0.454	
	- Employment status	0.780	
	- Income	-0.797	

Table 6 - Factor and Reliability Analysis of hypothesis 4

Hypothesis 4 yielded three factors and the items that make up the differentiation scale yielded a very low alpha of 0.078.

5.3.1.5. The retailer's reputation (H5)

Factor	Statement	Rotated Factor Loading	Cronbach's alpha
H5: Reputation			0.828
	- I have a good feeling about the company.	0.854	
	- I admire and respect the company.	0.853	
	- I trust the company	0.732	
	- The retailer develops innovative services	0.605	
	- Offers high quality products and services	0.062	
	- Offers products and services that are value for money.	0.074	
	- The company is well managed	0.374	
	- It looks like a good company to work for.	0.284	
	- The company has good employees	0.411	
	- The company supports good causes	0.376	
	- It is an environmentally responsible company	0.489	
	- The company maintains high standards in the way it treats its people	0.576	

Table 7 - Factor and Reliability Analysis of hypothesis 5

Although this hypothesis yielded a three factor solution, the items that make up the scale have a very high value of alpha at 0.828, meaning that the scale used to measure reputation is very reliable. This is a significant result which is worth noting.

5.3.1.6. Product Assortment (H6)

Factor	Statement	Factor Loading	Cronbach's alpha
H6: Product Assortment			0.599
	- I choose grocery stores with the best food quality.	0.77	
	- A store with a wide variety of fresh food is important to me.	0.902	
	- It is important that the opening hours suit me.	0.830	
	- A store with a wide variety of food items is important to me.	0.887	
	- I don't have a preferred food store; I choose a store that is convenient.	-0.2	

Table 8 - Factor and Reliability Analysis of hypothesis 6

This hypothesis yielded a single factor solution and high value of Cronbach's alpha (0.599) indicating that the measures making up the scale are reliable.

5.3.1.7. Price consciousness (H7)

Factor	Statement	Factor Loading	Cronbach's alpha
H7: Price Consciousness			0.236
	- I am willing to spend extra time and energy looking for cheaper prices.	-0.167	
	- The time that it takes to search lower prices is not worth it.	0.838	
	- I want to buy from more than one food outlet even if it costs more.	0.527	
	- The money saved searching for cheaper food items is not worth the time.	0.784	
	- As often as possible, I buy food on special offers	-0131	

Table 9 - Factor and Reliability Analysis of hypothesis 7

This hypothesis yielded two factors and a low alpha of 0.236, which indicates that the items measuring price consciousness are not reliably measured.

5.3.1.8. Convenience orientation (H8)

Factor	Statement	Rotated Factor Loading	Cronbach's Alpha
H8: Convenience Orientation	- I prefer to spend as little time as possible planning and purchasing groceries	n/a	n/a

Table 10 - Factor and Reliability Analysis of hypothesis 8

Hypothesis 8 was not included in the reliability and factor analysis as it was measured using a single item.

5.3.2. Confirmatory Factor Analysis (CFA)

CFA essentially seeks to confirm whether a theoretical underlying construct is reflected in the observed data. In traditional Factor Analysis, the analysis can be done either apriori or post hoc. In apriori analysis, one has a theoretical model in mind and uses the factor analysis to confirm the model (Jackson et al, 2005). On the other hand, one may not have a clear model in mind and may do a Factor Analysis to see what relationships emerge, i.e. Exploratory Factor Analysis. According to Jackson et al (2005), SEM should be done as apriori modeling.

In this study, CFA was used to determine if the actual number of factors and the factor loadings of the measured variables are in agreement with what is expected on the basis of the model that was specified in advance.

The CFA results below allow us to determine if the measures we have created to represent a latent variable really belong together as measures of that underlying construct. The tables below show the factor loadings of the variables on the different factors and the strength of the correlations to the factors. A correlation which ranges from -1 to -0.5 is a strong negative correlation, while a correlation from -0.5 to 0 is a weak negative correlation. A correlation from 0 to 0.5 is a weak positive correlation and a correlation from 0.5 to 1 is a strong positive correlation.

5.3.2.1. Low Price (H1)

	Qsn 11
Patronage	0
Cross Shopping	0
H3	0
H2	0
H1	-0.001
H5	0
H6	0
H8	0
H7	0
Shopping in Soweto	0
H4	0

Table 11 - Confirmatory Factor Analysis of hypothesis 1

H1 is structured as specified, although it is a weak factor shown by the low factor loading of -0.001.

5.3.2.2. Accessibility (H2)

	Qsn 7	Qsn 6
Patronage	0	0
Cross Shopping	0	0
H3	0	0
H2	0.43	0
H1	0	0
H5	0	0
H6	0	0
H8	0	0
H7	0	0
Shopping in Soweto	0	0
H4	0	0

Table 12 - Confirmatory Factor Analysis of hypothesis 2

H2 only has a loading on question 6 and not on questions 6 and 7 as assumed in our model.

5.3.2.3. Atmosphere (H3)

	Q sn14_O3	Qsn 14_O2	Qsn14_O1
Patronage	0	0.43	0
Cross Shopping	0	-0.002	0
H3	0	0.443	0
H2	0	0	0
H1	0	0.1	0
H5	0	0.025	0
H6	0	0	0
H8	0	-0.002	0
H7	0	0	0
Shopping in Soweto	0	0.103	0
H4	0	0.043	0

Table 13 - Confirmatory Factor Analysis on hypothesis 3

Question 14, which was meant to measure Hypothesis 3, is correlated to all the latent constructs (with the exception of H2, H6, and H7).

5.3.2.4. Demographic characteristics of consumers (H4)

	Qsn 51	Qsn 50	Qsn 49	Qsn 48	Qsn 47	Qsn 46	Qsn 45
Patronage	0	0	0	0	0	0	0
Cross Shopping	0	0	0	0	0	0	0
H3	0	0	0	0	0	0	0
H2	0	0	0	0	0	0	0
H1	0	0	0	0	0	0	0
H5	0	0	0	0	0	0	0
H6	0	0	0	0	0	0	0
H8	0	0	0	0	0	0	0
H7	0	0	0	0	0	0	0
Shopping in Soweto	0	0	0	0	0	0	0
H4	0.144	0.052	0.117	0.039	0.15	0.2	0.105

Table 14 - Confirmatory Factor Analysis of hypothesis 4

H4 is structured as specified, although it is a weak factor as shown by the low factor loadings.

5.3.2.5. The retailer's reputation (H5)

	Qsn 26	Qsn 25	Qsn 24	Qsn 23	Qsn 22	Qsn 21	Qsn 20	Qsn 19	Qsn 18	Qsn 17	Qsn 16	Qsn15
Patronage	0	0	0	0	0	0	0	0	0	0	0	0
Cross Shopping	0	0	0	0	0	0	0	0	0	0	0	0
H3	0	0	0	0	0	0	0	0	0	0	0	0
H2	0	0	0	0	0	0	0	0	0	0	0	0
H1	0	0	0	0	0	0	0	0	0	0	0	0
H5	0.119	0.068	0.039	0.097	0.015	0.157	0.061	0.078	0.179	0.238	0.446	0.333
H6	0	0	0	0	0	0	0	0	0	0	0	0
H8	0	0	0	0	0	0	0	0	0	0	0	0
H7	0	0	0	0	0	0	0	0	0	0	0	0
Shopping in Soweto	0	0	0	0	0	0	0	0	0	0	0	0
H4	0	0	0	0	0	0	0	0	0	0	0	0

Table 15 - Confirmatory Factor Analysis of hypothesis 5

H5 is structured as specified, although the loadings are generally low.

5.3.2.6. Product assortment (H6)

	Qsn 38	Qsn 37	Qsn 36	Qsn 35	Qsn 34
Patronage	0	0	0	0	0
Cross Shopping	0	0.011	0.006	0.022	0.005
H3	0	0	0	0	0
H2	0	0	0	0	0
H1	0	0	0	0	0
H5	0	0	0	0	0
H6	-0.009	0.294	0.165	0.578	0.127
H8	0	0.01	0.005	0.019	0.004
H7	0	0	0	0	0
Shopping in Soweto	0	0.004	0.002	0.008	0.002
H4	0	0	0	0	0

Table 16 - Confirmatory Factor Analysis of hypothesis 6

The items which make up H6 are correlated to other factors besides H6, indicating that it needs to be reviewed in further research.

5.3.2.7. Price consciousness (H7)

	Qsn 43	Qsn 42	Qsn 41	Qsn 40	Qsn 39
Patronage	0	0	0	0	0
Cross Shopping	0	0.009	0	0	0
H3	0	0	0	0	0
H2	0	0	0	0	0
H1	0	0	0	0	0
H5	0	0	0	0	0
H6	0	0	0	0	0
H8	0	0.007	0	0	0
H7	0	0.444	0	0	0
Shopping in Soweto	0	0.003	0	0	0
H4	0	0	0	0	0

Table 17 - Confirmatory Factor Analysis of hypothesis 7

The factors which make up H7 did not load on a single factor, indicating that this construct needs to be excluded or re-specified in further research.

5.3.2.8. Convenience orientation (H8)

	Qsn 44
Patronage	0
Cross Shopping	0.484
H3	0
H2	0
H1	0
H5	0
H6	0.019
H8	0.42
H7	0
Shopping in Soweto	0.185
H4	0

Table 18 - Confirmatory Factor Analysis of hypothesis 8

The variable which makes up H8 also did not load a single factor, indicating that it needs to be excluded or re-specified in further research.

5.4. Goodness-of-fit indices and standardised paths

5.4.1. Goodness-of-fit

The proposed model was evaluated using chi-square (X^2). According to Hoe (2008) chi-square (X^2) is the most common method of evaluating goodness-of-fit.

A chi-square value of 14639.4 with 703 degrees of freedom was obtained. According to Joreskog (cited in Bollen and Long, 1993) if a value of X^2 is obtained, which is large compared to the number of degrees of freedom, this is an indication that more information can be extracted from the data. One may then try to relax the model somewhat by introducing more parameters.

A small X^2 value relative to its degree of freedom (d.f.) is indicative of good fit (Joreskog and Sorborn, 1993). Kline (1998) suggests that a X^2/ d.f. ratio of 3 or less is a reasonably good indicator of model fit. In our case the X^2/d.f. ratio was 20.8 suggesting that the proposed model is not a good predictor of shopping in Soweto.

5.4.2. Standardised paths

Besides the 'goodness-of-fit' indices, SEM may also be used to look at paths among variables. According to Schreiber, Stage, King, Nora, and Barlow (2006), the core of post

analysis should be an examination of coefficients of hypothesized relationships and should indicate whether the hypothesised model was a good fit to the observed data. The causal paths can be evaluated in terms of statistical significance and strength using standardised path coefficients that range between -1 and +1 (Hoe, 2008).

Estimates, standard errors and critical ratios are used to evaluate the significance of the model regression weights and intercepts. The standard errors and critical ratios for the regression weights of the hypotheses and questions in this study could not be calculated by the modeling software due to under-identification in the model.

After reviewing the statistical significance of the standardised paths, the next step is to review the strength of the relationships among the variables (Hoe, 2008). According to Chin (in Hoe, 2008) standardised paths should be at least 0.20 and ideally above 0.30 in order to be considered meaningful for discussion. The standardised paths of our model are computed and shown on the table below:

Coefficient	Standardised coefficient	Critical Ratio
Shopping in Soweto ←Cross Shopping	0.847	**
H7 ←Cross Shopping	0.105	**
H8 ← Cross Shopping	0.999	**
Shopping in Soweto ← Patronage	0.502	**
H6 ← Cross Shopping	0.290	**
H5 ← Patronage	0.313	**
H1 ← Patronage	0.938	**
H2 ← Patronage	-0.140	**
H3 ← Patronage	1	**
H4 ← Patronage	0.377	**

Table 19 - Standardised paths of the proposed model

According to Quensel, Scherling and Wallis (2008), a path coefficient is equivalent to the factor loadings in factor analysis. Based on this logic we can make the following conclusions about the correlations in the model:

- The standardised path coefficient of 0.938 indicates that lower price is positively associated with patronage behaviour (H1).
- The standardised path coefficient of 1 indicates that atmosphere is positively associated with patronage behaviour (H3).
- The standardised path coefficient of 0.377 indicates that demographic variables are positively associated with patronage behaviour (H4).
- The standardised path coefficient of 0.313 indicates that the retailer's reputation is positively associated with patronage behaviour (H5).
- The standardised path coefficient of 0.999 indicates that convenience orientation is positively related to cross-shopping (H8).
- The standardised path coefficient of -0.140 indicates that accessibility is not positively associated with patronage (H2).
- The standardised path coefficient of 0.290 indicates that product assortment is not positively associated with cross-shopping (H6).
- The standardised path coefficient of 0.105 indicates that price consciousness is not positively associated with cross-shopping (H7)

Chapter 6: Discussion of Results

The aim of this chapter is to discuss the results in terms of the literature in Chapter 2 and hypotheses in Chapter 3. An attempt will also be made in this chapter to explain why the proposed model was not supported by the research. This is important because SEM theory suggests that structural hypotheses in the model should only be tested once the validity of the model has been established (Bollen and Long, 1993). Hence it is worth noting that this study was strictly confirmatory, meaning that one single model was formulated and empirical data was obtained to test it. This is different to the model generating scenario, where the model is modified if it does not fit the given data (Bollen and Long, 1993).

6.1. Results

6.1.1. Store Patronage

H1: Lower prices influence the grocery shopping behaviour of shoppers in Soweto

The confirmatory factor analysis established 'lower price' to be a construct reflected in the observed data, albeit weak. The reason for this could be the fact that respondents were asked if they knew prices of grocery items bought regularly. But knowing prices of grocery items does not mean that the respondents were influenced by lower prices.

It was however established that lower price is positively associated with patronage behaviour (as demonstrated by the standardised coefficient of 0.938). When respondents were requested to select their top three attributes that are important to them as far as

grocery shopping is concerned, 'lower prices' received the most mentions overall. This indicates that lower prices do, in fact, accelerate purchases and that there is a positive relationship between low-price offerings and retail choice (Pan and Zinkhan, 2006). Therefore, the hypothesis was accepted.

H2: There is a positive relationship between minimum travel distance to the nearest stores and store patronage

The factor analysis revealed that this hypothesis has a low value of Cronbach's alpha (0.267), which indicates that the items that were used to measure the construct (i.e. accessibility) were not reliably measured. The reason for this could be that the initial questionnaire asked respondents to estimate how long they traveled (i.e. time wise) to their preferred stores. During the test phase of the questionnaire some of the respondents indicated that this was dependent on factors such as traffic. The question was subsequently changed and respondents were asked to estimate how far they traveled to their preferred stores (i.e. in kilometers). Many respondents battled to answer this question because they could not estimate in kilometers but time. Having looked at the mode of transport frequently used to do shopping, this makes sense (see figure 4).

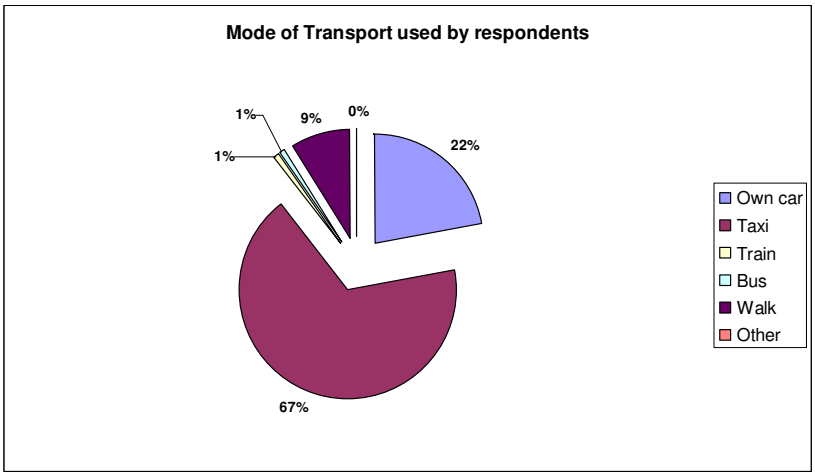

Figure 4 - Mode of transport used by respondents

The correlation between travel time/distance (i.e. accessibility) and patronage was also low, as demonstrated by the standardised coefficient of -0.140. It is, however, worth noting that when respondents were asked if they would change stores if there were other stores with the desired products or services closer to their homes, 58.4% agreed with the statement. But, of those who indicated preference for shopping outside Soweto, 83.8% agreed with the statement. This supports the argument if all other factors are equal, the purchases will be made by spending the minimum travel time to the nearest store that stocks the desired products (Hack et al, in Ou et al, 2006). And so it can be argued that those who shop in Soweto cannot possibly shop closer than where they shop currently, indicating why the agreement % for the overall sample is 58.4%.

The negative correlation between Accessibility and Patronage, however, presents another dimension that was not considered by this study, i.e. the fact that shopping is sometimes done on the way home from work. According to Kuipers (2005) many township shoppers

buy food from shops near their workplaces, which are often outside the townships where they live. For these shoppers, it would appear that the issue is not about spending minimum travel time to the store, but making use of their time efficiently. This validates Black's theory (in Seock, 2009) that shoppers are likely to make their store selections while considering a number of activities simultaneously.

Overall, the hypothesis was therefore rejected.

H3: Major grocery retail stores in Soweto are lacking in experiential and emotional attributes which affects the patronage

The factor analysis of this hypothesis yielded two factors and its Cronbach's alpha was also on the low side at 0.458. The reasons for this are provided by the confirmatory factor analysis, which shows that the question which was meant to test this hypothesis was also correlated to other eight latent constructs in the model.

It was, however, established that atmosphere is positively associated with patronage behaviour (as demonstrated by the standardised coefficient of 1). When respondents were asked to select their top three attributes as far as grocery shopping is concerned, those who prefer shopping outside Soweto highlighted attributes related to atmosphere while those who prefer shopping in Soweto chose lower prices to be the most important attribute. The sample of respondents preferring to shop outside Soweto indicates that major grocery retail stores in Soweto are still lacking in experiential and emotional attributes. This validates Imrie's (2009) argument that the level of service in the retail stores in townships is often

lower than the level of service in the suburbs. Von Blottnitz (2007), however, makes the point that the service in townships is getting better as a result of the new shopping malls. In fact Ligthelm (2007) argues that one of the strategies that can be adopted by smaller retailers to compete with the major supermarkets in townships is through effective customer service on a small dedicated assortment of merchandise.

The hypothesis was therefore accepted.

H4: The effect of consumers' perceived reputation of the retailer on consumer behaviour varies with the age, gender, income, and education of the consumer

The confirmatory factor analysis confirmed that the construct 'demographics' was reflected in the observed data, albeit weak (with a very low alpha of 0.078). This, however, can be attributed to the fact that results were different for the four demographic characteristics that were tested.

The results indicated that the strongest correlations existed between the following demographic characteristics:

- Marital status and patronage (rotated factor loading = 0.509)
- Employment status and patronage (rotated factor loading = 0.780)

The relationship between marital status and patronage validates the argument that family size (which is an indicator of marital status) has an effect on store preferences (Fox, 2002).

Carpenter et al (2006) also suggest that household size is a distinct predictor of store patronage.

The relationship between employment status and patronage validates the argument that township shoppers also patronise stores near their workplaces, which are often outside the townships where they live (Kuipers, 2005).

There were, however, also negative correlations between:

- Age and patronage (rotated factor loading = -0.15)
- Income and patronage (rotated factor loading = -0.797)

According to Pan and Zinkhan (2006) no consensus exists about the relationship between age and patronage behaviour. They cite the study of department store shoppers by Crest and Reynolds (1978) which found frequent patrons to be younger, better educated shoppers with higher incomes. Roy (in Pan and Zinkhan, 2006), however, argues that young people facing greater constraints on their time may be restrained from frequently visiting a retailer.

On the relationship between income and patronage, there also seems to be conflicting views. Goldman (in Pan and Zinkhan, 2006) argued that low income consumers tend to have lower marginal opportunity costs for their time, in that potential benefits of comparison shopping are likely to be of greater importance to them. Levy (in Pan and

Zinkhan, 2006) however argued that low income women may like to go shopping just to have reason to get outside of the house.

Overall the standardized coefficient of 0.377 demonstrates that there is a connection between demographic characteristics and the patronage of retail formats. The hypothesis was therefore accepted.

H5: There is a significant positive relationship between consumers' perceived reputation of the retailer and store patronage frequency.

Although the hypothesis yielded a three factor solution, the items making up the scale had a very high value alpha of 0.828, meaning that the scale used was very reliable.

The results highlighted a strong correlation between a number of statements about retailer reputation and patronage. See the table below:

Statement	Rotated Factor Loading
▪ I have a good feeling about the company	0.854
▪ I admire and respect the company	0.853
▪ I trust the company	0.732
▪ The retailer develops innovative solutions	0.605
▪ The company maintains high standards in the way it treats its people	0.576
▪ It is an environmentally responsible company	0.489

Table 20 - Statements to measure retailer reputation

The results highlight that retailers with good reputations are perceived to offer good value, to communicate honestly, to be ethical and well managed (Ou et al., 2006). This demonstrates that there is a positive relationship between a favourable store name and a customer's willingness to buy (Grewal et al, as cited in Ou et al, 2006).

Overall, the standardised coefficient of 0.313 indicates that there is a significant positive relationship between consumers' perceived reputation of the retailer and store patronage frequency. The hypothesis was therefore accepted.

6.1.2. Cross-Shopping

Cross-shopping is taking place in Soweto as demonstrated by table 21:

	Daily	Once a week	Twice per week	Once a month	Twice per month	Infrequent/ Never	TOTAL
Hypermarket	6	11	19	26	33	18	113
Major Supermarket	11	15	22	21	32	12	113
Superette	1	3	2	8	1	98	113
Forecourt	12	9	8	10	6	68	113
Corner Café	6	5	10	9	6	77	113
Spaza	66	12	7	3	2	23	113
Other	4	5	5	3	2	94	113

Table 21 - Shopping frequency of retail formats

The less frequented format is the Branded Superette with 98 respondents indicating that they never shop in this type of format. The main reason for this could be the fact that these stores have a limited range of groceries and their prices are at a 10-40% premium to major chain stores (see appendix 3). Forecourts and Corner Cafés are also not popular as over 50% of the respondents claimed that they never shop at these stores. Seeing that the mode

of transport used by respondents is the taxi, it makes sense that the forecourt is not a popular format with most of the shoppers in Soweto.

The most frequented format is the Spaza shop (i.e. Urban counter service store) with 66 respondents claiming that they visit this type of store on a daily basis. This makes sense because these types of stores sell basic groceries of a convenience nature, for example bread, milk, toilet paper etc.

Besides the Spaza shop, most of the shopping is also done in Hypermarkets and Major supermarkets and reasons for this prevalence of cross-shopping are explored below:

H6: A wider product assortment limits the cross-shopping behaviour of shoppers in Soweto

The confirmatory factor analysis confirmed that the questions which were used to test this hypothesis were also correlated to Convenience Orientation. The questions used in the study were obtained from Skallerud et al (2009), who did a similar study in Norway. This result means that this construct needs to be re-specified in further research.

It was however established that the strength of relationship between product assortment and cross-shopping is low (as demonstrated by the standardised coefficient of 0.290). This proves that a wider variety helps retailers to attract more consumers, thus limiting cross-shopping. Had the relationship between product assortment and cross-shopping been

meaningful (i.e. over 0.3), this would have indicated that a wider product assortment leads to cross-shopping (which is not the case).

When asked if it was important that the store had a wide variety of food items, 85% of respondents agreed with the statement. However, half of the respondents indicated that they did not have a preferred store, citing that they choose stores that are convenient to them at the time. The implication of this is that a wider assortment alone is not enough to limit cross-shopping. Nevertheless, the hypothesis was accepted.

H7: Price consciousness (i.e. the degree to which customers focus on paying low prices) is positively related to the shopping frequency in low price formats

The confirmatory factor analysis confirmed that one of the questions used to test this hypothesis was also correlated to Convenience Orientation. The result means that this question needs to be excluded or re-specified in further research.

The data, however, established that the strength of the relationship between Price Consciousness and Cross-Shopping is low (as demonstrated by the standardised coefficient of 0.105). This proves that price consciousness positively impacts patronage for low price formats (Carpenter, 2006). This is certainly the case because the results indicate that the most shopping in Soweto is done in Hypermarkets and Supermarkets (apart from Spaza shops). Hypermarkets offer a wide range of groceries and use broadsheets, promotions and in-store radio to influence shopper behaviour (see appendix 3). Supermarkets also offer a wide range of groceries and price is used as a key influencer to drive feet through stores

(see appendix 3). Branded Superettes, Forecourts, and Spaza shops are not low price formats because they generally sell groceries at a premium to the Hypermarkets and Supermarkets.

Price consciousness alone, however, is not enough to limit cross-shopping. We know this because 60% of respondents in this study shop in Spaza shops on a daily basis. Von Blottnitz (2007) makes the point that Spaza shops usually score poorly in terms of price, but their main advantage is convenience as they are close to the homes of customers and they open for long hours daily.

Overall, the hypothesis was therefore accepted.

H8: The perceptions on convenience by the Soweto shoppers influence their satisfaction with the service that they receive from the stores.

The confirmatory factor analysis confirmed that the question which was used to test this hypothesis was also correlated to Product Assortment. This means that this question needs to be excluded or re-specified in further research.

However the data established that Convenience Orientation is positively related to Cross-Shopping (as demonstrated by the standardised coefficient of 0.999). This essentially means that the need for convenience essentially leads to cross-shopping. This has certainly come through a number of times in this study. Firstly, half of the respondents in this study indicated that they did not have a preferred store, citing that they choose stores that are

convenient to them at the time. The other issue that came through is that of opening hours. When asked if it was important that the stores had opening hours that suited them, 77.9% of the respondents agreed with the statement. We also saw earlier that many Sowetans buy groceries near their workplaces because of the convenience factor.

The consumer survey conducted by Von Blottnitz (2007) also revealed that consumers were rather critical of the high price levels of Spaza shops, but they kept using this format for its convenience. As a result Von Blottnitz (2007) suggests that some Spaza shops seem to suffer less from competition because they have their captive customer base frequenting them for convenience. The hypothesis was therefore rejected.

6.2. Summary of the results

Hypotheses	**Outcome**
H1: Lower prices influence the grocery shopping behaviour of shoppers in Soweto	**Accepted**
H2: There is a positive relationship between minimum travel distance to the nearest stores and store patronage.	**Rejected**
H3: Major grocery retail stores in Soweto are lacking in experiential and emotional attributes which affects the patronage of stores in Soweto	**Accepted**
H4: The effect of consumers' perceived reputation of the retailer on consumer behaviour varies with the age, gender, income, and education of the consumer.	**Accepted**
H5: There is a significant positive relationship between consumers' perceived reputation of the retailer and store patronage frequency.	**Accepted**

H6: A wider product assortment limits the cross-shopping behaviour of shoppers in Soweto.	**Accepted**
H7: Price consciousness (i.e. the degree to which customers focus on paying low prices) is positively related to the shopping frequency in low price formats.	**Accepted**
H8: The perceptions on convenience by the Soweto shoppers influence their satisfaction with the service that they receive from the stores.	**Rejected**

6.3. Reasons the proposed model was not supported by research

There are three potential reasons the proposed model was not supported by the research and these will be discussed in turn:

6.3.1. Sample size

Although there is little consensus on the recommended sample size for SEM, Garver and Mentzer (in Hoe, 2008) proposed a critical sample of 200. Hox and Bechger (2008) agree that with a good model and multivariate normal data, a reasonable sample size is 200 cases, although there are examples in the literature that use smaller samples. Barret (2007) asserts that SEM analyses based upon samples of less than 200 should simply be rejected outright for publication unless the population from which a sample is hypothesised to be drawn is in itself small or restricted in size.

In this research the sample size was 113, which does not provide sufficient statistical power for data analysis. This sample was accepted based on the fact that there are examples in the

literature that use smaller samples. But in retrospect, a concerted effort should have been made to collect at least 200 surveys.

6.3.2. Coverage Error

According to Bollen and Long (1993), coverage error arises because some persons in the population are not given any chance of being included in the sample. In this research the data was collected in the malls and the central business district of Johannesburg because a significant share of disposable income that is spent outside Soweto goes to Southgate and the Johannesburg CBD. It is, however, possible that some persons in the population were not given the chance of being included in the sample.

6.3.3. Complexity of the model

The modeling software concluded that the proposed model was under-identified. This is as a result of too much complexity in the model, i.e. there were too many questions and hypotheses resulting in the model being unable to find a unique solution for the parameters that need to be estimated. In order to get an identified solution to this model, it would therefore be necessary in further research to define what the possibilities or reasonable values for the regression weights in the model would be.

Chapter 7: Conclusion

Whilst the proposed model was not supported by the research for reasons already discussed, there were key findings that were established by the research and these will be looked at in this chapter.

7.1. Store Patronage

From a store patronage point of view it was established that an increasing number of Sowetans are actually shopping in Soweto. From the sample, the majority of respondents cited preference to shop in Soweto.

Some Sowetans, however, shop outside Soweto purely for convenience, as in the case where shopping is done close to work. This partly explains why most of the disposable income of Sowetans has traditionally been spent outside Soweto. The other explanation, of course, is the fact that most of the developments in Soweto, as far as the establishment of shopping centres is concerned, only started taking place in the late 1980s. This means that the dizzying speed and intensity at which these facilities have mushroomed in Soweto is a real phenomenon.

Many retail stores in Soweto are still lacking in experiential and emotional attributes, resulting in some Sowetans deciding to shop outside Soweto. However, there are indications that the service in townships is getting better as a result of the new shopping malls going up.

There is a positive relationship between the demographic variables of Sowetans and the patronage of retail formats. The implication of this is that there will always be a group of Sowetans who will always shop outside of Soweto as the perceived reputation of retailers varies with age, gender, income, and education of the consumer or shopper.

There is a positive relationship between consumers' perceived reputation of the retailer and store patronage frequency. This means that Sowetans support retailers who are considered to be honest, ethical and well managed.

From a patronage point of view, we can conclude that factors driving store patronage in Soweto are lower prices, the atmosphere in the store, demographic characteristics of consumers and the reputation of the retailer. Accessibility was not found to drive patronage in Soweto for reasons already mentioned.

7.2. Cross-shopping

The incidence of cross-shopping in Soweto is high and it is driven by the fact that some Sowetans claim not to have preferred stores, citing that they choose stores convenient to them. While lower prices are important, it appears that Sowetans are prepared to pay for convenience. They buy some items from Spaza shops because these stores are closer to their homes and they open for long hours daily.

In order for retailers to limit cross-shopping, they need to offer a greater variety of products, competitive prices and meet the shoppers' need for convenience. While product assortment and price consciousness are important, they do not limit cross-shopping on their own.

7.3. Implications of the research for retailers

7.3.1. Soweto retailers

Food retailers in Soweto need to keep a greater variety of products to cater for the heterogeneous tastes of their patrons and to help them to attract shoppers who are either shopping in town or other formats within Soweto.

However, they also need to bear in mind that shoppers in Soweto spend extra time and energy searching for cheaper food items (i.e. they are price conscious). This means that their prices should remain competitive to prevent shoppers from going to alternative stores.

But the fact that shoppers in Soweto are prepared to pay for convenience shows that there is an opportunity for retailers to increase their grocery turnover by meeting this need. This can be achieved by having longer opening hours and by offering a home delivery service.

Retailers in Soweto also need to pay more attention to the experiential and emotional attributes of shoppers in Soweto. They must seek ways to enhance the purchase experience by making the store a more enjoyable place to be. Stores should provide rest areas and an

appropriate store temperature. Stores must be kept clean and service should be enhanced. Customers must also be treated with respect and dignity.

Retailers in Soweto must attempt to be honest and ethical at all times because reputation influences store patronage frequency.

7.3.2. Retailers in Suburbs/Town

Retailers in town need to realise that more disposable income of Sowetans will be spent in Soweto as the result of new store formats going up in Soweto. It therefore makes sense for retail groups to be in Soweto because they could lose some of their customers if they have no presence in Soweto. But most importantly, retail groups need to ensure that the level of service offered in town is consistent with the level of service offered in Soweto. If not, they could find themselves losing customers to competitors. Apart from the threat of losing customers, enhancing the attractiveness of stores through service and ambiance can also compensate for the negative impact of travel time to their stores.

The other important point for retailers in town to realise is that there will always be a group of Sowetans who will always prefer shopping outside of Soweto as the perceived reputation of retailers varies with age, gender, income, and education of the consumer or shopper. This means that retailers in town must continue catering for the needs of these types of shoppers. The needs of those who shop in town for convenience must also be catered for.

Future research

There are a number of themes, as far as patronage is concerned, that could be explored further still focusing on Sowetans or township consumers. Pricing is one such theme. While this study established that lower price drives store patronage, the link between price and perceptions of product quality also needs to be investigated. By suggesting that lower price drives store patronage, it is possible that this study may have overlooked consumers who choose retailers that offer high-priced products to enhance their expected quality.

While on the price theme, future research also needs to test whether large basket/small basket shoppers in Soweto prefer to shop in stores that implement Every Day Low Pricing (EDLP) or short-term deep-cut promotions (HILO). This research could shed some light on how retailers in Soweto should approach promotions, given that half of the respondents in this study seemed not to be influenced by promotions.

The research on the impact of other facilities like financial services on patronage would also add to our understanding of store patronage in Soweto. These services essentially enable stores to be one-stop shops in the true sense and would be expected to minimise costs associated with shopping.

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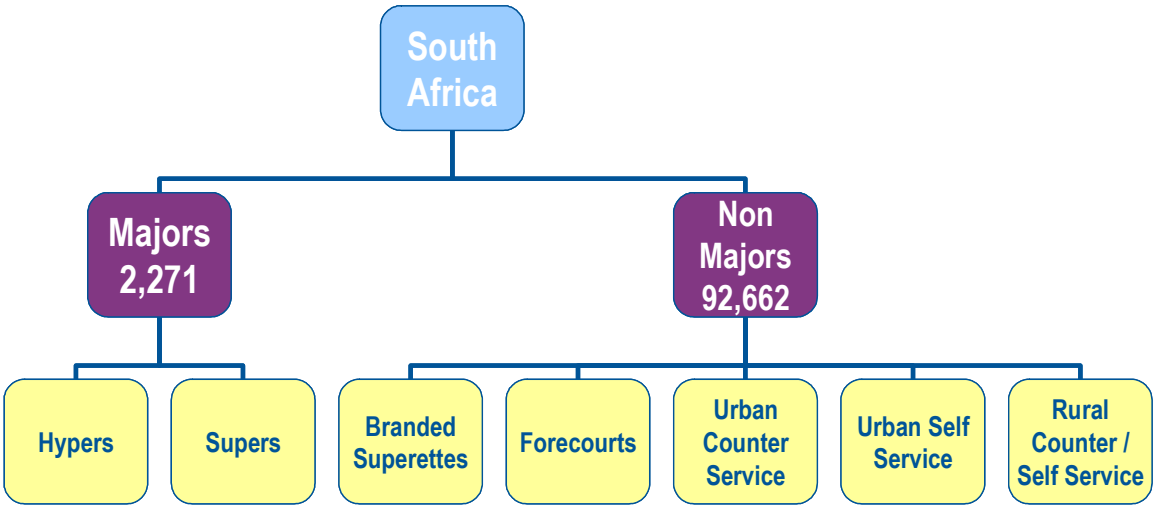
Appendices

Appendix 1 – Definitions of types of shopping locations

Community Centres	Classified with a GLA between 12,000m² and 35,000m²
Neighbourhood Centres	Classified as centres with a GLA under 12,000m²
Street front retail/strip/convenience centre	A group of retailers, restaurants and other outlets that locate along a street (e.g. 7th Avenue in Melville) to exploit shopping externalities. Unlike formal shopping centres, street front retail generally comprises a series of different property owners
Informal traders	Informal retailers that sell a wide range of goods and services (from fresh fruit, to hair styling) from informal premises (which could include residential premises, containers, makeshift stalls and markets) or just open spaces such as pavements. Informal traders often locate adjacent to formal retail facilities, or at commuter nodes
Spaza shops	A type of informal trade with goods retailed from unlicensed "tuck-shops" generally run from private homes, as a source of generating income from the household

***Source:* Palmer Development Group (2005)**

Appendix 2 – How is the retail landscape divided in South Africa?



Source: Unilever South Africa

Appendix 3 – Channel definitions

Channel: Hypermarkets

A very large (5,000-10,000 sq m) warehouse-type store, either stand alone or as the main anchor in a large shopping centre. Found primarily in middle to upper income suburbs or commercial areas. A "one stop shop" with satellite stores commonly found within the confines of the Hypermarket itself. Offers shoppers a very wide range of groceries & fresh foods, including butchery, bakery, deli & speciality items like seafood. Is used primarily for monthly & top up shopping. Is well organised with wide aisles, huge display areas and between 30-60 till points. Also stocks white goods, brown goods, clothes, electronics and general merchandise. Broadsheets, promo sites and instore radio are widely used to influence shopper behaviour. This store format is either owned by Pick 'n Pay or Checkers Hyper.

Channel: Major Supermarkets

Large (800-4000 sq m), modern self-service supermarket, either Pick 'n Pay, P'nP Family, Spar, SuperSpar, Shoprite or Checkers. Typically located within suburban shopping malls or on main roads or within the CBD. Offers a wide range of groceries, including fresh fruit & veg, butchery, bakery & deli. High brand awareness by all LSMs. Shoppers see stores within a branded chain as consistent ito appearance, shopping experience, range, price & promotion. Aspirational & highly regarded by the majority of S.A. shoppers. Used for "monthly" grocery & top up shopping by LSMs 3-10, with lower LSMs favouring Shoprite & Checkers, and higher LSMs favouring PnP & Spar. Stores are well stocked; aisles are spacious & clearly marked.
All stores in suburbs have ample parking; those in CBD are close to taxi rank.
All use price as key influencer to drive feet through store. TV, Radio, Newspaper & Broadsheet advertising are used extensively.

Channel: Branded Superettes

A small (<500 sq m), conveniently located, self service store, used mainly for daily essentials (bread, milk, cigarettes), emergencies ("I've run out of something"), "to eat now" (sweets, fast food, snacks) & top-up (fruit, veg, grocery). Convenience lines (bakery, deli, snacks & cooldrinks) feature prominantly, with a limited range of groceries & personal care. Shoppers often only use as a last resort, as prices are 10-40% premium to major chain stores, & only smaller pack sizes are stocked. Open long hours (6 or 7 a.m until 8 or 9 p.m). Easy to access (parking right outside); seen as a quick, hassle-free shop. Limited use of price promotitons compared to major chain supermarkets, however, TV, radio & broadsheet advertising is used. KwikSpar, PnP Mini Market, Friendly, 7 Eleven and OK Froods all fall within this channel.

Channel: Urban Self Service
Self Service Stores in Urban areas with Closed settlement populations of greater than 40 000 (based on Stats SA '96) that do not fall into Hypers, Supers, Branded Superettes or Forecourts. Stores with a combination of Self Service & Counter Service will be included.

	**Channel: Forecourts** Branded Forecourt stores Engen, Total, Caltex, Shell, BP, Excel, Zenex, Sasol, Afric Oil plus Independent forecourt stores
	**Channel: Urban Counter Service** Counter Service Stores in Urban areas with Closed settlement populations of greater than 40 000 (based on Stats SA '96) that do not fall into Hypers, Supers, Branded Superettes or Forecourts. Stores with a combination of Self Service & Counter Service will be excluded.
	**Channel: Rural Counter / Self Service** Rural Counter or Self Service Stores in Rural areas with closed settlement populations of less than 40 000 (based on Stats SA '96) that do not fall into Hypers, Supers, Branded Superettes or Forecourts. Stores with a combination of Self Service & Counter Service will be included.

Source: **Unilever South Africa**

Appendix 4: Questionnaire

Part I: Patronage Behaviour

Respondent from Soweto:	
Yes	☐
No	☐

1. What is your preferred grocery store? Please choose one:

PnP	Shoprite	Checkers	Spar	Woolworths	Score	Other

If other specify _____

2. My preferred grocery store is located at:

Southgate Mall	☐	The Glen	☐
Maponya Mall	☐	Johannesburg CBD	☐
Westgate Mall	☐	Sandton City	☐
Bara Mall	☐	Dobsonville Mall	☐
Jabulani Mall	☐	Clearwater Mall	☐
Eastgate Mall	☐	Other	☐

If other specify _____

3. Approximately how far do you drive to your preferred store?

<5km	5 – 10km	11-15km	16-20km	21-25km	26-30km	>30km

4. Accessibility

	Strongly disagree	Disagree	Somewhat disagree	Neutral	Somewhat agree	Agree	Strongly agree
I would change stores if there were other stores with the desired products or services closer to my home	-3	-2	-1	0	+1	+2	+3

5. What mode of transport do you use to do grocery shopping?

Own car	Taxi	Train	Bus	Walk	Other

If other specify _____

6. On average how much do you spend on groceries on a monthly basis? R_____

7. Promotions

	Strongly disagree	Disagree	Somewhat disagree	Neutral	Somewhat agree	Agree	Strongly agree
I change stores based on the best on the best promotions on that trip	-3	-2	-1	0	+1	+2	+3

8. Pricing

	Strongly disagree	Disagree	Somewhat disagree	Neutral	Somewhat agree	Agree	Strongly agree
I know prices of grocery items that I buy regularly.	-3	-2	-1	0	+1	+2	+3

9. Which attributes are important to you, as far as grocery shopping is concerned?

Low Prices	☐	Always well stocked	☐
Convenience (i.e. access to the store)	☐	Clean and hygienic store	☐
Minimum checkout delay	☐	Everything in one shop	☐
Ease of parking	☐	Pleasant store environment	☐
Attractive promotions	☐	Security	☐
Friendly and helpful staff	☐	Other	☐
Long opening hours	☐		☐

10. Select your top three attributes from the list above

Low Prices		Always well stocked	
Convenience (i.e. access to the store)		Clean and hygienic store	
Minimum checkout delay		Everything in one shop	
Ease of parking		Pleasant store environment	
Attractive promotions		Security	
Friendly and helpful staff		Other	
Long opening hours			

Part II: Corporate Reputation

The following questions ask you to express your opinions on your preferred grocery retailer. Please circle the number that best reflects your agreement:

	Strongly disagree	**Disagree**	**Somewhat disagree**	**Neutral**	**Somewhat agree**	**Agree**	**Strongly agree**
11. I have a good feeling about the company	-3	-2	-1	0	+1	+2	+3
12. I admire and respect the company	-3	-2	-1	0	+1	+2	+3
13. I trust the company	-3	-2	-1	0	+1	+2	+3
14. The retailer develops innovative services	-3	-2	-1	0	+1	+2	+3
15. Offers high quality products and services.	-3	-2	-1	0	+1	+2	+3
16. Offers products and services that are a good value for money	-3	-2	-1	0	+1	+2	+3
17. The company is well managed	-3	-2	-1	0	+1	+2	+3
18. It looks like a good company to work for	-3	-2	-1	0	+1	+2	+3
19. The company has good employees	-3	-2	-1	0	+1	+2	+3
20. The company supports good causes	-3	-2	-1	0	+1	+2	+3
21. It is an environmentally responsible company.	-3	-2	-1	0	+1	+2	+3
22. The company maintains high standards in the way it treats people.	-3	-2	-1	0	+1	+2	+3

Part III: Cross-shopping behaviour

23. Grocery shopping behavior

How many times – on average- during the last year have you purchased groceries at the following outlets (one mark ☒ per line)?

Grocery shopping	5-7 times per week	4 times per week	3 times per week	2 times per week	1 time per week	1-3 times per month	2-5 times per half-year	1-2 times per year	Infrequent /never
Hypermarket (e.g. PnP or Checkers Hyper)	☐	☐	☐	☐	☐	☐	☐	☐	☐
Major supermarket (e.g. PnP, Spar, Shoprite, Checkers)	☐	☐	☐	☐	☐	☐	☐	☐	☐
Branded Superette (e.g. Friendly, 7Eleven, OK Foods)	☐	☐	☐	☐	☐	☐	☐	☐	☐
Forecourts (e.g. Engen, Total, Caltex, Shell, BP)	☐	☐	☐	☐	☐	☐	☐	☐	☐
Corner Café or General Dealer	☐	☐	☐	☐	☐	☐	☐	☐	☐
Spaza shop	☐	☐	☐	☐	☐	☐	☐	☐	☐
Other	☐	☐	☐	☐	☐	☐	☐	☐	☐

24. Statements about your food buying behaviour

	Strongly Disagree	**Disagree**	**Somewhat Disagree**	**Neutral**	**Somewhat Agree**	**Agree**	**Strongly Agree**
Product assortment	-3	-2	-1	0	+1	+2	+3
I choose grocery stores with the best food quality	☐	☐	☐	☐	☐	☐	☐
It is important to me that the store has a wide variety of fresh food	☐	☐	☐	☐	☐	☐	☐
It is important to me that the store has opening hours that suits me	☐	☐	☐	☐	☐	☐	☐

It is important to me that the store has a wide variety of food items	☐	☐	☐	☐	☐	☐	☐
I don't have a preferred food store; I choose the store that is convenient to me at any time	☐	☐	☐	☐	☐	☐	☐
	Strongly Disagree	**Disagree**	**Somewhat Disagree**	**Neutral**	**Somewhat Agree**	**Agree**	**Strongly Agree**
Price consciousness	-3	-2	-1	0	+1	+2	+3
I am willing to spend extra time & energy searching for cheaper food items	☐	☐	☐	☐	☐	☐	☐
The time it takes to search for lower prices is not worth it	☐	☐	☐	☐	☐	☐	☐
I want to purchase food at more than one retail outlet, even if it costs more	☐	☐	☐	☐	☐	☐	☐
The money saved on searching for cheaper food is not worth the time it takes	☐	☐	☐	☐	☐	☐	☐
As often as possible I buy food on special offers	☐	☐	☐	☐	☐	☐	☐
Convenience orientation							
I prefer to spend as little time as possible planning grocery shopping and actually purchasing groceries	☐	☐	☐	☐	☐	☐	☐

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Part IV: Classification Information

About your self

Age:	☐ 13 – 20 ☐ 21 – 30 ☐ 31 – 40 ☐ 41 – 50 ☐ 51 – 60 ☐ Over 61

Gender (mark one ☒):				**Status** (mark one ☒):	
male	☐	female	☐	Married	☐
				Single	☐
				Divorced	☐
				Widowed	☐

Total number of persons in your home/household?	☐☐

Highest Qualification (Education) (mark one ☒)			**Employment Status** (mark one ☒)	
No Formal Education	☐		Employed	☐
Primary school	☐		Self-employed	☐
High school	☐		Student	☐
Certificate/Diploma	☐		Retired	☐
Degree	☐		Homemaker	☐
Pos-graduate Degree	☐		Unemployed	☐

What is the household yearly gross income (before tax)? (mark one ☒)			
< R1,399	☐		
R1,400 – R10,999	☐		
R11,000 – R19,999	☐		
> R20,000	☐		

Appendix 5: Socio-economic profile of Soweto

Total number of households (2004)	301,000 (43% of population of City of Johannesburg)
Poverty profile	• 28% of households earn under R800 per month • 40% of economically active people are unemployed
Housing	58% of people live in a brick house
Employment	30% of employed Sowetans work in Soweto
Geographic distribution of households	Figures given in the Retail Demand Analysis (see Annexures) and in Annexure 2 indicate that the household income profile of Soweto suburbs is reasonably uniform, but with wealthier areas generally located in the south

Source: Palmer Development Group (2005)

Appendix 6 – Retail spend on categories of household goods for Soweto as a whole

Type of goods	Amount spent (Rm/yr)	Split of retail spend (%)	% of hh budget
Daily Groceries	729	17%	8.1%
Monthly groceries	1,379	33%	15.4%
Alcoholic Beverages	179	4%	2.0%
Clothing, Footwear and textiles	869	21%	9.7%
Furniture Appliances, Hifi, TV	655	16%	7.3%
Restaurants, Fast Food, Cinema Shebeens	95	2%	1.1%
Personal Care, Hair & Beauty	218	5%	2.4%
Other	95	2%	1.1%
Total spend on retail goods	4,218	100%	47.1%
Total household spending (all items)	8,958		

Source: Palmer Development Group (2005)

Appendix 7 – Regional shopping centres accessible to Sowetans

Centre	Location	Development Date	GLA
Sandton City	Sandown, Sandton	1973	127,380m²
Eastgate Shopping Centre	Bedfordview	1979	109,000m²
Westgate	Horizon, Roodepoort	1985	106,270m²
Cresta	Cresta, Randburg	1976	92,740m²
Southgate Mall	Mondeor	1990	69,750m²
Carlton Centre	Johannesburg CBD	1971	53,832m²
The Glen	Oakdene	1998	45,000m²
Johannesburg CBD			1 million m^2

Source: Palmer Development Group (2005)

Appendix 8 – Existing shopping centres in Soweto

Name	GLA	Location	Anchor Tenant	Develop-ment date	Owner	Type	No of shops
Dobsonville Shopping Centre	17,317m²	75 Mnesi Park, Dobsonville	Shoprite Checkers, Truworths, Markhams	1994	The Centre City Investment (Pty) Ltd	Community Centre	80
Meadow Point	4,600m²	Zone 2 Meadowlands	Score	1988	Apex Hi Properties Ltd	Neighbour-hood	30
Pimville Square	3,657m²	Modjadji Street, Pimville	Shoprite	1989	Apex Hi Properties Ltd	Neighbour-hood	29
Dobson Point	3,102m²	Zone 7, Dobsonville	Score	1987	Apex Hi Properties Ltd	Neighbour-hood	22
Protea Point	2,873m²	Ndaba Drive, Protea Glen	Score Supermarket	1987	Apex Hi Properties Ltd	Neighbour-hood	29
Black Chain	5,830m^2	Old Potch Road (Baralink)	None	1980s	Business Partners	Neighbour-hood	20
Maponya Centre	2670m^2	Mahalefele Rd, Dube	Shoprite			Neighbour-hood	3
Crossroads	1000m^2	Corner Phera & Roodepoort Roads	Thandi's Wholesale			Neighbour-hood	10
Other							11
						Total	234

Source: Palmer Development Group (2005)

Please note – The anchor tenant at Maponya Mall is Pick n' Pay Hypermarket. Jabulani Mall is the latest shopping centre in Soweto

Appendix 9 – Consistency Matrix

Title – Antecedents of Store Patronage and Cross-Shopping: The Case for Increasing Grocery Spend in Soweto

Research Questions	Literature Review	Data Collection Tool	Analysis
1. What are the factors driving store patronage for Soweto grocery shoppers?	Tang et al. (in Ou et al., 2006)	Face-to-Face interviews	Analysis to be done through SEM using the determinants of shopping destination choice behaviour: price, accessibility, atmosphere, demographic characteristics, and the retailer's reputation.
2. Under which circumstances do Soweto grocery shoppers patronise different grocery formats?	Skallerud et al. (2009)	Face-to-Face interviews	Analysis to be done through SEM using the conceptual framework by Skallerud et al. (2009). Questions to be based on the determinants of cross-shopping behaviour: product assortment, price consciousness, convenience orientation, impulse buying tendency, and perceived time pressure