

# THE MERIT OF CREDIT: EXPLORING THE FACTORS THAT MAKE RETAIL CREDIT CONSUMERS LOYAL

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## Abstract

Loyal consumers are often regarded as the ultimate goal of any retail business, with the definition of loyalty incorporating many aspects of consumer behaviour and attitudes, the most prominent of which is return purchase behaviour. Credit consumers tend to display consistent repurchase behaviour, thereby appearing loyal. The aim of the current study was to investigate credit consumers of a retail clothing store and to identify factors that influence their loyalty towards the store. In order to achieve this objective, a comparison was made between a sample of account holders (credit consumers) and a similar sized sample of consumers who paid for their purchases in cash. Respondents were surveyed about their attitudes towards the retailer's merchandise, service and pricing, their perceived commitment to the retailer, their current purchase behaviour and their anticipated future behaviour regarding long-term loyalty towards the retailer. The study showed that account holders' loyalty towards the retailer was mostly influenced by the merchandise selection followed closely by the service received. Price had a negligible influence on account holders' loyalty towards the retailer. The findings of the study serve to guide retailers' strategies in terms of the provision of credit as a means to encourage loyalty amongst their consumers and resource allocation when considering competitive differentiation.

**Keywords:** Consumer Loyalty, Credit, Commitment, Retail, Retail Loyalty

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## 1. Introduction

For the past forty years, brand loyalty has become a focal point in marketing research and literature (Nawaz and Usman 2011:213) where it is often brandished as a panacea for all of a business's woes (Griffin 2002:5; Hallberg 2004:232; Reichheld 2006:18). In the retail sector, strategic loyalty programmes have become critical tools in an industry that is prone to intense competition and consumer promiscuity (Meyer-Waarden and Benavent 2009:345; Cant and Meyer 2012:198) where it is hoped that retaining consumers will drive profitability and sustainability (Reichheld 2006:18). Retailers aim to create and keep loyal consumers for three main reasons. Firstly, loyal consumers are more profitable than disloyal consumers (Reichheld 2006:18). Increased profitability can be due to the decreased cost of consumer acquisition, the tendency of loyal consumers to be less price-sensitive or the decreased cost of each transaction (Allaway, Gooner, Berkowitz and Davis 2005:1318; Griffin 2002:12; Reichheld 2006:19; Wisskirchen, Vater, Wright, De Backer and Detrick 2006:10). Secondly, having loyal consumers creates a competitive advantage that is both sustainable and difficult to copy. Loyal consumers are less likely to be attracted by competitive offerings but

at the same time they are more likely to forgive service delivery or product failures (Bhatty, Skinkle and Spalding 2001:13; Budhwani 2002:13; Marney 2001:33). Thirdly, loyal consumers are advocates of the organisation. Consumer advocacy is understood to be the public support given by a loyal consumer to the organisation (Oxford Dictionaries online, 2012, sv. advocacy; Reichheld 2006:19) and exists when consumers are so loyal to the organisation that they actively promote the organisation to friends and colleagues.

Many methods have been proposed to create and retain loyal consumers, with loyalty programmes based on purchase-rewards schemes being one of the most popular (Meyer-Waarden and Benavent 2009:345). An alternative means of encouraging consumers to return to a retailer is to tie such consumers in on a contractual basis. This is most often achieved by offering consumers the option of purchasing on credit terms. Credit purchase is a concept implying that a purchase is made but the actual payment only occurs at a later stage based on a legally binding contractual relationship between the retailer and the consumer (Elliot and Wei 2010:88). The problem is that the increased use of credit has a subsequent economic effect of increased indebtedness and bankruptcy (Kamleitner and Kirchner 2006:267),

which should force the marketing strategist to re-evaluate the extension of credit with the sole aim of tying consumers into long-term relationships.

The marketing literature is replete with authors attempting to define the concept of consumer loyalty and specifically to explain the reasons that consumers are loyal to a specific retailer. Very few articles however address the factors that influence consumer loyalty especially amongst consumers who purchase on credit. In the study on which this article is based, the existing literature of consumer loyalty and credit-based purchasing was reviewed with the specific focus of identifying the factors that influence consumer loyalty. A sample of each of two consumer groups, distinguished by their purchase payment behaviour at a single clothing retailer in Gauteng, was surveyed to identify the factors that influenced their loyalty towards the retailer. It was proposed that marketers should be aware of the factors that influence consumers who purchase on credit terms to be loyal to the retailer in order to drive strategy formulation and resource allocation. The research being reported here took the form of an exploratory, quantitative study to explore the factors that influence consumer loyalty towards a clothing retailer in Gauteng. In the section that follows, the literature on consumer loyalty and credit purchasing behaviour is reviewed. Research methodology and findings are discussed in sections 3 and 4 followed by the conclusions and managerial implications.

## **2. Literature Review**

Consumer loyalty is widely accepted to comprise two separate facets: positive behavioural intentions towards a brand or retailer and a positive attitude towards the same (Demoulin and Zidda 2008:386). Articles that focus on consumer loyalty primarily explore the antecedents of consumer loyalty (Boora and Singh 2011:151; Garland and Gendall 2004:81; Oliver 1999:23) or evaluate the effectiveness of loyalty programmes in creating loyal consumers (Demoulin and Zidda 2008:386; Meyer-Waarden and Benavent 2009:345; O'Malley 1998:47; Wu, Hai-Chen and Chung-Yu 2012:B1). The debate surrounding the effectiveness of loyalty programmes is beyond the scope of this article, but the definition of consumer loyalty, the antecedents thereof and the factors that may influence a credit consumer to be more loyal to a brand or retailer are important.

### **2.1 Consumer loyalty**

A broad definition of loyalty that can be applied to spousal relationships, brands, retailers and even restaurants is taken from the Oxford dictionary: "Loyalty is the quality of being faithful [act] in your support of somebody or something [object]" (Oxford Dictionaries online, 2012, sv. Loyalty). The act of being faithful as indicated in the definition can be

interpreted in a marketing context as the positive behavioural intentions or repurchase behaviour by a consumer toward an object, which could be a product, brand or retailer. The benefits of having consumers who demonstrate positive repurchase behaviour from a retailer are discussed next.

### **2.2 The benefits of having loyal consumers**

The benefits of having loyal consumers are extensively discussed in the literature and can be grouped into three categories, namely increased profitability, competitive advantage and consumer advocacy.

#### **2.2.1 Increased profitability**

Consumers contribute to the profitability of the organisation by the immediate value generated from an individual sale and also through their potential future spend (Peppers and Rogers 2005:8). Loyal consumers who intend to return to the organisation again will have a higher future spend value and can therefore be regarded as more profitable to the organisation than non-loyal consumers (Kumar 2006:10).

#### **2.2.2 Competitive advantage**

Consumers who actively select an organisation even when competitive options are available and cheaper are an asset to the organisation and can be regarded as a competitive advantage (Allaway et al. 2006:1318; Griffin 2002:12; Kumar 2006:10; Yi and Jeon 2003:230).

#### **2.2.3 Consumer advocacy**

Loyal consumers are believed to actively advocate the organisation to which they are loyal to their friends, colleagues and families, thereby giving the organisation free advertising (Reichheld 2006:19). The value of consumer advocacy across industries and products has been debated (Keiningham, Vavra, Aksoy and Wallard 2005:98), but is still widely regarded as a benefit of consumer loyalty (Blasberg, Vishwanath and Allen 2008:16). These potential benefits of having loyal consumers form the basis of strategies employed to engender loyal consumers.

### **2.3 Strategies to engender loyal consumers**

Loyalty programmes are presented as an effective method of encouraging loyalty in consumers (Gomez, Arranz and Cillan 2006:388; Meyer-Waarden 2008:89) and are most often rewards-based schemes that incentivise consumers to return (Hallberg 2004: 231; Lara and Madariaga 2007:37). Another method

of encouraging consumers to return to a specific organisation is to offer them credit terms allowing them to pay later for purchases that are made at the present moment. The convenience of not having to pay cash or carry cash with them motivates consumers to return to the organisation. Depending on the period of payment and the specific terms, an additional amount of interest is often charged on the original purchase amount (Elliot and Wei 2010:88). Retailers make use of so-called "store cards" to offer credit terms to their consumers (Erasmus and Lebani 2008:212), where store cards are understood to be credit cards valid only at the specific retailer (Lee and Kwon 2002:240). Criticisms against store cards include the fact that they are issued to consumers with little creditworthiness who are being allowed to extend their credit beyond their ability to make repayments (Erasmus and Lebani 2008:212; Lee and Kwon 2002:240); however, the fact remains that store cards represent a convenient payment option for consumers. Marketers need to understand the reasons (beyond financial indebtedness) why credit consumers are loyal to their organisations. The research on which this article is based explored the factors that influence credit consumers to be loyal to a retail clothing organisation.

### 3. Research Methodology

In 2011, the clothing industry in South Africa, comprising the sales of both clothing and footwear, reported sales of R151 454.8 million (Anon 2012:1), of which 38.5% was generated by the five biggest clothing retailers. This article reports on research that focused on one particular clothing retailer in Gauteng, which on its own represented 20.3% of the market, making it the largest clothing retailer in South Africa at that stage. The retailer was selected as the focus of the study for two reasons: firstly, its status as the largest clothing retailer in South Africa and secondly, due to the unique nature of its consumer base, which consisted of three distinct groups of consumers, namely 'cash-only' consumers, loyalty programme members who also pay cash, and account holders who purchase on credit terms. For reasons of confidentiality, the retailer will be referred to as Retailer X in this article.

An exploratory, quantitative survey was conducted at various shopping malls in the Gauteng province in South Africa to survey 308 consumers selected at the convenience of the researcher (Hair,

Bush and Ortinau 2003:359). Shopping malls were selected based on their availability for research (not all shopping malls allow research to be conducted on their premises), their geographic location in Gauteng and the demographic composition of their consumers. Individual respondents were selected by the fieldworkers who conducted mall-intercept interviews.

The 308 respondents represented each of the three consumer groups relevant to Retailer X as follows: cash-only consumers (n=101), account holders (n=104) and loyalty programme members (n=103). Loyalty programme members were not included in this analysis as their purchasing habits and attitudes could have been influenced by programme membership and the associated rewards. Loyalty programme members could be included in future research that compares all three consumer groups.

The focus of the study was on account holders, so the cash-only group was considered as a control sample and served as a point of comparison for the factors that influence consumer loyalty towards the clothing retailer. The survey instrument was a structured questionnaire consisting of 18 individual questions with subsections. The questionnaire was formulated based on the literature study, and included elements designed to measure the respondents' attitudinal loyalty to the retailer and their current and future behavioural intentions. The questionnaire elements were categorised according to factors identified from the literature study that were believed to contribute towards consumer satisfaction or emotional commitment to a retailer. The element categories were store atmosphere, consumer service, price and product-related issues.

#### 3.1 Questionnaire design elements

Each of the questionnaire elements and the measurement instrument are indicated below.

##### 3.1.1 Store atmosphere, consumer service, pricing and product elements

Consumer attitudes towards the store atmosphere, consumer service, pricing and products were measured by asking respondents to indicate the extent to which they agreed or disagreed with the derived statements on a standard five-point Likert scale. The individual statements and categories are indicated in Table 1 below.

**Table 1.** Store atmosphere, consumer service, pricing and product elements of questionnaire instrument

1.1	I enjoy the atmosphere in Retailer X stores
1.2	I like the music that Retailer X play in their stores
1.3	I like the design of the store, the way things are arranged
2.1	I get good service at Retailer X
2.2	I do not wait long when paying at the tills at Retailer X
2.3	There is sufficient help available when I need it
2.4	Retailer X staff are very friendly
3.1	Retailer X products are reasonably priced
3.2	The prices at Retailer X are competitive
4.1	I always get the products that I want from Retailer X
4.2	Retailer X has a good selection of products
4.3	Retailer X's products are fashionable and up to date
4.4	Retailer X has quality products

**3.1.2 Emotional attachment to the organisation**

Emotional attachment to the retailer was measured using a five point-Likert scale. Respondents were

asked to indicate if they strongly agreed, agreed, neither agreed nor disagreed, disagreed or strongly disagreed with the statements as indicated in Table 2.

**Table 2.** Emotional attachment elements of questionnaire instrument

5.1	I am very committed to Retailer X
5.2	It would matter a lot to me if I could not buy from Retailer X

**3.1.3 Current and future behavioural intentions**

Responses were recorded using a five-point Likert scale in order to indicate the degree of agreement with the statements depicted in Table 3.

**Table 3.** Current and future behavioural elements of questionnaire instrument

6.1	I buy most of my clothes from Retailer X
6.2	I would recommend Retailer X to my friends
6.3	I am likely to buy even more of my clothes from Retailer X in the future

The responses to the questionnaires were collated into a single dataset and factor analysis was conducted to identify the factors that influenced consumer loyalty towards the retailer. The main findings of the research are outlined in section 4.

**4. Research Findings**

The descriptive statistics of the findings are firstly discussed and then the results of the factor analysis are presented.

**4.1 Descriptive statistics**

Descriptive statistics are those analyses of data that describe, show or summarise the data in a meaningful way (Anon1 2012:1). The descriptive statistical results of the study are represented in Table 4.

**Table 4.** Descriptive statistics for account holders and cash-only consumers for attitude-related measurements

Statement	Consumer group	N	Did not answer	Mean	Std deviation
I enjoy the atmosphere in Retailer X Stores	Account	104	0	4.08	0.91
	Cash	101	0	4.18	0.684
I like the music that Retailer X play in their stores	Account	103	1	3.49	1.056
	Cash	100	1	3.67	0.975
I like the design of the store, the way things are arranged	Account	104	0	4.13	0.733
	Cash	100	1	4.00	0.752
I get good service at Retailer X	Account	104	0	3.87	0.976
	Cash	101	0	4.00	0.917
I do not wait long when paying at the tills at Retailer X	Account	104	0	3.59	1.171
	Cash	101	0	3.49	0.966
There is sufficient help available when I need it	Account	104	0	3.79	1.067
	Cash	101	0	3.78	1.006
Retailer X staff are very friendly	Account	104	0	3.88	0.921
	Cash	101	0	3.96	0.799
Retailer X products are reasonably priced	Account	104	0	3.42	1.094
	Cash	101	0	3.38	1.094
The prices at Retailer X are competitive	Account	104	0	3.88	0.889
	Cash	101	0	3.65	1.004
I always get the products that I want from Retailer X	Account	104	0	3.74	1.024
	Cash	101	0	3.68	0.948
Retailer X has a good selection of products	Account	104	0	4.15	0.694
	Cash	101	0	4.19	0.644
Retailer X products are fashionable and up to date	Account	103	1	4.24	0.76
	Cash	101	0	4.30	0.656
Retailer X has quality products	Account	103	1	4.14	0.755
	Cash	101	0	4.23	0.691

When comparing means, the two consumer groups appeared to be very similar in their attitudes towards the atmosphere, service, prices and merchandise at Retailer X, with account holders

having higher means in 6 out of the 13 categories with cash-only consumers having higher means in the remaining 7. Descriptive statistics for the commitment and behavioural questions are presented in Table 5.

**Table 5.** Descriptive statistics for account holders and cash-only consumers for commitment and behavioural measurements

Statement	Consumer group	N	Did not answer	Mean	Std deviation
I am very committed to Retailer X	Account	104	0	3.98	1.115
	Cash	101	0	3.42	1.160
It would matter a lot to me if I could not buy from Retailer X	Account	104	0	3.59	1.179
	Cash	101	0	3.43	1.195
I buy most of my clothes from Retailer X	Account	104	0	3.75	1.086
	Cash	101	0	3.18	1.108
I would recommend Retailer X to my friends	Account	104	0	4.17	.806
	Cash	101	0	4.10	.742
I am likely to buy even more of my clothes from Retailer X in the future	Account	103	1	3.92	1.036
	Cash	101	0	3.84	.924

The descriptive results presented in Table 4 and Table 5 indicate that, while both consumer groups appeared to have similar attitudes towards the retailer, the account holders were more positive in terms of their commitment, current behaviour and future behavioural intentions. The descriptive results do not however, indicate with any statistical significance

whether there is a difference between the factors that influence consumer loyalty for cash-only consumers and for account holders. Factor analysis was conducted in order to identify the factors that influence consumer loyalty towards the retailer.

#### 4.2 Factor analysis results

Generic factor analysis statistics to indicate the applicability of factor analysis for the cash-only consumer sample are presented in Table 6.

**Table 6.** Factor analysis statistics for cash-only consumers

Kaiser-Meyer-Olkin measure of sampling adequacy	.819
Sig.	.000

The Kaiser-Meyer-Olkin (KMO) statistic of 0.819 shown in Table 6 indicates that factor analysis was an appropriate test for this sample (KMO>0.5 and

Sig. <0.01). Table 7 shows the rotated factor matrix for the cash-only consumers.

**Table 7.** Rotated factor matrix for cash-only consumers

	Factor		
	1	2	3
1.1 Enjoy atmosphere in Retailer X	<u>.787</u>	.031	.167
1.2 Like music played in store	.112	-.196	<u>.637</u>
1.3 Like design of store, way things are arranged	<u>.698</u>	.216	-.032
2.1 Get good service at Retailer X	<u>.760</u>	.071	.243
2.2 Do not wait long when paying at Retailer X tills	<u>.665</u>	.101	.090
2.3 Sufficient help is available when needed	<u>.711</u>	.137	.203
2.4 Retailer X staff are very friendly	<u>.630</u>	.118	.305
3.1 Products are reasonably priced	.244	.153	<u>.769</u>
3.2 Retailer X' prices are competitive	.206	.352	<u>.699</u>
4.1 Always get products I want from Retailer X	<u>.513</u>	.138	.344
4.2 Retailer X has good selection of products	.474	<u>.487</u>	.344
4.3 Retailer X' products are fashionable and up to date	.461	<u>.502</u>	.136
4.4 Retailer X has quality products	.464	<u>.564</u>	.086
Extraction method: principal component analysis.			
Rotation method: Varimax with Kaiser normalisation.			
a. Rotation converged in 5 iterations.			

The rotated factor matrix outlined in Table 7 illustrates that variables 1.1, 1.3, 2.1, 2.2, 2.3, 2.4 and 4.1 (underlined) loaded heavily on factor 1. Four of the seven loaded variables relate directly to consumer service, resulting in the first factor being labelled "service".

Variables 4.2, 4.3 and 4.4 (underlined) loaded heavily on factor 2. All three of the variables relate directly to merchandise, so the second factor was labelled "merchandise".

Variables 1.2, 3.1 and 3.2 (underlined) loaded on the third factor. Variable 1.2 was the only non-price-related variable that loaded on factor three and reliability analysis indicated that if variable 1.2 was removed from the scale the reliability of the scale would increase. Factor three was therefore labelled "price" as the two remaining variables related directly to price.

Composite variables were created to represent each of the three factors as defined in Table 7, and the

composite variables were tested for reliability. Cronbach's alpha scores for each of the composite variables were above 0.6 indicating reliable scales.

A fourth composite variable was created to represent the current and future loyal behaviour of the cash-only respondents. This composite variable was labelled "loyalty", and consisted of the five variables illustrated in Table 2, namely 5.1, 5.2, 6.1, 6.2 and 6.3. Reliability analysis on the loyalty variable for cash-only respondents resulted in a Cronbach's alpha score of 0.844 indicating a reliable scale.

The three factors that were identified as factors that influence loyalty towards Retailer X were service, merchandise and price.

In order to identify the factors that influence consumer loyalty amongst account holders, a similar factor analysis was performed. The generic factor analysis statistics to confirm the applicability of factor analysis on the account holder sample are displayed in Table 8.

**Table 8.** Factor analysis statistics for account holders

Kaiser-Meyer-Olkin measure of sampling adequacy	.811
Sig.	.000

The factor analysis statistics depicted in Table 9 confirm the appropriateness of factor analysis as a statistical analysis technique on the account holder

sample (KMO >0.5 and Sig. < 0.01). The rotated factor matrix for the account holder sample is presented in Table 9.

**Table 9.** Rotated factor matrix for account holders

	Factor			
	1	2	3	4
1.1 Enjoy atmosphere in Retailer X	<u>.622</u>	.250	.122	.123
1.2 Like music played in store	.327	-.012	<u>.577</u>	.376
1.3 Like design of store, way things are arranged	.251	.428	<u>.623</u>	-.007
2.1 Get good service at Retailer X	<u>.670</u>	.182	.128	.324
2.2 Do not wait long when paying at Retailer X tills	<u>.784</u>	.011	.117	.126
2.3 Sufficient help is available when needed	<u>.791</u>	.294	.066	.146
2.4 Retailer X staff are very friendly	<u>.812</u>	.169	.144	-.040
3.1 Products are reasonably priced	.166	.137	-.009	<u>.899</u>
3.2 Retailer X's prices are competitive	.179	.443	.118	<u>.731</u>
4.1 Always get products I want from Retailer X	.301	<u>.743</u>	-.126	.140
4.2 Retailer X has good selection of products	.100	<u>.731</u>	.131	.171
4.3 Retailer X's products are fashionable and up to date	.198	<u>.741</u>	.370	.076
4.4 Retailer X has quality products	.283	<u>.735</u>	.090	.238
Extraction method: principal component analysis.				
Rotation method: Varimax with Kaiser normalisation.				
a. Rotation converged in 8 iterations.				

Variables 1.1, 2.1, 2.2, 2.3 and 2.4 (underlined) all loaded heavily on factor 1. Four of these variables related directly to service resulting in this variable being labelled "service".

Variables 4.1, 4.2, 4.3 and 4.4 (underlined) all relate to merchandise and loaded on factor 2 resulting in this factor being labelled "merchandise".

Variables 1.2 and 1.3 (underlined), both relate to store atmosphere, loaded on factor 3, leading to this factor being called "atmosphere".

Variables 3.1 and 3.2 (underlined) both loaded heavily on factor 4 resulting in this variable being labelled "price".

As with the cash-only consumer group, composite variables were created to represent each of the identified factors. All of the composite variables scored Cronbach's alphas of higher than 0.6 indicating reliable scales.

The composite loyalty variable for account holders comprised the same five variables as for cash-only consumers (see Table 5) and scored a Cronbach's alpha of 0.875 indicating a reliable scale. Factor analysis simply defined the factors that influence consumer loyalty towards Retailer X. Regression analyses were used to differentiate between the factors in terms of the strength of their influence on consumer loyalty.

#### 4.3 Regression analysis results

Regression analyses were performed on the composite variables from both consumer groups in order to determine the relative strengths of the influence of each of the factors on consumer loyalty. The results of the regression analyses are collated in Table 10.

**Table 10.** Regression analyses for cash-only sample and account holder sample

	Unstandardised coefficients	
	B	Sig.
Cash-only sample		
(Constant)	-5.705	0.013
Service	0.351	0.000
Price	0.721	0.000
Merchandise	0.304	0.013
Account holder sample		
(Constant)	-3.532	.069
Service	.512	.000
Merchandise	.666	.000
Atmosphere	.052	.667
Price	.198	.228
a. Dependent Variable: Loyalty		

Table 10 indicates that, for the cash-only sample, the price variable had the strongest influence on the loyalty variable ( $B=0.721$ ). The variable which had the second strongest influence on the loyalty variable was service ( $B=0.352$ ) followed by merchandise ( $B=0.304$ ). The large gap between price and the other variables indicates the relative importance of price to cash-only consumers. Table 10 further illustrates that for account holders, the variable that influenced the loyalty variable most strongly was merchandise ( $B=0.666$ ). Service had the second strongest influence on the loyalty variable ( $B=0.512$ ). Neither of the remaining two variables, namely price and atmosphere identified for account holders had a significant impact on the loyalty variable ( $\text{sig.}>0.01$ ).

## 5. Discussion

From Table 4 it can be seen that the two consumer groups, namely cash only and account holders were fairly equally represented in the study ( $n=101$  and  $104$  respectively). While the descriptive statistics represented in Table 4 did not provide any conclusive proof of significant differences between the groups, the factor analyses performed on the two samples revealed that the two groups are significantly different when it comes to the factors that influence their consumer loyalty towards Retailer X. Table 10 revealed that cash-only consumers' loyalty towards Retailer X was most influenced by price. This is an important, albeit seemingly obvious finding which can influence retailers' marketing strategies. If price is the most important driver of consumer loyalty for cash-only consumers then retailers can utilise price promotions and special offers to encourage this consumer group to return to the store regularly. Other elements of retail marketing such as customer service and extensive product selection can be foregone to focus more closely on price-related issues.

The focus of the study reported on in this article was the account holder consumer group, and Table 10 revealed that the strongest influence on consumer loyalty for account holders was merchandise. The

merchandise variable included the availability of merchandise when consumers demanded it, the breadth of the merchandise selection, the fashionability of the merchandise and the quality of the merchandise. The second strongest influence on consumer loyalty for account holders was the level of consumer service that they received. The service variable included the respondents' overall perception of the service received, their evaluation of the time spent waiting in queues, the availability of help when needed and the friendliness of the serving staff. While the strength of the influence of these two factors is interesting, the most notable result is the absence of price as an influencing factor. The implication for marketing managers of the insignificance of price to account holders is valuable in the establishment of marketing strategy. In the retail industry, most competitive strategies are based on price differentiation and special offers. The proliferation of "lowest prices every day" and "compare our price" marketing slogans are evidence of the importance of price in retail marketing. The negligible influence of price for account holder loyalty can allow Retailer X to achieve more per-unit profitability by charging higher prices than the competition with the potential of earning more interest over the repayment period.

From Table 5 it is clear that account holders across the board are more positive about continuing to purchase from Retailer X than the other consumer groups even though their perceptions about the prices being reasonable and competitive are only marginally positive (mean = 3.42 and 3.88 respectively). Marketing managers can focus more on merchandise buying and product selection than on pricing when encouraging account holders to be more loyal to the shop.

## 6. Conclusion and Managerial Implications

The retail industry is a very competitive one, with all role players trying to differentiate themselves from each other and attract loyal consumers. The benefits



of having loyal consumers are well established in the literature and include increased profitability, consumer advocacy and sustainable competitive advantage. Many retailers offer credit terms to consumers, and at face value it appears that these consumers are loyal because they continue to purchase from the retailer. However, the reasons for their return patronage are not always clear and the study on which this article is based consequently endeavoured to identify the factors that influence the consumer loyalty of credit consumers in one clothing retailer in Gauteng.

The study found that both cash-only consumers and credit consumers were positive in their intentions to continue purchasing from the retailer, with credit consumers being more positive than other consumer groups in their perceived commitment to the retailer and their intentions to purchase even more clothing from the retailer in the future.

Furthermore, the study found that credit consumers' loyalty towards the retailer in question was most strongly influenced by merchandise variables such as quality and availability. The second strongest influence on credit consumers' loyalty was the level of consumer service that they received. The absence of price as an influencing factor on loyalty was noted as important and useful as a guide to defining future marketing strategies.

Based on the findings of the study to which this article refers, it is recommended that retail marketing managers focus on merchandise and service-related issues to encourage loyal behaviour in credit consumers, in order to capitalise on their indifference to price. It appears that there may be merit to credit after all.

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