

CONSUMER PERCEPTION AND PATRONAGE BEHAVIOR IN  
A SMALL TOWN TO THE INTRODUCTION  
OF A NEW DISCOUNT STORE

By

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## CHAPTER I

### INTRODUCTION

The growth of discount stores has raised many questions concerning the factors which have contributed to their success and to the determination of their customers. Population migration from rural to urban areas and the movement of people from the cities to the suburbs have shifted retail markets from rural and city areas to large suburb shopping centers. These changes have given rise to supermarkets, chain-stores, and other new retail institutions.

The rise of the middle-income consumer with a higher level of education and greater mobility has complicated the identification of buyers who prefer to shop at different types of retail institutions. Convenience, parking, quality of product, product assortment and prices are among the variables that influence the preferences of individuals for different retail establishments.

This paper is concerned with an examination of such factors in relation to discount house patronage in a small town.

#### Statement of Problem

The consumer usually operates with opinions and attitudes that are consistent with one another. However, at times inconsistencies may arise between his attitudes and his actions. These inconsistencies are rationalized within the individual and cease to be inconsistent.

Examples of this occurrence are numerous in the day to day activities. A consumer may buy at neighborhood stores, despite higher prices. This may be rationalized by the credit he gets from the store owner, patronage loyalty, or convenience relative to other stores. In situations where inconsistency is not rationalized, dissonance occurs. This motivates action to reduce dissonance and avoid situations which will increase it.

The present study examines the relation between consumer expectations, discount store attributes, patronage intentions, satisfactions, and shopping frequency.

A basic theoretical proposition of the study was that intention to buy is a function of the assortment, prices, quality of merchandise, convenience, and parking facilities of a store.

The congruency of consumer shopping expectations and satisfactions, and buying intentions and patronage, was examined to determine the degree and change in consumer's cognitive consonance or dissonance over time.

#### Importance of Problem

Consumer behavior with respect to discount houses is an area in which relatively little research has been done, despite the growth of discount stores. The discount house evolved from the department store and filled the gap which existed in the marketing hierarchy. The tremendous growth of discount houses in recent years has posed a threat to other kinds of stores, especially the department store, concerning prices, product assortments, quality of merchandise, parking facilities, conveniences and consumer patronage.

Knowledge of the effect of consumer expectations on purchase



intentions and consumer satisfactions on the realization of purchase intentions for various socio-economic classes is of major importance to marketing strategy. In the present study the perceptions and patronage behavior of consumers were obtained prior to the opening of a discount store and after it was fully operational. Thus, the study provides information on consumer expectations and patronage intentions concerning the store and the subsequent satisfactions and patronage behavior. These data provide the basis for inferences regarding consumer behavior by socio-economic classification and the relationships which may exist among expectations, intentions, satisfactions and patronage behavior.

The type of discount store under study can be characterized as

. . . self-service discount department store . . . is a more recent innovation. It applies the mass display, high volume, low markets, high turnover supermarket formula to the problems of distributing soft goods and other department store lines. The typical self-service discount department store is housed . . . in a free-standing unit or in a shopping center. It has 10,000 to 200,000 square feet of selling space and relies upon drastically reduced prices, and ample free parking space to attract customers. In addition these operations are usually open seven days and seven nights a week.<sup>1</sup>

The large boom in discount stores with substantial operating economies generated by profit margins and high turnover of inventories, coupled with the acceptance of self-service by customers in the form of compensation, makes analysis of discount house patronage an important topic for research in the marketing area.

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<sup>1</sup>Schuyler F. Otteson and Bert C. McCammon, "Adjustments in Wholesale and Retail Markets," in Donald W. Scotton, ed., Marketing Adjustment to the Environment, Marketing Symposium, 1961, University of Illinois.

## Hypotheses

The following hypotheses were examined in the study:

1. There is no significant difference among consumer perceptions and patronage of a discount house with regard to income, education, family size and length of residence classes.
2. Patronage intention-behavior congruence is greater for high income consumers and consumers with high levels of education than for low income consumers and consumers with low level of education.
3. There is a large degree of consonance by customers, between the cognition made and the action taken.
  - (a) Customer patronage behavior is congruent with the level of cognition concerning discount store properties, i.e.:
    - (i) There is a direct relationship between consumer expectation and patronage buying intention.
    - (ii) There is also a direct relationship between customer satisfaction and patronage buying behavior.
  - (b) A consumer is in consonance when:
    - (i) Intention and behavior relationships are the same as the expectation and satisfaction relationships; i.e., when expectation is greater than satisfaction, intention should be greater than behavior and vice versa, etc.
    - (ii) There is congruency between expectation and satisfaction; thus intention equals behavior.
  - (c) A consumer is in dissonance when:

- (i) Intention and behavior relationships are not the same as the expectation and satisfaction relationships, i.e., when expectation is greater than satisfaction, and intention is less than behavior, and vice versa, etc.
- (ii) There is congruency between expectation and satisfaction while intention is either greater or less than behavior.

#### Limitations of the Study

The present study was limited in a number of ways. The most significant of these are mentioned below.

The telephone interview technique used in this study could distort the findings through the effect of non-response data of subjects under study who declined to answer questions either through lack of interest in responding or the absence of some idea about discount stores in general. The other group of non-response were people who had changed their address when the second survey was taken or who had not had a chance to visit the discount store. An intensive follow up of these groups of respondents would probably eliminate any bias that may arise.

There was a problem of semantics with the three-point scale technique applied in this study. A semantic differential approach would explain the degree of deviation from the zero scale or moderate attitude, but due to the nature of telephone interview technique, the former one was preferred over the latter.

No effort was expended in the present study in classifying goods into convenience goods, shopping goods and specialty goods since such

classification would affect the consumer patronage behavior by types of product.

Certain results may apply to this geographical area unlike metropolitan cities where people are concentrated and space is scarce.

## CHAPTER II

### REVIEW OF LITERATURE

Buying intention is based on financial circumstances, attitudes and expectations which precede purchases. In the "Hierarchy of Effects" model a person has three behavioral components, viz. Cognitive (information and ideas), Affective (attitudes and feelings), and Conative (motives and actions). In other words, a consumer goes through a sequence of awareness, knowledge, liking, preference, conviction and purchase.<sup>1</sup>

Consumer intention-behavior, consistency or inconsistency, is related to the cognitive elements a customer comes in contact with.

Our actual buying behavior is largely an expression of specific attitudes, that is, action-tendencies toward particular objects, reflecting the varied directions of motivation as these have been molded in the course of experience. One's negative attitude toward a certain store, for example, may be an expression of injured pride occasioned by a domineering salesman. The attitude, in turn, leads one to avoid the store, to criticize it, perhaps to praise the leading competitor, and to concentrate one's buying there. Business affairs are conducted in a world of these attitudes.<sup>2</sup>

Thus, past experience with discount stores and department stores mold

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<sup>1</sup>Thomas S. Robertson, "Purchase Sequence Responses: Innovators vs Non-Innovators," Journal of Advertising Research, 8 (March, 1968), 48.

<sup>2</sup>Arthur Kornhauser and Paul F. Lazarsfeld, "The Analysis of Consumer Actions," The Techniques of Market Research from the Standpoint of a Psychologist, reprinted in Marketing Models: Quantitative and Behavioral, ed. Ralph L. Day, Scranton: Pennsylvania, 1964, pp. 16-17.

one's perceptions and patronage intention.

Consumer patronage intentions and behavior are extremely complex to measure. Their relationship has been examined most often in connection with the purchase of specific types of products. Empirical studies show that two out of three supermarket shoppers shop in a discount store at least for their food needs.<sup>3</sup>

One study conducted on intentions to purchase compared with actual purchases of household durables shows that 54% of the spending units that intended to buy actually made purchases and that 70% of those who did not plan to buy held fast to their intentions. The high degree of congruency in this study was in part an outcome of adequate financial resources; people in high income levels who had intentions to purchase more often fulfilled their intentions than did low income people. Consumers in the income class of \$7,500 and over carried out their intentions to buy in greater proportion than those in the lower income class of \$3,000 and less.<sup>4</sup>

Although there is no direct relationship between high income and education, education is an important factor in determining attitudes. Collazo found that as income increases, the expectations of consumers increases. Upper income groups emphasized quality of merchandise, convenience and type of store (specialty store), while lower income groups were interested in lower price stores. Further, his research showed that education and occupation are strongly related in the determination

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<sup>3</sup>Ben L. Schapker, "Behavior Patterns of Supermarket Shoppers," Journal of Marketing, 30 (October, 1966), 46-49.

<sup>4</sup>Jean Namias, "Intentions to Purchase Compared with Actual Purchases of Household Durables," Journal of Marketing, 24 (July, 1959), 26-30.

of attitudes and frustrations toward shopping. Income and education indicated some significance in spite of the high degree of interaction between education and occupation. Thus, education was also more important than income in determining attitude toward shopping.<sup>5</sup>

Festinger made a prediction about selective exposure to information following decisions, which is relevant to the present study. Festinger's theory<sup>6</sup> deals with cognitive elements, that is, things which a person knows about himself or his environment. A behavioral element is consonant with an environment element if, knowing the elements, the behavior follows from the environmental element. Otherwise the behavior element will be dissonant if it does not follow from the environmental element. Thus, the presence of dissonance between the intention and behavior or between expectation and satisfaction gives rise to pressures to reduce or eliminate the dissonance depending on the magnitude of the dissonance. For example, knowing that the price is low is consonant with frequent patronage behavior; it is dissonant if the shopping frequency is rare unless there are some other factors to rationalize the action taken.

Stuart U. Rich and Bernard Portis conducted a study in Cleveland and New York and found that as economic level increases discount shopping decreases. Discount shoppers were found to consist mainly of lower and middle income groups. However, a large percentage of low income consumers did not shop at discount houses due to a lack of mobility

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<sup>5</sup>Charles J. Collazo, Jr. "Effects of Income Upon Shopping Attitudes and Frustrations," Journal of Retailing, 42 (Spring, 1966), pp. 1-7.

<sup>6</sup>Leon Festinger, A Theory of Cognitive Dissonance (Stanford, California: Stanford University Press, 1957), pp. 9-10.

and patronage loyalty to small neighborhood shops. Thus, though low income groups had the highest percentage of discount shoppers, they also had the largest percentage of non-discount shoppers. In observing socio-economic factors, Rich and Portis concluded that income level did not result in any differences in the popularity of shopping at discount stores among women with children, especially among younger women. Also, differences in residence had little or no effect on discount shopping.<sup>7</sup>

Patronage intention is related to expectations concerning a store's attributes, and patronage behavior is an expression of the extent of satisfaction in light of the expectation. Customers are cognizant of a store's attributes through various communication channels such as TV and Radio advertisements, sign bill-boards, and friends. Together these factors determine perception of a store's image. Patronage satisfaction is dependent on the extent to which expectations are fulfilled by subsequent shopping experience.

Cardozo conducted an experiment relating customer efforts, expectation, and satisfaction. The experiment showed that satisfaction with a product may be higher when a customer expends considerable effort, which is opposed to the usual notions of customer convenience. It also showed that customer satisfaction is lower when the product does not come up to customer's expectations than when the product meets those expectations. By the same reasoning, it can be hypothesized that customer

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<sup>7</sup>Stuart U. Rich and Bernard Portis, "Clues for Action from Shopper Preferences," Harvard Business Review, 41 (March-April, 1963), 132-149.



intention-behavior relationships are direct expressions of the degree of congruency or incongruency between expectations concerning various discount-store properties and customer satisfactions.<sup>8</sup>

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<sup>8</sup>Richard N. Cardozo, "An Experimental Study of Customer Effort, Expectations and Satisfaction," Journal of Marketing Research, II (August, 1965), 244-249.

## CHAPTER III

### DESIGN AND METHODOLOGY

This chapter deals with the design and the methodology employed in gathering and analyzing the data used in the study.

#### Design of the Study

The town in which this research was conducted is a small Southwestern community, Stillwater, Oklahoma, with a population of approximately 30,000 people. It is a college town with two small industries that opened recently.

Another study about the reaction of the Stillwater community to a rumored discount house was conducted prior to this project.<sup>1</sup> The present study was a follow-up study on the perceptions and implied behavior uncovered by the earlier study.

Perceptions have both qualitative and quantitative dimensions, i.e., the direction (more attractive, about the same or less attractive) and the intensity (high, same or lower). Behavior is expressed by the frequency of patronage (frequently, sometimes or never).

In the use of this technique, the first task is to define the perception to be studied and then to construct a related scale. Perception is used as a measure of expectations and satisfactions concerning

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<sup>1</sup>James U. McNeal, "Reactions of a Small Town to a Rumored Discount House," Journal of Retailing, 41 (Winter 1965-66), pp. 1-9.

merchandise assortment, merchandise quality, prices, locational convenience, and parking facilities.

The respondents were primarily women as the telephone interview was conducted mainly during the day. Consumers were classified into their respective socio-economic levels from the responses they gave; i.e., groupings were done by family size, income levels, education levels and length of residence. The data used in the study were obtained from a random sample of Stillwater consumers. Through the use of the Stillwater telephone directory, approximately 150 adult respondents were picked at random for telephone interview. Two months prior to the opening of the discount store, respondents were asked through the telephone to give their perceptions and patronage intentions concerning the store. This information was used as a measure of customer expectations. Five months after the store had opened, the second telephone interview was conducted as a measure of customer perceptions and patronage behavior; thus customer satisfactions with its merchandise assortment, merchandise quality, prices, locational convenience, and parking facilities were achieved. In some cases a follow-up was necessary to complete the information. There were respondents who had no idea about the store, but after it was opened, they responded in the second interview; or there were some who did not visit the store at all. In the second interview we were confronted with some people who either moved to another local house or had left town, or a complete follow-up was not possible due to limited funds and shortage of time. But these respondents were too few to bring any bias.

Since the same sample was used for both the first and second interviews, each person was used as his own control in measuring intention

behavior or expectation satisfaction relationships. in order to facilitate calculations, the original questionnaire was modified so as to produce some numbers in every cell in the contingency tables. (See Appendices A, B, and C.)

### Statistical Techniques

Expectations and satisfactions data obtained from respondents were coded high, medium and low degrees; and behavior data were coded never, sometimes and frequently. Consequently, congruency data were deduced from the expectation, satisfaction and intention responses. For instance, a person who had high expectations and high satisfactions was classified as congruent while one with high expectations and medium or low satisfactions was classified as incongruent depending whether satisfaction was greater or smaller than expectations in his respective socio-economic groupings.

The statistical technique applied in this research to determine if differences in response among groups were statistically significant was chi-square. The chi-square test is used to determine if frequencies which have been empirically obtained differ significantly from a previously determined set of expected frequencies. In using the chi-square test, the null hypothesis is that there is no difference among groups with respect to some attributes or response patterns.<sup>2</sup> For example, we might test whether education groups differ in their buying behavior, intended or actual, or we might test whether the income

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<sup>2</sup>Hubert M. Blalock, Social Statistic, (New York: McGraw-Hill Book Company, Inc., 1960), pp. 212-239.

groups differ in the frequency with which they perceive discount houses.

First, data obtained from the sample are analyzed for differences by socio-economic categories, i.e., by family size, income, education and length of residence versus merchandise assortment, merchandise quality, prices, locational convenience, parking facilities, and patronage behavior for both expectations and satisfactions. The procedure is to examine proportions in the sample and to determine whether they are significantly different. If they are significantly different, we shall reject the hypothesis that socio-economic level and consumer perceptions and patronage of a discount store are independent, while if they are not significantly different, we can conclude that there is no evidence in the sample to contradict the hypothesis.

Secondly, the intention-behavior congruence tables are set by income and education, and a chi-square test is run if the degree of congruence is independent of the income levels and education levels.

Thirdly, expectation versus intention and satisfaction versus patronage between tables are utilized to test if there is a significant difference between the cognition made and the action taken, i.e., whether there is consonance between consumer expectations and buying intentions and also between consumer satisfaction and buying patronage behavior. In addition, tables of expectation-satisfaction versus intention-behavior are used to show consonance and dissonance behaviors of consumers.

The chi-square analysis was run on an IBM 360/50, using the Biomedical Computer Programs Library of the Health Sciences Computing Facility, University of California at Los Angeles, available at the Oklahoma State University Computer Center.

## CHAPTER IV

### ANALYSIS OF RESULTS AND MARKETING IMPLICATIONS

This analysis is concerned with the manner in which consumers perceive discount store attributes, like merchandise quality, merchandise assortment, prices, locational convenience and parking facilities, and how these perceptions are related to patronage intentions and behavior. Perceptions as used here have both qualitative and quantitative dimensions. In other words, they are forms of thought which illicit subsequent behavior.

In order to demonstrate diversity among the groups, three general hypotheses were tested. This chapter presents the findings of this treatment of the data and the implications of these findings for the hypotheses. Chi-square was used to test for differences among the groups on the indices of socio-economic background used in this study. A null hypothesis was used for testing, and when the differences were found to be significantly greater than those which would be expected from chance fluctuations in sampling, the null hypothesis was rejected and the observed differences were said to be due to differences in the samples and not due to chance. Different confidence levels were used as points of statistical significance.

Generally speaking, data from the study show that expectations and satisfactions of Stillwater consumers toward the discount store attributes are quite favorable. They also show that there is a fairly high

TABLE I  
EXPECTATIONS WITH THE DISCOUNT HOUSE ATTRIBUTES

| Discount House Attributes | Expectations       |                   |                    |                | Total | Base |
|---------------------------|--------------------|-------------------|--------------------|----------------|-------|------|
|                           | More<br>Attractive | About The<br>Same | Less<br>Attractive | No<br>Response |       |      |
| Price                     | 65%                | 10%               | -                  | 25%            | 100%  | 145  |
| Parking Facility          | 59%                | 17                | 1                  | 23             | 100%  | 145  |
| Merchandise Assortment    | 47%                | 23                | 2                  | 28             | 100%  | 145  |
| Locational Convenience    | 36%                | 26                | 16                 | 22             | 100%  | 145  |
| Merchandise Quality       | 2%                 | 57                | 13                 | 28             | 100%  | 145  |

TABLE II

## SATISFACTIONS WITH THE DISCOUNT HOUSE ATTRIBUTES

| Discount House Attributes | Satisfactions      |                   |                    |                | Total | Base |
|---------------------------|--------------------|-------------------|--------------------|----------------|-------|------|
|                           | More<br>Attractive | About The<br>Same | Less<br>Attractive | No<br>Response |       |      |
| Price                     | 57%                | 24%               | 1%                 | 18%            | 100%  | 145  |
| Parking Facility          | 56%                | 20                | 6                  | 18             | 100%  | 145  |
| Merchandise Assortment    | 49%                | 32                | 1                  | 18             | 100%  | 145  |
| Locational Convenience    | 30%                | 15                | 37                 | 18             | 100%  | 145  |
| Merchandise Quality       | 2%                 | 61                | 19                 | 18             | 100%  | 145  |



correspondence between consumer expectations and satisfactions. Data showing the expectations and satisfactions of Stillwater consumers toward discount house attributes are summarized in Tables I and II.

It should be noted from the tables that, on a percentage assessment basis, consumer expectations and satisfactions are highest toward the price appeal attributes of the discount store. Sixty-five percent of the respondents expected discount house prices to be more attractive than those of the existing stores in town, and fifty-seven percent indicated that they were more satisfied with discount store prices. Other attributes of the discount store judged to be more attractive than those of other stores in town were parking facilities and merchandise assortments. Consumer satisfactions with locational convenience tend to indicate a less attractive trend, while merchandise quality does not seem to make any difference in consumer perceptions of the discount store in comparison with those of other stores in Stillwater.

In <sup>broad</sup> ~~general~~ terms, the data indicate that Stillwater people have a favorable attitude toward the new discount house, especially in reference to price, parking facilities and merchandise assortment. The author feels that the opening of the discount house thus may tend to reduce out-of-town shopping.

Hypothesis I states that there will be no significant differences among consumer perceptions and patronage with regard to income, education, family size and length of residence. A question of importance to retailers is, what is the relation between consumer socio-economic characteristics and their perceptions and patronage of discount houses?

TABLE III  
RELATIONSHIP OF FAMILY SIZE TO PRICE EXPECTATIONS

| Family Size                                  | Price Expectations |                |                 | Total | Base |
|--|--------------------|----------------|-----------------|-------|------|
|  | More Attractive    | About the Same | Less Attractive |       |      |
| One or Two Children                          | 88%                | 12%            | -               | 100%  | 40   |
| Three or More Children                       | 100%               | -              | -               | 100%  | 21   |
| No Child or Children<br>over 17 years of age | 79%                | 21             | -               | 100%  | 48   |

$\chi^2 = 5.42, P < .05$

TABLE IV  
RELATIONSHIP OF FAMILY SIZE TO PARKING FACILITY EXPECTATIONS

| Family Size                                  | Parking Facility Expectations |                   |                    | Total | Base |
|--|-------------------------------|-------------------|--------------------|-------|------|
|  | More<br>Convenient            | About<br>The Same | Less<br>Convenient |       |      |
| One or Two Children                          | 77%                           | 23%               | -                  | 100%  | 39   |
| Three or More Children                       | 91%                           | 9                 | -                  | 100%  | 22   |
| No Child or Children<br>over 17 years of age | 70%                           | 30                | -                  | 100%  | 50   |

$$\chi^2 = 3.73, P < .30$$

# I. Diversity Among Consumer Family Size and Discount Store Attribute Perceptions

There are significant differences among family sizes with regard to price and parking facility expectations and also merchandise quality satisfactions.

Analysis of consumer perceptions of discount store attributes by family-size groupings reveals a significant difference of 0.10 level with respect to price attractiveness (Table III). Families with more children under seventeen years of age indicate favorable price expectations with discount store prices. S. U. Rich in studying discount stores also reported that as family size increases, regardless of the age of women consumers, families with children were attracted to discounters' low prices.<sup>1</sup>

Relationships of family size to parking facility expectations, (Table IV) reveal similar perceptions as to prices. The more children under seventeen years of age families have, the higher the parking facility expectation.

Table V of relationships of family size to merchandise quality satisfactions shows an inverse relationship between family size and merchandise quality satisfactions of the discount house.

Therefore, large families exhibit favorable price and parking facilities expectations and lower merchandise quality satisfactions.

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<sup>1</sup>Stuart U. Rich, Shopping Behavior of Department Store Consumers, Boston, Massachusetts: Division of Research, Graduate School of Business Administration, Harvard University, 1963, p. 113.

TABLE V

## RELATIONSHIP OF FAMILY SIZE TO MERCHANDISE QUALITY SATISFACTIONS

| Family Size                                  | Merchandise Quality Satisfactions |                   |          |       | Base |
|--|-----------------------------------|-------------------|----------|-------|------|
|  | Broader                           | About the<br>Same | Narrower | Total |      |
| One or Two Children                          | -                                 | 70%               | 30%      | 100%  | 37   |
| Three or More Children                       | -                                 | 65%               | 35       | 100%  | 23   |
| No Child or Children over<br>17 years of age | -                                 | 85%               | 15       | 100%  | 58   |

$$X^2 = 4.60, P < .05$$

## II. Diversity Among Consumer Education Level and Discount Store Attribute Perceptions and Patronage Behavior

Among the socio-economic factors which were examined in this study, education appears to be the most significant in influencing consumer perceptions of the discount house as determined by significant differences in consumer expectations with prices, merchandise assortments, and satisfactions with merchandise assortments, merchandise quality and locational convenience. In other words, consumers with a low education level (some high school, grade school or less), middle education level (graduated high school or some college), and high education level (graduated college) perceived the above attributes differently.

The data in Table VI, which presents the relationship of educational level to price expectations, reveal that all educational groups overwhelmingly favored discount store prices. These data appear to indicate direct relationship between the level of education and price expectations; in other words, the higher the education level, the greater the percentage of consumers with more awareness of the opening of a new discount store on the part of the middle and high education groups either through the radio, newspaper, friend informer, the advertisement sign, or some other media of information.

Among the non-price appeals, relationships of education level to merchandise assortment expectations indicate a significant difference at the .05 level of confidence (Table VII). Consumers with middle and high education level exhibit broader merchandise assortment expectations with 75% for the middle and 61% for the high education groups.

Interestingly enough, the relationship of education level to merchandise assortment satisfactions (Table VIII), though significant at

TABLE VI  
RELATIONSHIP OF EDUCATION LEVEL TO PRICE EXPECTATIONS

| Education Level              | Price Expectations |                |       | Base |
|------------------------------|--------------------|----------------|-------|------|
|                              | More Attractive    | About the Same | Total |      |
| Up to some High School       | 72%                | 21%            | 100%  | 25   |
| High School and some College | 89%                | 11             | 100%  | 62   |
| Graduated College            | 96%                | 4              | 100%  | 22   |

$$X^2 = 6.16, P < .02$$

TABLE VII

## RELATIONSHIP OF EDUCATION LEVEL TO MERCHANDISE ASSORTMENT EXPECTATIONS

| Education Level              | Merchandise Assortment Expectations |                   |          | Total | Base |
|------------------------------|-------------------------------------|-------------------|----------|-------|------|
|                              | Broader                             | About The<br>Same | Narrower |       |      |
| Up to some High School       | 43%                                 | 57%               | -        | 100%  | 21   |
| High School and some College | 75%                                 | 25                | -        | 100%  | 60   |
| Graduated College            | 61%                                 | 39                | -        | 100%  | 23   |

$$\chi^2 = 7.36, P < .02$$



TABLE VIII

## RELATIONSHIP OF EDUCATION LEVEL TO MERCHANDISE ASSORTMENT SATISFACTIONS

| Education Level              | Merchandise Assortment Satisfactions |                |          | Total | Base |
|------------------------------|--------------------------------------|----------------|----------|-------|------|
|                              | Broader                              | About The Same | Narrower |       |      |
| Up to some High School       | 42%                                  | 58%            | -        | 100%  | 33   |
| High School and some College | 72%                                  | 28             | -        | 100%  | 60   |
| Graduated College            | 52%                                  | 48             | -        | 100%  | 25   |

$$X^2 = 8.24, P < .01$$

.02 level of confidence, conforms with consumers merchandise assortment expectations (Table VII).

Table IX reports the findings of the education level to merchandise quality satisfactions as an inverse relationship between consumer level of education and merchandise quality satisfactions. Most consumers perceived merchandise quality satisfactions to be the same as the other stores in town; 91% of the low education group, 72% of the middle education group and 68% of the high education group indicated so.

In the relationship of education level to locational convenience satisfaction (Table X), the higher the consumer education level, the less satisfaction with the discount store locational convenience. This probably is due to its location on the outskirts of town.

In spite of attractive prices and broader merchandise assortments, as perceived by all education groups, the relationships of the education level to patronage intentions (Table XI) show 53% of the consumers with middle educational level intending to patronize the discount store frequently. In addition, 54% of consumers with low education level and 78% of consumers with high education level indicated intention to do some of their shopping at the discount store. Similarly, the relationship of education level to patronage behavior (Table XII) closely corresponds to consumers patronage intentions. Whether or not a consumer patronizes a store depends on his perception of store characteristics and how they compare with evaluative criteria. Therefore, on the basis of these observations, we can infer with some reservations that price and other non-price appeals were determinant to consumer patronage behavior. Data for middle education level supports studies that locational convenience is one reason why shoppers do not wish to shop in the

TABLE IX

## RELATIONSHIP OF EDUCATION LEVEL TO MERCHANDISE QUALITY SATISFACTIONS

| Education Level              | Merchandise Quality Satisfactions |      |       | Total | Base |
|------------------------------|-----------------------------------|------|-------|-------|------|
|                              | Higher                            | Same | Lower |       |      |
| Up to some High School       | -                                 | 91%  | 9%    | 100%  | 33   |
| High School and some College | -                                 | 72%  | 28    | 100%  | 60   |
| Graduated College            | -                                 | 68%  | 32    | 100%  | 25   |

$$X^2 = 5.55, P < .05.$$

TABLE X

## RELATIONSHIP OF EDUCATION LEVEL TO LOCATIONAL CONVENIENCE SATISFACTIONS

| Education Level              | Locational Convenience Satisfactions |                   |                    | Total | Base |
|------------------------------|--------------------------------------|-------------------|--------------------|-------|------|
|                              | More<br>Convenient                   | About The<br>Same | Less<br>Convenient |       |      |
| Up to some High School       | 39%                                  | 24%               | 37%                | 100%  | 33   |
| High School and some College | 43%                                  | 15                | 42                 | 100%  | 60   |
| Graduated College            | 20%                                  | 16                | 65                 | 100%  | 25   |

$$X^2 = 6.41, P < .10$$

TABLE XI

## PATRONAGE BUYING INTENTIONS BY EDUCATION LEVEL

| Education Level              | Buying Intentions |           |            | Total | Base |
|------------------------------|-------------------|-----------|------------|-------|------|
|                              | Never             | Sometimes | Frequently |       |      |
| Up to some High School       | -                 | 54%       | 46%        | 100%  | 26   |
| High School and some College | -                 | 47%       | 53         | 100%  | 64   |
| Graduated College            | -                 | 78%       | 22         | 100%  | 23   |

$$\chi^2 = 6.74, P < .02$$

TABLE XII

## ACTUAL PATRONAGE BUYING BEHAVIOR BY EDUCATION LEVEL

| Education Level              | Buying Behavior |           |            | Total | Base |
|------------------------------|-----------------|-----------|------------|-------|------|
|                              | Never           | Sometimes | Frequently |       |      |
| Up to some High School       | -               | 54%       | 46         | 100%  | 33   |
| High School and some College | -               | 47%       | 53         | 100%  | 60   |
| Graduated College            | -               | 80%       | 20         | 100%  | 25   |

$$X^2 = 7.99, P < .01$$

downtown area.<sup>2</sup> Similarly, both merchandise assortment and quality have been found to influence store preference.

### III. Diversity Among Consumer Income Levels and Discount Store Attribute Perceptions and Patronage Behavior.

The effect of income on discount store merchandise quality expectations (Table XIII) is quite interesting from the point of view that consumers in higher income brackets (over \$10,000) indicate lower quality expectations. But the relationship of income level to merchandise quality satisfactions is slightly different as shown in Table XIV. Ninety-three percent of the low-income group (less than \$5,000) and eighty percent of the middle income group (\$5,000-\$10,000) indicated their merchandise quality expectations to be the same as for the other stores in town. But the percent of merchandise quality satisfactions for the low income group declined and increased for the middle income group.

Table XV of actual patronage behavior to income level shows more of the middle income patronizing the discount store. The patronage behavior of the middle income group corresponds with the patronage behavior of the middle education group (Table XII). Upper income consumers patronize the discount store least. C. J. Collazo<sup>3</sup> reported that members in the upper income group tend to be more experienced in shopping, and one can imply that a person in a high socio-economic group

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<sup>2</sup>Charles E. Stonier, "Off-Street Parking to Attract Downtown Shoppers," Journal of Retailing, 36 (Fall, 1960), 145-149.

<sup>3</sup>C. J. Collazo, pp. 1-7.

TABLE XIII

## RELATIONSHIP OF INCOME LEVEL TO MERCHANDISE QUALITY EXPECTATIONS

| Income Level       | Merchandise Quality Expectations |      |       | Total | Base |
|--------------------|----------------------------------|------|-------|-------|------|
|                    | Higher                           | Same | Lower |       |      |
| Less than \$5,000  | -                                | 93%  | 7%    | 100%  | 30   |
| \$5,000 - \$10,000 | -                                | 80%  | 20    | 100%  | 46   |
| Over \$10,000      | -                                | 79%  | 21    | 100%  | 19   |

$$\chi^2 = 2.76, P < .20$$



TABLE XIV

## RELATIONSHIP OF INCOME LEVEL TO MERCHANDISE QUALITY SATISFACTIONS

| Income Level       | Merchandise Quality Satisfactions |                   |       | Total | Base |
|--------------------|-----------------------------------|-------------------|-------|-------|------|
|                    | Higher                            | About The<br>Same | Lower |       |      |
| Less than \$5,000  | -                                 | 79%               | 21%   | 100%  | 21   |
| \$5,000 - \$10,000 | -                                 | 84%               | 16    | 100%  | 16   |
| Over \$10,000      | -                                 | 57%               | 43    | 100%  | 43   |

$$\chi^2 = 6.11, P < .02$$

TABLE XV

## ACTUAL PATRONAGE BUYING BEHAVIOR BY INCOME LEVEL

| Income Level       | Buying Behavior |           |            | Total | Base |
|--------------------|-----------------|-----------|------------|-------|------|
|                    | Never           | Sometimes | Frequently |       |      |
| Less than \$5,000  | -               | 57%       | 43%        | 100%  | 42   |
| \$5,000 - \$10,000 | -               | 47%       | 53         | 100%  | 45   |
| Over \$10,000      | -               | 67%       | 33         | 100%  | 21   |

$$\chi^2 = 2.49, P < .20$$

tends to be more particular than a person from a low socio-economic group.

#### IV. Diversity Among Consumers Length of Residence Groups and Discount Store Attribute Perceptions.

The effect of the length of residence to parking facility satisfactions (Table XVI), as indicated by the group with the least number of years of residence class, is interesting. While all residence classes find parking facilities to be more convenient at the discount store, 54% of the residents who had lived under three years in Stillwater found parking facilities similar to those of existing stores in town. This last group was most probably comprised of people who had the notion that "Parking is usually a problem at a discount store."

Therefore, on the basis of the above analysis by socio-economic grouping regarding consumer perceptions and patronage of the discount house, we may conclude the following:

- (1) There are no significant differences among consumer perceptions and patronage of the discount house with regard to income, residence and with some reservations family size.
- (2) There are significant differences with regard to education, and therefore from all available evidence in the sample, this hypothesis is rejected.

The second hypothesis states that patronage intention-behavior congruence is greater for high income consumers and consumers with high levels of education than for low income consumers and consumers with low levels of education.

TABLE XVI

## RELATIONSHIP OF LENGTH OF RESIDENCE TO PARKING FACILITY SATISFACTIONS

| Length of Residence | Parking Facility Satisfactions |                   |                    | Total | Base |
|---------------------|--------------------------------|-------------------|--------------------|-------|------|
|                     | More<br>Convenient             | About The<br>Same | Less<br>Convenient |       |      |
| Under 3 years       | 46%                            | 54%               | -                  | 100%  | 26   |
| 3 to 10 years       | 81%                            | 19                | -                  | 100%  | 21   |
| Over 10 years       | 72%                            | 28                | -                  | 100%  | 72   |

$$\chi^2 = 7.92, P < .01$$

## I. Diversity Among Consumers Income and Intention-Behavior Congruence.

Patronage intention-behavior congruence by income level (Table XVII) shows that 65% of low income consumers and 76% of high income consumers have congruent patronage intention-behavior relationships. The rest of the high income groups is equally split between consumers whose patronage intention is greater than behavior and those whose patronage intentions are smaller than patronage behavior.

A detailed analysis of consumers patronage intentions with patronage behavior reveals that high income consumers exhibit a high degree of consistency, but there is a slight shift of consumers from frequent patronage intentions to less frequent patronage behavior. Despite relatively lower consistency, consumers switched from frequent patronage intentions to less frequent patronage behavior also.

## II. Diversity Among Consumers Education and Intention Behavior Congruence.

Patronage intention-behavior congruence by education group (Table XVIII) is significant at a .05 level of confidence. The data show that there is more congruency for patronage intention-behavior relationships in the high education groups than in the low education group. Inversely, there are more consumers that are incongruent in the low education group than in the high education group.

Unlike income versus patronage intentions relationships, the study of education vis-avis intention-behavior congruence is significant at .05 level. Thus patronage intention-behavior congruence is not

TABLE XVII

## PATRONAGE INTENTION-BEHAVIOR CONGRUENCE BY INCOME LEVEL

| Income Level       | Intention-Behavior Congruence |             |             | Total | Base |
|--------------------|-------------------------------|-------------|-------------|-------|------|
|                    | Int. > Beh.                   | Int. = Beh. | Int. < Beh. |       |      |
| Less than \$5,000  | 23%                           | 65%         | 13%         | 100%  | 31   |
| \$5,000 - \$10,000 | 20%                           | 50          | 30          | 100%  | 40   |
| Over \$10,000      | 12%                           | 76          | 12          | 100%  | 17   |

$\chi^2 = 0.92$ ,  $P < .50$  (for consumers whose income is less than \$5,000 and over \$10,000).  
 $\chi^2 = 5.49$ ,  $P < .20$  (for all income levels).

TABLE XVIII

## PATRONAGE INTENTION-BEHAVIOR CONGRUENCE BY EDUCATION LEVEL

| Education Level              | Intention-Behavior Congruence |             |             | Total | Base |
|------------------------------|-------------------------------|-------------|-------------|-------|------|
|                              | Int. > Beh.                   | Int. = Beh. | Int. < Beh. |       |      |
| Up to some High School       | 27%                           | 42%         | 31%         | 100%  | 26   |
| High School and some college | 18%                           | 61          | 21          | 100%  | 51   |
| Graduated College            | 16%                           | 79          | 5           | 100%  | 19   |

$\chi^2 = 6.73$ ,  $P < .02$  (for the educational level of up to some high school and graduate college).  
 $\chi^2 = 6.91$ ,  $P < .10$  (for all educational levels).

independent of the education level. Therefore, the study does tentatively affirm the hypothesis that patronage intention-behavior congruence with high levels of education is greater than among consumers with a low income and a low level of education. This implies that the proportion for high and low education levels are not distributed equally.

The third hypothesis states that there is a large degree of consonance by customers between the cognition made and the action taken. In other words, the relationship between expectation and satisfaction and the consequent intention behavior relationships examined are consonant.

Among the discount store attributes used in this study, price and merchandise assortments showed significant relationships between expectation-satisfaction and intention-behavior.

In the general analysis, we observed that respondents had high perceptions with merchandise assortments, prices and parking facilities; and also both consumer patronage intentions and behavior were distributed equally between frequent and less frequent patronage behaviors. The data for discount store attributes show whether expectation is greater than, equal to, or less than satisfaction; at least half of the consumers indicated that patronage intentions are equal to patronage behavior.

Concerning Table XIX of relationships between expectation-satisfaction and intention-behavior concerning merchandise assortment is significant at .20 level of confidence. Data show that there are less consumers whose expectations exceed satisfaction, and also intentions greater than behavior and vice versa. Further, there are more consumers in cognitive consonance when expectation-satisfaction



TABLE XIX

RELATIONSHIP BETWEEN EXPECTATION-SATISFACTION AND INTENTION-BEHAVIOR  
CONCERNING MERCHANDISE ASSORTMENT

| Expectation-Satisfaction   | Intention-Behavior |             |             | Total | Base |
|----------------------------|--------------------|-------------|-------------|-------|------|
|                            | Int. > Beh.        | Int. = Beh. | Int. < Beh. |       |      |
| Expectation > Satisfaction | 25%                | 50%         | 25%         | 100%  | 20   |
| Expectation = Satisfaction | 18%                | 64          | 18          | 100%  | 56   |
| Expectation < Satisfaction | 8%                 | 50          | 42          | 100%  | 12   |

$$X^2 = 4.38, P < .30$$

relations are equal to intention-behavior than otherwise.

Table XX of relationship between expectation-satisfaction and intention-behavior concerning price also shows 62% of consumers with cognitive consonance.

Therefore, on the basis of the data observed, there are more people who have cognitive consonance regarding the discount store attributes than there are those who exhibited cognitive dissonance; i.e., there are more consumers whose expectations of the discount store attributes are at least equal to satisfactions achieved, and they also exhibit patronage behavior that is at least equal to patronage intentions.

TABLE XX  
RELATIONSHIP BETWEEN EXPECTATION-SATISFACTION AND  
INTENTION-BEHAVIOR CONCERNING PRICE

| Expectation-Satisfaction   | Intention-Behavior (percent) |             |             | Total | Base |
|----------------------------|------------------------------|-------------|-------------|-------|------|
|                            | Int. > Beh.                  | Int. = Beh. | Int. < Beh. |       |      |
| Expectation > Satisfaction | 21%                          | 46%         | 33%         | 100%  | 24   |
| Expectation = Satisfaction | 21%                          | 62          | 17          | 100%  | 68   |
| Expectation < Satisfaction | -                            | -           | -           | -     | -    |

$\chi^2 = 2.78, P < .20$

## CHAPTER V

### SUMMARY AND CONCLUSIONS

The primary reason in conducting this research was to determine what consumer's perceptions of the discount house attributes were and how, if at all, that affected their patronage intention and behavior. Past experience with discount stores and department stores might have affected people's perceptions and thus influenced their patronage intention and patronage behavior. But this information is not directly measured in this study and thus it is recommended for further research.

Generally speaking, customer perceptions toward the discount house attributes such as merchandise assortments, merchandise quality, prices, locational convenience and parking facilities were quite favorable and indicated that the people in this southwestern town have accepted the discount house, specially in regard to price, parking facilities and merchandise assortment appeals.

Among the socio-economic factors examined, consumer education appeared to be the most significant factor in influencing consumer perceptions of the discount store attributes and patronage behavior. People with high education level had favorable price and broader merchandise assortment expectations. Also, the higher the consumer education, the higher the satisfactions with the quality of merchandise offered. But the satisfactions with merchandise quality and locational convenience were inversely related to the level of education. Discount

shopping was found to be most frequent among consumers with high school and some college education. Similarly, consumers with income levels of \$5,000-\$10,00 exhibited a corresponding patronage behavior.

Analysis of our data showed a higher degree of congruency between patronage intentions and patronage behavior among the high education group than among the low education group, despite the slight shift of consumers from frequent patronage intentions to less frequent patronage behavior.

Among the discount store attributes, price and merchandise assortments showed significant relationships between expectation-satisfaction and intention-behavior. With most of the discount store attributes, the majority of the people had congruent patronage behavior with the level of cognition made concerning the discount store's attributes except price. Generally speaking, there was a large degree of cognitive consonance regarding consumer perception and patronage behavior with regard to Gibson's Discount Center.

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## APPENDIX A



QUESTIONNAIRE FORM USED FOR THE TELEPHONE INTERVIEW BY SOCIO-  
ECONOMIC LEVELS AND THE FIRST AND SECOND INTERVIEWS

Socio-Economic Levels\*

1. Please state the number of children in your family:

- |          |                              |
|----------|------------------------------|
| <u>1</u> | One or two children          |
| <u>2</u> | Three or more children       |
|          | No children or children over |
| <u>3</u> | 17 years of age              |

2. What is your total family income before taxes?

- |          |                 |
|----------|-----------------|
| <u>1</u> | Less than 4,999 |
| <u>2</u> | 5,000 to 9,999  |
| <u>3</u> | 10,000 and over |
| <u>4</u> | No response     |

3. How much formal education have you completed?

- |          |                               |
|----------|-------------------------------|
|          | Grade school or less or some  |
| <u>1</u> | high school                   |
|          | Graduated high school or some |
| <u>2</u> | college                       |
| <u>3</u> | Graduated college             |
| <u>4</u> | No response                   |

4. How long have you lived in Stillwater?

- |          |               |
|----------|---------------|
| <u>1</u> | Under 3 years |
| <u>2</u> | 3 to 10 years |
| <u>3</u> | Over 10 years |

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\*Socio-economic classification was collected during the first interview only since it is the same group for first and second interview.

## APPENDIX B

## QUESTIONNAIRE USED FOR FIRST TELEPHONE INTERVIEW

1. Do you think their product assortment will be

|          |                |
|----------|----------------|
| <u>1</u> | Broader        |
| <u>2</u> | About the same |
| <u>3</u> | Narrower       |
| <u>4</u> | No response    |

than the product assortment in the current Stillwater stores?

2. Do you think their prices will generally be

|          |                 |
|----------|-----------------|
| <u>1</u> | More attractive |
| <u>2</u> | About the same  |
| <u>3</u> | Less attractive |
| <u>4</u> | No response     |

than those you are currently receiving in Stillwater?

3. Do you think the overall quality of merchandise offered by these stores will be

|          |                |
|----------|----------------|
| <u>1</u> | Higher         |
| <u>2</u> | About the same |
| <u>3</u> | Lower          |
| <u>4</u> | No response    |

than that of the present stores in Stillwater?

4. Do you think it will be

|          |                 |
|----------|-----------------|
| <u>1</u> | More convenient |
| <u>2</u> | About the same  |
| <u>3</u> | Less convenient |
| <u>4</u> | No response     |

to get to the discount store than it is to the present stores in Stillwater?

5. Do you think it will be

|          |                 |
|----------|-----------------|
| <u>1</u> | More convenient |
| <u>2</u> | About the same  |
| <u>3</u> | Less convenient |
| <u>4</u> | No response     |

to park at the discount store than it is at the present stores in Stillwater?

6. How often do you plan on shopping at the discount store?

- |          |             |
|----------|-------------|
| <u>1</u> | Never       |
| <u>2</u> | Sometimes   |
| <u>3</u> | Frequently  |
| <u>4</u> | No response |

## APPENDIX C

## QUESTIONNAIRE USED FOR SECOND TELEPHONE INTERVIEW

1. Do you think their product assortment is

|          |                |
|----------|----------------|
| <u>1</u> | Broader        |
| <u>2</u> | About the same |
| <u>3</u> | Narrower       |
| <u>4</u> | No response    |

than the product assortment in the current Stillwater stores?

2. Do you think the prices are

|          |                 |
|----------|-----------------|
| <u>1</u> | More attractive |
| <u>2</u> | About the same  |
| <u>3</u> | Less attractive |
| <u>4</u> | No response     |

than those you are currently receiving in Stillwater?

3. Do you think the overall quality of merchandise offered by these stores is

|          |                |
|----------|----------------|
| <u>1</u> | Higher         |
| <u>2</u> | About the same |
| <u>3</u> | Lower          |
| <u>4</u> | No response    |

than that of the present stores in Stillwater?

4. Do you think it is

|          |                 |
|----------|-----------------|
| <u>1</u> | More convenient |
| <u>2</u> | About the same  |
| <u>3</u> | Less convenient |
| <u>4</u> | No response     |

to get to the discount store than it is to the present stores in Stillwater?

5. Do you think it is

|          |                 |
|----------|-----------------|
| <u>1</u> | More convenient |
| <u>2</u> | About the same  |
| <u>3</u> | Less convenient |
| <u>4</u> | No response     |

to park at the discount store than it is at the present stores in Stillwater?

6. How often are you going to shop at the discount store?

- |          |             |
|----------|-------------|
| <u>1</u> | Never       |
| <u>2</u> | Sometimes   |
| <u>3</u> | Frequently  |
| <u>4</u> | No response |

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