Consumers' use of and satisfaction with store cards

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Opsomming

Navorsing dui daarop dat die gebruik van kredietfasiliteite soos bank- en winkelkaarte by betaalpunte wêreldwyd toeneem. Ongelukkig het dit tot 'n toename in slegte skuld bygedra wat ingrypende gevolge vir huishoudings en ekonomië inhou. Sommige beweer dat sekere vorms van krediet, veral winkelkaarte, te maklik toegestaan word en dat verbruikers hierdie fasilitiete tot hulle eie nadeel misbruik. Hierdie navorsing is gegrond op 'n vermoede dat minder ervare verbruikers, byvoorbeeld diè in Afrikalande wat eers in onlangse jare aan groot winkelsentra en verwante fasiliteite blootgestel is, gevaar kan loop om hierdie fasiliteite te misbruik omdat dit so geredelik aan hulle toegestaan word.

'n Vergelyking is gedoen van twee verskillende groepe winkelkaarthouers se retrospektiewe evaluering van hulle koopgedrag asook hulle beheer oor kredietlimiete en gevolglike tevredenheid met winkelkaarte. Die navorsing was verkennend, beskrywend van aard. 'n Gestruktureerde vraelys is gebruik en data is gedurende Augustus 2006 ingesamel: 100 respondente uit Gabarone en Francistown in Botswana (steekproef B) en 167 respondente in Tshwane, RSA (steekproef RSA) is betrek deur middel van gerieflikheidsteekproefneming.

Betekenisvolle verskille tussen die twee steekproewe hou meestal verband met hulle kredietstatus en onvermoë om betalings vol te hou. Meer as 80% van die minder ervare steekproef het die duurder betaal opsie gebruik, dit wil sê betalings oor die maksimum betaaltermyn wat rente insluit, versprei omdat hulle gesukkel het om maandelikse paaiemente by te bring. Hoewel die meerderheid van beide steekproewe toegegee het dat stygings in maandelikse paaiemente aan impulsiewe aankope te wyte was, was dit nie vir die meer ervare steekproef ,n probleem nie. Die meerderheid van hulle het steeds die rentevrye ses maande betaalperiode benut. Beide steekproewe was tevrede met winkelkaarte en het aangedui dat hulle sonder huiwering weer die fasiliteit sou bekom indien hulle opnuut 'n keuse kon uitoefen. Albei steekproewe het aangedui dat hulle winkelkaarte as 'n betaalmiddel sal aanbeveel omdat dit gerieflik is om te gebruik, rentevrye krediet bied en handig is tydens krisistye. Resultate toon dat winkelkaartgebruikers dit moelik vind om van die fasiliteit afstand te doen as hulle daaraan gewoond is. Nadat kaartrekeninge afgelos is begin verbruikers die fasiliteite redelik gou weer gebruik wat bevestig dat dit moelik is om selfkontrole oor aankoopgedrag uit te oefen en dat kaarthouers vir hulleself streng reëls behoort te stel om aankope te beheer. 'n Toename in die maandelikse paaiemente

van beide steekproewe en die feit dat hulle erken dat impulsiewe aankope en swak beplanning die belangrikste redes is daarvoor, bevestig 'n feitlik onvermydelike gevolg van kaarteienaarskap. Winkelkaarte behoort dus met groter omsigtigheid toegestaan te word en kredietlimiete behoort gereeld gekontroleer te word om onverantwoordelike gebruik daarvan te voorkom. Minder ervare verbruikers is blykbaar geneig om te koop volgens hulle kredietlimiet omdat hulle dit as 'n mosie van vertroue in hulle vermoë om die paaiemente te betaal te beskou.

Ongelukkig blyk die verbruikersperspektief, wat verbruikers as rasionele besluitnemers beskou wat inligting wat tot hulle beskikking gestel word gebruik, nie die aangewese benadering te bied om verbruikers in te lig en op te voed nie. Winkelkaarthouers se onkunde omtrent bykomende voordele wat winkelkaarte bied dui daarop dat verbruikers nie noodwendig ag slaan op die inligting wat vryelik in winkels, in brosjures en op die webtuistes beskikbaar gestel word nie. Ander perspektiewe behoort dus vir hierdie doel in toekomstige navorsing ondersoek te word.

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INTRODUCTION AND JUSTIFICATION FOR THE RESEARCH

The use of credit cards rather than cash at point of sale (POS) has increased considerably in recent years. Nowadays consumers even charge relatively small amounts to their credit accounts. The array of plastic cards in consumers' purses is further evidence of a culture of credit that is expected to turn the world into cashless societies in the not too distant future (Worthington, 1995). At present the UK and the USA seem to be the most sophisticated credit card markets in the world (Durkin, 2002; Worthington, 2001). Apart from bank credit cards, store cards offering revolving credit and allowing for interest-free payments have become a convenient, popular transactional medium (Chakravorti, 2003; Fianu *et al*, 1998; Soman, 2001). Retailers introduced store cards that offer attractive additional benefits as a marketing initiative to attract

and retain customers amidst fierce competition in the market place (Ger & Belk, 1996; Miller, 2005). Until recently store cards were much easier to obtain than bank credit cards with the unfortunate consequence that many store cardholders are not necessarily competent to manage the credit facility that is so generously offered to them (Chien & Devaney, 2001). Retail stores unfortunately do not scrutinize applicants' financial situation to the same extent before the facility is approved and although this might change due to the new credit act that was introduced in South Africa in June 2007, the same cannot be said of countries elsewhere in the world (Worthington, 1996).

Liberal credit limits allocated to store-cardholders encourage spending and provide fertile grounds for overspending (Kaynak et al., 1995). In addition, credit is not necessarily frowned upon any more, as it was in the past. The "buy-now-pay-later" culture has apparently become a socially acceptable phenomenon (Evans & Schmalensee, 2005:48-51), and many consumers perceive credit as a highly acceptable, permanent condition instead of a repayable finite concept. Shallat (2006), with reference to a steep rise in credit card use in recent years, reports that some consumers are masters at "bank gymnastics", i.e. the juggling of funds between different accounts to keep afloat. Even in a sophisticated country such as the USA, an inexorable rise in credit and irresponsible buyer behaviour has taken its toll: the USA apparently has the highest bankruptcy rate in the world (Lown, 2005). The growth and democratisation of store cards in communities who have had limited exposure to, and experience with these facilities in the past, therefore gives rise to particular concerns. Lown (2005) cautions about the potential misuse of credit facilities that are issued all too generously, the consequences of increased debt on households and the potential negative effect of personal debt on countries' economies.

Although store cards have been in use in South Africa and in Europe for decades, these facilities have only been introduced to countries such as Botswana, Lesotho, Namibia, and Zambia in the past decade (Miller, 2005) due to a proliferation of European and American type of shopping centres in major cities. With the end of apartheid in 1994, stronger economic links with African countries were contemplated. This led to a surge of South African capital into Africa through investment that included the intentional erection of large shopping centres since 1995 in African countries as well as Madagascar and Mauritius to accommodate major South African retailers such as Edgars, Jet, Game, Truworths and Shoprite. This changed the cityscapes in these countries as a demarcation of a new era (Miller, 2005). The introduction to sophisticated shopping centres inevitably changed consumers' buyer behaviour because exciting shopping facilities that inter alia included store cards and revolving credit facilities became accessible (Ger & Belk, 1996; Miller, 2005). Little has been done to date to investigate and describe the effect of store cards on consumers' buyer behaviour and credit management. In the interest of informed, responsible consumer behaviour, consumers' use of store cards and their manage-

ment of credit limits therefore deserve to be investigated.

LITERATURE REVIEW

The introduction of store cards in African countries

Credit is fast replacing cash and personal cheques amongst contemporary societies, both in developing and developed countries (Kaynak et al, 1995). Many factors have contributed to the rapid growth of credit facilities in counties such as Botswana (Barker & Sekerkaya, 1992; Kaynak et al, 1995). In Botswana for instance, modern shopping malls have been erected in major towns such as Gaborone and Francistown. The imposing Game City, the largest shopping centre in Botswana, was built along the Western-by pass highway at the foot of Kgale Hill (The changing skyline of Gaborone, 2002); the 150 Million River Walk Mall was built along the Zeerust Road and the Fair Ground Shopping Centre has become a major attraction in Gaborone while Francistown offers exclusive shopping experiences at the impressive Nzano Centre, Gallo Centre and Nswazi Centre. These shopping centres contain a wide range of departmental, discount and independent stores (Miller, 2005) that offer all the facilities that are associated with the brands elsewhere on the continent (Kenny, 2007). Retailers therefore offer facilities such as store cards to recruit and retain as many customers as they can to enhance store loyalty and to maximize their profits (Lown, 2005; Szimigan & Bourne, 1998). Several researchers suggest that the increasing number of departmental and independent stores have increased the availability of merchandise and simultaneously also consumers' admiration of goods (Ger & Belk, 1996; Miller, 2005) which further increases consumers' propensity to use credit regardless of their financial status (Lee & Kwon, 2002). People derive satisfaction and a sense of well being from the consumption of goods and the quality of their possessions and any means that would enable consumers to satisfy their consumption needs is bound to be accepted (Ger & Belk, 1996). Although there is nothing wrong with the use of store cards, per se, there are potential economic implications that can be harmful to individuals, households and national economies (Griffiths, 2000).

Store cards and related facilities

Store cards serve two distinct purposes: (i) as a convenient transactional medium, they substitute cheques and cash, (ii) as a source of revolving credit, they enable purchases that can otherwise not be afforded (Garcia, 1980; Lee & Kwon, 2002). When used as a transactional medium, store cards are simply used as method of payment at POS and the full amount is settled upon receipt of a statement at the end of the month. However, when customers adopt a store card to acquire revolving credit, outstanding balances may be paid without any added interest in instalments over a six-month period, or over twelve months, in which case interest is charged on the outstanding balance.

Interest is generally charged when the payment period exceeds six months or when payments are overdue (Garcia, 1980; Kenny, 2007; Lee & Kwon, 2002; Zywicki 1996:6).

Factors that may influence consumers to adopt store cards

Marketing factors   Retailers use store cards as a major marketing tool to reach, inform and influence consumers because of its potential to increase sales and profits (Szimigan & Bourne, 1998) or they often use fairly aggressive persuasive messages and offer attractive rewards and discounts to store cardholders to encourage customers to adopt store cards (Portrait Report, 2004:4-6). Aspiration groups such as celebrities may also be used to endorse store cards in media, knowing that it may tempt consumers who respect and admire them (Analyzing Consumer Markets, 2005; Barker & Sekerkaya, 1992).

Social factors   Consumers' urge to improve their social status and to be accepted among their peers may become an important driving force to adopt store cards. Consumers create their social identities through conspicuous consumption and many resort to credit systems to maintain certain lifestyles (Analyzing Consumer Markets, 2005; Ger & Belk, 1996). Reference groups serve as frame of reference in terms of what is considered acceptable or not during product choice and buyer decisions (Schiffman & Kanuk, 2000:264). Friends tend to share ideas and opinions about the products they consume and the idea that store cards could bring commodities within reach may be very attractive especially when friends admit that they have already adopted the facility (Analyzing Consumer Markets, 2005; Barker & Sekerkaya, 1992; Clark & Goldsmith, 2005; Zhu & Meeks, 1994). Family members could also be influential, for example to adopt a store card with an additional family card that provides additional financial support to family members (Zhu & Meeks, 1994).

Financial constraints   Store cards may serve as last resort when consumers wish to purchase goods and do not have the cash to do so (Fianu et al., 1998). This may occur when goods are exceptionally expensive or when a consumer or household does not have the disposable income to afford a purchase at a specific point in time. When a credit facility is then literally offered "on a silver platter" when consumers enter a store, the decision to adopt the facility is almost inevitable (Fianu et al, 1998; Portrait Report, 2004:4-6).

The increased popularity of store cards

Stores cards are issued to consumers across the socio economic spectrum. Consumers in lower income groups find store cards highly appealing because the facility provides interest free revolving credit while no annual fees are charged (Garcia, 1980; Lee & Kwon, 2002). In this way expensive merchandise and unexpected or bulk purchases (for example during the change of season) can be afforded more easily (Fianu et al, 1998; Portrait Report, 2004:4-6). While store cards mostly restrict cardholders to certain retail channels in terms of clothing purchases, they often provide access to specific consolidated stores such as jewellers or furniture stores where consumers might have been hesitant to apply for credit in the first place (Edcon Annual report 2005). A consumer may thus use a store card that was issued by a clothing retailer to purchase jewellery while the idea of applying for credit facilities at a jeweller might have been far fetched. Credit limits are negotiated in advance so that transactions need not be approved every time a purchase is made, irrespective of the store where the card is presented. Consumers in higher income groups mostly appreciate store cards as a convenient open-ended transactional medium that replaces cheques and cash and that is more secure to carry in a purse (Fianu et al, 1998; Portrait Report, 2004:4-13; Zywicki, 1996:7-8). When a store card is presented at POS, nobody thus knows whether the card is presented due to lack of funds or for its convenience and therefore nobody feels marginalized (Durkin, 2002; Shallat, 2006). Store card owners benefit from additional benefits such as special discounts, promotional vouchers and club membership that offers insurance cover and legal representation that may be more rewarding than the credit facility itself especially for consumers in lower income groups (Benavent et al, 2000). Chakravorti (2003) explains that store cards are boosted to the extent that non-owners may even get the idea that they loose out when they pay cash.

Irresponsible use of store cards

Researchers and authors seem to agree that the possession of credit cards per se encourages and increases spending (Hirschman, 2001) and that store cardholders are more inclined to spend lavishly, to become price insensitive, to buy impulsively and to experience increased personal debt (Evans & Schmalensee, 2005:48; Shallat, 2006). Feinberg (1986:352) reports that the possession and use of credit cards is positively correlated with the anticipation and actualisation of further use. Although the former refer to bank credit cards specifically, it is possible that the same applies to store cards due to their convenience and generous credit limits. Benavent and co workers (2000) for example suggest indiscriminate use of store cards stating that the possession of store cards impairs the intelligent choice of consumer goods and services because many store cardholders eventually become restricted to the issuers of the specific store card since they cannot afford to shop elsewhere. Store loyalty of store cardholders can thus unfortunately not necessarily be substantiated in terms of the service quality of the particular store (Benavent et al, 2000; Hirschman, 2001; Kaynak et al, 1995; Sienkiewiecz, 2001). The situation is aggravated when cardholders accept family cards that allow family members to use the facility, or when cardholders possess more than one store card because budgeting and control of credit then becomes particularly difficult.

Consumers' satisfaction with store cards

Consumers' satisfaction with store cards culminates

as a counter balance of initial expectations about store cards, related services and benefits and eventual experiences during use over time (Spears & Gregoire, 2003:4). Consumer satisfaction results when consumers' expectations are confirmed or surpassed during use, for example when a cardholder experiences the privilege to pay for bulk purchases in affordable monthly instalments without paying additional interest. Being accepted as a store cardholder may also enhance consumer satisfaction for those who find it difficult to obtain other forms of credit (Hoyer & MacInnes, 1997:274-275; Shallat, 2006). However, when a cardholder struggles to honour monthly payments, or realizes that club membership that is a pre condition for additional benefits involves an additional monthly fee, dissatisfaction may occur (Oliver in Wirtz *et al*, 2000; Swan & Trawick, 1981). Unrealistic expectations and ignorance may thus also contribute to feelings of regret and agitation (Hoyer & MacInnes, 1997:274). Shallat (2006) cautions that ongoing use of store cards does not necessarily indicate consumer satisfaction because those who are caught up in the long-term payment plan simply cannot afford to quit using the facility.

RESEARCH OBJECTIVES

Indications that store cards may have been issued too easily in the past, generated the concern that consumers who have had limited exposure and experience with such facilities, may fall prey to the negative consequences of store card ownership and may consequently be less satisfied with the facility. The research thus aims to compare the buyer behaviour of store cardholders from two consumer groups that differ in terms of their exposure and experience with store cards and to describe their satisfaction with store cards based on personal experiences with the facility.

RESEARCH DESIGN

The research is explorative and descriptive in kind and cross sectional in nature. Quantifiable data was obtained through a structured questionnaire from two dissimilar consumer groups that were recruited in Gabarone and Francistown (Botswana) (Sample B) and in Tshwane (South Africa) (Sample RSA) respectively, during August 2006.

RESEARCH METHOD

Questionnaire

The questionnaire contained four sections that are relevant to this report.

Section A addressed demographic details. To ensure confidentiality, limited demographic information was required (Chan, 1997). Three questions were included and no form of identification was requested.

Section B contained eleven questions that covered

general details about store card ownership; financial obligations relating to store card accounts; method of payment of store card accounts as well as account status and instalment history (i.e. change in instalments during the previous year).

Section C dealt with cardholders' satisfaction with store cards: 15 questions covered the five elements of store card ownership as indicated in literature, i.e. financial benefits, convenience, security aspects, social factors, additional benefits. An elementary 3-point Likert-type scale was used to ease completion of questionnaires during a time consuming exercise. It had to be taken into consideration that sample B respondents had to complete the questionnaires in front of the store in interview format.

Section D required a reflection on the effect of store cards (seven short statements based on extant literature) on respondents' buyer behaviour. Based on the pre test, it was decided to maintain the 5-point scale for this section. Five additional open-ended questions were added to allow respondents to elaborate on personal experiences with store cards and to give advice to prospective store card owners. The questions were brief and clear:
♦ Given the chance to turn back the clock, would you adopt a store card if you could start all over again?
♦ In terms of advice to a friend who considers adopting a store card … Would you indicate that he/she will be better or worse off when adopting a store card and why?
♦ Do you regret adopting a store card? Why?
♦ What advice would you give to others in terms of managing their monthly instalments
♦ What problems would you warn others about before deciding to adopt a store credit card?

Sample and sampling

One of the researchers who resides in Botswana instigated the research based on concerns about store card use of friends and colleagues. Informal discussions created the impression that store cardholders tend to optimise generous credit limits and consequently experience cash flow problems that jeopardize patronage of different stores. The notion that problems with store card accounts may be attributed to inadequate facilitation prior to the adoption of store cards and/or limited product related consumer socialization (i.e. limited exposure and experience with store cards prior to the adoption of their own store card accounts) required a comparison of store card use and buyer behaviour of dissimilar consumer groups. One sample was thus recruited by one of the researchers who is a Botswana resident, anticipating that it would be unlikely that those consumers would have owned store cards for more that ten years because of indications that store cards only became popular there after 1995. The second sample was recruited under the guidance of the second researcher in the city of Tshwane in the RSA where the selected retail stores and related facilities that include store cards have been around for decades.

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Data collection

Data collection was done during the same period in August 2006. In Botswana, the researcher obtained the consent of store managers of specific department stores in Gabarone and Francistown. She recruited participants during four consecutive weekends at different stores of the same retail channel. Random, convenient sampling was used to recruit respondents. Every willing store cardholder, irrespective of age and gender, that exited the stores on the specific days, were accepted for participation. Because a pre-test with five customers indicated inexperience with the completion of questionnaires and the probability that respondents might withdraw if the procedure took up too much of their time, final questionnaires were eventually completed in interview format. This was very time consuming and the researcher managed to involve only 100 participants that month. The Botswana sample is onwards referred to as "sample B". It was assumed that consumers in Tshwane would be more experienced with store cards due to more extensive exposure to the relevant retail stores (and related facilities) that are situated in all suburbs, often within close proximity from one another. Tshwane participants were also expected to have undergone more extensive product socialization through exposure to related facilities over time in media, in in-store environments and probably also in their homes over time. Trained second year under graduate Consumer Science students recruited respondents from various suburbs through convenient snowball sampling in the area during the same period that data collection was done in Botswana as part of a practical exercise in a study module. Despite the intention to include a more-or-less even number of respondents in both samples, the researcher in Botswana could not manage to recruit more respondents within the limited period of time. The same questionnaire was implemented for both samples. All of the 167 completed questionnaires that were retrieved in Tshwane were thus accepted and no further effort was made to retrieve the remaining 23 questionnaires that were not returned in time. This sample is hence referred to as "sample RSA".

RESULTS

Demographic information

The gender and age representation of both samples are presented in Table 1 for the individual as well as the combined sample.

The majority of the respondents in both samples were female. This coincided with previous studies: apparently men prefer to use bank credit cards rather than other credit facilities (Portrait Report, 2004:14).

The vast majority of sample B was 40 years or younger: the largest representation of sample B fell in the age categories 19 to 30 years (40%) and 31 to 40 years (42%). Only 2% of sample B was older than 50 years. This may be explained in terms of age sub cultures (Schiffman & Kanuk, 2000: 358, 359, 361)

assuming that younger consumers would be more innovative and willing to take risks than older consumers. Particularly in African countries, younger consumers may be better educated and targeted by retailers to adopt credit facilities. Comparative figures in terms of age representation for the RSA sample are: 33,0%, 10,2% and 26,3%, i.e. a wider age distribution that includes respondents up to the age of 73 years.

Ownership of store cards

Respondents' ownership of store cards is summarized in Table 2 in terms of period of ownership (years) as well as number of store cards owned. Figures for the period of store card ownership as well as the number of store cards owned confirm the initial assumption that sample RSA would be more experienced store card users than sample B.

More than 70% of sample B indicated that they had owned store cards for five years or less and only four percent had more than ten years' experience of store card ownership. Ownership figures for both samples individually, as well as combined figures clearly indicate that owners of store cards have increased in recent years: 27% of the combined samples acquired store cards during the two year period 2005/6 while 25,2% did so during the three years before that and 22,9% during the five year period preceding. As expected, sample RSA indicated more extensive periods of ownership: 37,6% had more than ten years' experience with store cards.

Number of store cards owned further supported limited experience with store cards for sample B: respondents only owned one of the store cards associated with the specific store where they were recruited for participation in the research project. That card was however also accepted at the particular store's consolidated retail channels that include a similar but more up market department store, bookstores as well as certain shoe stores. The number of store cards owned by sample RSA may indicate store cards' popularity or that store cards are easy to obtain. These issues are addressed later.

The effect of store cards on consumers' buyer behaviour and payment options used

A store cardholder's instalments status, i.e. whether the cardholder managed to keep the instalments steady or whether instalments showed an upward trend or decreased during the previous year (Table 3), was used to prompt reactions to questions about store cardholders' buyer behaviour. Significantly more of sample B (55,0% opposed to 47,0% of sample RSA) admitted that they overspent when using store cards (p£0,01). Individual statements that pertain to overspending explain the findings: " I tend to buy too easily" (sample B: 61,0%; sample RSA: 33,5%; p=<0,0001); "I no longer compare the quality or prices of other stores" (sample B: 51,0%; sample RSA: 17,1%; p=<0,0001); "I purchase more than when I would have, using cash" (sample B: 65,0%; sample

TABLE 1: PROFILE OF RESPONDENTS IN TERMS OF GENDER AND AGE

		Sample B		Sample RSA		Combined sample	
		n	%	n	%	n	%
Gender	Male (n=59)	29	29	30	18,0	59	22,0
	Female (n=208)	71	71	137	82,0	208	78,0
	TOTAL	**100**	**100**	**167**	**100**	**267**	**100**
Age	19 to 25	12	12	40	24,0	52	19,5
	26 to 30	28	28	16	9,6	44	16,5
	31-to 35	18	18	8	4,8	26	9,8
	36 to 40	24	24	9	5,4	33	12,4
	41 to 45	9	9	15	8,9	24	9,0
	46 to 50	7	7	35	20,9	42	15,7
	51 to 55	2	2	22	13,2	24	9,0
	56 to 60	0	0	14	8,4	14	5,2
	61 to 65	0	0	5	3,0	5	1,8
	66 and older	0	0	3	1,8	3	1,1
	TOTAL	**100**	**100**	**167**	**100**	**267**	**100**

TABLE 2: OWNERSHIP OF STORE CARDS (YEARS AND NUMBER OF STORE CARDS OWNED)

	Sample B (n=100)		Sample RSA (n=167)		Combined sample (n=267)	
	n	%	n	%	n	%
Ownership period (years)						
Up to 2 years	33	33	39	23,4	72	27,0
3 to 5	41	41	26	15,6	67	25,2
6 to 10	22	22	39	23,4	61	22,9
11 to 15	4		17	10,2	21	7,8
16 to 20			19	11,4	19	7,1
21 to 25			18	10,7	18	6,7
More than 25 years			9	5,3	9	3,3
TOTAL	**100**	**100**	**167**	**100**	**267**	**100**
Number of store cards owned	n	%	n	%		
1	100	100	0	0		
2			9	5,4		
3			16	9,6		
4			79	47,3		
5			18	10,7		
6			45	27,0		
TOTAL	**100**	**100**	**167**	**100**		

TABLE 3: INSTALMENT STATUS OF STORE CARDHOLDERS

	Sample B (n=100)		Sample RSA (n=167)		Combined sample (n=267)	
	n	%	n	%	n	%
Instalments remained the same	40	40	85	50,9	125	46,8
Instalments increased	40	40	45	26,9	85	31,8
Instalments decreased	16	16	24	14,4	40	15,0
Missing	4	4	13	7,8	17	6,4
	100		167	100		100
TOTAL	**100**	**100**	**167**	**100**	**267**	**100**

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RSA: 47,0%, p=0,01). Confirmation that s of 42% of sample B had increased (opposed to 28,1% of sample RSA) during the preceding year therefore came as no surprise (Table 3).

A reflection on the instalments status of both samples during the previous year (Table 3) indicates that it is more likely that a cardholder's instalments will increase in time than to anticipate a decrease. A major concern is that only 23,8% of sample B (opposed to 78,2% of sample RSA) indicated that increased instalments were tolerable. Similarly, 57% of sample B (opposed to 4,2% of sample RSA) admitted that they struggled to honour monthly payments. This suggests that credit limits of store cardholders should be curbed and that applicants should be screened thoroughly before store card accounts are approved. Although fewer problems surfaced with respect to sample RSA, the number of cards owned by this sample indicates that management of credit facilities could become very complex.

Open questions provided an opportunity for the respondents to elaborate on the likelihood of overspending. The majority of both samples admitted that they were guilty of impulsive buying (sample B: 52,4%; sample RSA: 53,3%). In congruence with previous findings (Evans & Schmalensee, 2005:48-51; Shallat, 2006) they indicated that generous credit limits allow them to buy indiscriminately. A direct consequence of overspending and increased monthly instalments is the unfortunate decision of a cardholder to sacrifice the interest free revolving credit facility to revert to an interest bearing account over a longer period in an effort to cope with financial obligations. A major advantage of store cards, namely interest free credit, is thus forfeited when cardholders' credit soar. This is confirmed for the less experienced sample B: only 19% of sample B compared to 59,9% of sample RSA indicated use of the interest free payment option over six months. Both samples however agreed that the interest free payment option is commendable (sample B: 65%; sample RSA: 78,2%, p=0,21).

Consumers' satisfaction with store cards

An explication of the three elements of store cards
The notion that certain attributes of store cards may be viewed more advantageous than others, required factor analysis of the 15 items in the questionnaire that represented the various attributes of store cards. Data of the two samples were combined (n=267) and subjected to factor analysis using squared multiple correlations as initial communality estimates with direct oblimin rotation. A Scree test suggested three constructs/elements to be representative of specific attributes of store cards. These were used for rotation and during interpretation of the rotated factor pattern all items that loaded high on one construct and low on the others were grouped as attributes relevant to that specific element. Seven, five and three attributes loaded on the three elements respectively. These attributes/denominators were used to label the three elements as so-called *ADDITIONAL INCENTIVES*; *FINANCIAL BENEFITS* and *CONVENIENCE*. The

results are contained in Table 4; and figures are aligned to distinguish scores in terms of their relevance to the specific element.

Comparative mean satisfaction scores for the three elements of store cards   Responses to questions that represent the attributes of store cards were scored on a three point scale that ranged from "dissatisfied" (0) to "fairly satisfied" (1) to "satisfied" (2): this allowed a maximum score of 2 and a minimum score of 0 per attribute. A three-point scale was used because the pre-test revealed that it would be easier for sample B to comprehend. A mean satisfaction score was then calculated for each of the three elements that were identified through factor analysis (Table 5) and the mean satisfaction scores were compared through analysis of variance (ANOVA).

Additional incentives   In terms of additional benefits that are associated with store cards, there was a significant relationship between the sample and respondents' satisfaction with these attributes. The more experienced sample RSA was significantly more satisfied with so-called additional incentives that are associated with store cards than the less experienced sample B (p=0,0045). Probable reasons were obtained from the open-ended questions: sample B indicated that they were neither acquainted with these incentives nor fully informed about them. Apart from a suggestion that these incentives should be promoted more prominently in Botswana, the findings indicate that additional incentives are presently probably not significant in terms of persuading sample B to adopt store cards.

Financial benefits   Both samples' mean satisfaction scores for the financial benefits of store cards were relatively high and their mean satisfaction scores did not differ significantly for this particular element. This indicates the importance of acquiring a store card for the sake of a credit facility with all the relevant benefits, across the samples. All respondents apparently preferred using store cards rather than cash and this aspect significantly increased their satisfaction with this construct (p=<0,0001).

Convenience   Sample RSA seemed significantly more satisfied with the convenience of store cards compared to sample B (p=0,0027): the idea of not having to carry cash in one's purse however seemed significantly more important for sample RSA (p=<0,0001). Respondents later mentioned security factors as an important reason.

In terms of the systems perspective that postulates that the interactive contribution of the various elements of store card ownership should be considered to fully understand the eventual mean satisfaction scores, it can be deduced that the financial benefits that are relevant to store card ownership are highly appreciated by both samples. The more experienced sample RSA was however significantly more satisfied with additional incentives and with convenience attributes. Additional incentives received the lowest mean scores by both samples. Nevertheless, ignorance

TABLE 4: THE THREE ELEMENTS OF STORE CARD USE AS IDENTIFIED THROUGH FACTOR ANALYSIS WITH THEIR RESPECTIVE FACTOR LOADINGS

Variable	Element 1 Additional benefits	Element 2 Financial benefits	Element 3 Convenience attributes
Financial benefits such as special discounts, birthday vouchers	**0,674**	-0,037	0,036
Additional benefits such as funeral plans, legal representation	**0,755**	0,015	-0,083
Special treatment as a regular client	**0,690**	-0,109	-0,024
Access to administrative departments for example to discuss payments	**0,695**	0,133	-0,019
Communication and correspondence with the store as a regular client	**0,486**	0,074	-0,015
Control of buying/ **spending based on credit limit and instalments**	**0,373**	0,216	0,262
Allowance of an **interest free or limited interest** payment plan	**0,449**	0,047	0,194
It creates affordability: I can pay for goods in affordable instalments	-0,049	**0,709**	-0,043
Extension of credit limit: I can buy large amounts when necessary for example during sales or change of season and pay for it in instalments	-0,019	**0,658**	-0,007
I can buy more expensive and good quality goods that I could otherwise not have afforded without a store card	0,017	**0,682**	-0,013
Payments are distributed in instalments	-0,012	**0,602**	0,047
Credit limit, which allows me to buy more goods	0,151	**0,514**	0,059
Convenience: I do not have to carry cash with me	-0,042	-0,050	**0,697**
Security: it is more secure to use a store card than to carry the cash	-0,048	0,101	**0,764**
I can use my card at **any of the related stores of the card supplier**	0,198	0,021	**0,296**
% Variance explained	28,73	8,34	5,48
Cronbach Alpha	0,82	0,78	0,61

TABLE 5: COMPARATIVE MEAN SATISFACTION SCORES FOR THE THREE ELEMENTS OF STORE CARDS

Construct	DF	F value	Pr>F	Sample B (n=100)				Sample RSA (n=167)			
				Mean	Std dev	Min	Max	Mean	Std dev	Min	Max
Additional incentives	1	8,33	0,0045*	0,88	0,53	0	2,00	1,22	0,50	0,29	2,00
Financial benefits	1	0,46	0,4997	1,61	0,44	0	2,00	1,64	0,38	0,60	2,00
Convenience	1	9,31	0,0027*	1,53	0,45	0	2,00	1,84	0,31	0,67	2,00

Significant at the 5% level

TABLE 6: REASONS WHY LESS EXPERIENCED RESPONDENTS WOULD REFRAIN FROM ADOPTING A STORE CARD (n=40)

Reasons	Frequency	%
Leads to overspending and impulse buying*	16	29,1
Increases my debts*	12	21,8
It would have been cheaper to pay cash or to lay buy because interest involved*	12	21,8
Buying cash is better because you will only buy when necessary**	5	9,1
Interest is too high*	5	9,1
Makes budget difficult because I am always in debt*	3	5,5
You become addicted and over spend*	1	1,8
Store cards limit you to certain shops**	1	1,8
Total responses (Some respondents provided more than one reason)	55	100

* Financial implications
** Shopping behaviour, potential of over spending

TABLE 7:   CONSUMERS' MEAN SATISFACTION WITH STORE CARDS CORRELATED WITH

Sample	Combined sample (n=250)			Sample B (n=96)			Sample RSA (n=154)		
Instalment status		Mean satisfaction	Std dev		Mean satisfaction	Std dev		Mean satisfaction	Std dev
Instalments remained the same	n=125	**20,94**	5,57	n=40	**18,93**	5,65	n=85	**21,99**	5,30
Instalments increased	n= 85	**19,99**	5,48	n=40	**18,07**	5,03	n=45	**21,77**	5,32
Instalments decreased	n= 40	**19,75**	6,41	n=16	**21,00**	6,35	n=24	**18,92**	6,45

about these incentives imply that although respondents were least satisfied with this element of store card ownership, sample B respondents would not necessary complain about it when they had opportunity to do so.

Willingness to recommend store cards as an indication of satisfaction with the facility   Store cardholders' retrospective evaluation of store card ownership and their consequent willingness to re adopt store cards if they had the opportunity "to turn back the clock", can serve as a further indication of their satisfaction with the facility because this involves a careful deliberation of all the pros and cons of store cards and related facilities. Findings revealed that the majority of respondents of both samples would indeed again adopt store cards (sample B: n=60; 60%; sample RSA: n=135; 80,8%). Reasons provided by 40% of sample B who indicated that they would refrain from recommending store cards to others, are reflected in Table 6.

Only one of the reasons did not directly relate to financial implications of store card use. Although both samples were relatively satisfied with the financial benefits of store cards, financial consequences also dominated regret about store card use. Overspending and impulse buying, increased debt and interest that is involved when one reverts to the extended payment option, were the most prominent reasons to refrain from recommending store card use to other consumers. The findings indicate a need for proper facilitation prior to the adoption of store cards as well as education about proper management of credit facilities. Of even greater importance is the indication that credit limits should not be increased without thorough investigation of a store cardholders' financial situation.

Cardholders' satisfaction with store cards in terms of their instalment status   Respondents' satisfaction with store cards was also correlated with their instalment status, based on the notion that those who experienced an increase in instalments during the preceding year might be less satisfied with store cards as a commodity. ANOVA was used to analyse mean satisfaction as the dependant variable in terms of respondents' instalment status, i.e. whether instalments

remained the same, decreased or increased during the previous year (Table 7).

The mean satisfaction score of sample B showed a significant inverse correlation with the status of respondents' monthly ($p=0,02$): mean satisfaction thus decreased significantly for those whose instalments increased. Irrespective of their monthly instalment status, mean satisfaction with store cards did not change significantly with instalment status for the more experienced RSA sample ($p>0,05$). It is thus proposed that any element of dissatisfaction of the more experienced sample RSA is thus attributed to factors other than instalment status. Despite respondents' reports of increased debt, rising monthly instalments and improper planning of purchases, there was a noticeable agreement between the two samples that store cards do not encourage unnecessary purchases (sample B: 55,0%; sample RSA: 62,2%, $p=0,33$). Overspending is apparently rationalized through the belief that purchases, although made impulsively, were necessary. Apparent indulgence is thus defended.

QUALITY OF THE STUDY

Several measures were taken to ensure that the quality of the study is not jeopardized. Theoretical and construct validity were attended to through an extensive review of extant literature to ensure clarification and identification of concepts relating to credit facilities, buyer behaviour and consumer satisfaction. Multiple variables were included in the questionnaire to check participants' responses and to increase validity. Certain questions were crosschecked in open-ended questions to increase validity of responses. The questionnaire was checked by a statistician and pre tested in a smaller population to ensure reliability (Babbie & Mouton, 2001:122-123).

Sample B respondents were recruited at two different stores in the Edcon group to include consumers from across a broader socio-economic spectrum. Sample RSA respondents were recruited from different suburbs in Tshwane for the same reason. De Vos (1998:25-26) postulates that informed consent relates

to the accurate communication of all possible information that relates to the research project. The participants of this research were adults, who had the capacity to give informed consent, directly. The researcher informed respondents about the overall objectives for the research, data collection procedures as well as potential dates. Store managers' approval to do the survey in front of their stores, were obtained through a personal visit as well as a follow-up letter. Participation in this study was strictly voluntary. Participants had the freedom to withdraw at any time without an explanation. This was explained to them before they agreed to participate.

Strict anonymity and confidentiality was maintained throughout the data collection procedure. The names and addresses of data sources were thus not recorded, and every attempt was made prevent disclosure of personal characteristics or traceable details of the participants.

CONCLUSIONS

Findings indicate that the adoption of store cards is on the increase, irrespective of the sample. Differences between the two samples manifested in terms of the number of store cards owned, payment options exercised as well as respondents' credit status. The more experienced RSA sample owned more store cards than their less experienced counterpart, which permitted shopping at competitive stores and allowed for comparative shopping. The inexperienced respondents who later on indicated that they would refrain from adopting a store card again if they had the opportunity to "turn back the clock", indicated that they were "held captive" by the retailers that issued their store cards, and that they did not have enough cash to quit using their store cards or to shop elsewhere. The number of store cards owned by sample RSA thus suggests a tendency to acquire more store cards to overcome this constraint. The finding that a noteworthy percentage of the more experienced sample owned between five and seven different store cards deserves further attention. Cardholders undoubtedly appreciate store cards' convenience as well as the financial benefits that support prospects of a "cashless society" in the near future (Worthington, 2001). Ownership and management of several store cards may however be stressful and will certainly become more difficult with the new credit act that came into being in June 2007 in the RSA.

Respondents' satisfaction with store cards correlated inversely with an increase in their monthly instalments over time. Respondents of both samples agreed that store cards encourage impulsive buyer behaviour, but they later rationalized their buyer behaviour and disagreed that store cards enhanced unnecessary purchases. Unfortunately these unplanned purchases are supported by high credit limits, to the detriment of especially the less experienced sample of which the majority admitted to be cardholders who distribute outstanding balances over the maximum allowable payment period (Soman & Cheema, 2002). These

consumers thus became caught up in the more expensive payment option over twelve months inclusive of interest despite their endorsement of store cards for providing interest free credit. An upward trend in monthly payments for both samples and agreement over impulsive buying and poor planning as the main causes for increased instalments, confirm an almost inevitable outcome for store card owners. It is not surprising, then, that the majority of less experienced consumers find it difficult to cope with monthly payments. Store cards should thus be issued with greater caution and retailers should monitor credit limits regularly. Soman and Cheema (2002) warn that less experienced consumers tend to use a credit limit as an indication of confidence in their ability to afford payments: they then spend accordingly without considering personal circumstances and long-term implications. Store cards are apparently afforded less respect and considered a less serious form of credit because it is obtained more easily than most other forms of credit.

Notwithstanding problems with store card accounts, both samples recommended ownership of store cards due to its convenience and financial attributes. Both samples agreed over reasons why one should rather refrain from obtaining a store card, i.e. the likelihood of overspending, impulsive purchases and debt. Prelec and Simester (2001) ascribe this to reduced price sensitivity and willingness to pay higher prices, which consequently increase debt. Store cardholders' dissimilar handling of their accounts, i.e. to pay the suggested minimum amount; to pay more, or to settle the balance, can be investigated in a follow-up research project in terms of *reasoned action* proposed by Fishbein and Ajzen (1975 in Liska, 1984) (e.g. to intentionally pay the minimum because no interest is involved anyway); or within *cognitive dissonance theory* of Festinger (1957 in Schiffman & Kanuk, 2007:264) (i.e. to pay more to counteract a guilt over overspending) or Krugman's *hierarchy of effects* (i.e. motivation to use a store card to afford a certain lifestyle) (Krugman, 1965).

The decision-making perspective that is generally used to direct consumer education programmes, holds that consumer decisions result from a series of problem solving tasks during which the benefits of products (in this case: store cards versus other payment methods) are compared. Consumers are thus considered as rational beings that have access to information (Sangsutiseree & Lown, 1994). Unfortunately the consumer decision-making perspective appears to be less commendable in efforts to educate consumers because consumers not necessarily utilize information that is at their disposal. Respondents' ignorance about the additional incentives that are associated with store cards is a perfect example: this information is thoroughly communicated in advertisements, regular news letters, on web sites and in store but is probably not attended to. Open-ended questions that provided the opportunity to share personal experiences with prospective store cardholders provided little evidence of informed, well-deliberated consumer choice. It is proposed that other perspectives are ac-

Consumers' use of and satisfaction with store cards

knowledged to facilitate less experienced store card-holders towards responsible use of the facility, e.g. the possibility that store cards are adopted to fulfil personal desires (experiential perspective) or that the decision to adopt a store card could be due to environmental pressures such as societal and group norms (behavioural influence perspective) (Sangsutiseree & Lown, 1994). Results show that once a consumer becomes involved with store cards, it is difficult to quit. The majority of both samples who managed to settle their store card accounts, started using it again because self-control over spending is effortful and requires that the individual adheres to a set of well-defined rules to curb expenditure (Soman & Cheema, 2002). Although consumer credit entails freedom of choice, an increase in debt requires intervention by policy makers (Griffiths, 2000).

The consequent challenge to retailers would be to exercise more integrity when they issue store cards: to reconsider their marketing tactics and to exercise caution about predatory practices such as the subtle disguise of costs involved to qualify for additional benefits that are promoted so enthusiastically. Existing store card clients should also be assisted through careful monitoring of instalment status. Because past usage of payment mechanisms influences future spending behaviour and because budgeting is driven by a retrospective evaluation of expenses rather than pro active long term planning, cooperation with existing store card holders might be more fruitful than to try to educate potential card holders.

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