

**UNIVERSITI TEKNOLOGI MARA**

**CUSTOMERS' HETEROGENEITY AND  
STORE PATRONAGE INTENTION: A STUDY  
OF DEPARTMENT STORES IN LIBYA**

**IMAN ELSALEHIN BOUTHAB**

Thesis submitted in fulfillment  
of the requirements for the degree of  
**Doctor of Philosophy**

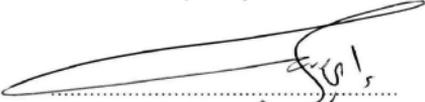
**Faculty of Business Management**

October 2012

## AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the result of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I hereby, acknowledge that I have been supplied with Academic Rules and Regulation for Post Graduate, Universiti Teknologi MARA, regulating the conduct my study and research.

Name of Student	:	Iman Elsalehin Bouthahab
Student ID. NO	:	2008522435
Programme	:	BM990
Faculty	:	Business Management
Thesis Title	:	Customers' Heterogeneity and Store Patronage Intention: A Study of Department Stores in Libya
Signature of student	:	
Date	:	October 2012

## ABSTRACT

The retail industry of Libya has only recently been developed by private and public investments and as such, many stores including department stores are still in the initial stage of development. Libyan customers now have many options to which stores they will visit, but do they have the intent to visit their stores especially when Libyan customers have unique characteristics that might affect their intention to visit the new retailers in Libya? Therefore, the main purpose of this study is to investigate whether customers' heterogeneity is able to explain customers' patronage intention to department stores in Libya. The results can assist the Libyan retailers especially department stores when changing their marketing strategies for the Libyan market. Namely this study will help retailers and investors to understand Libyan customers' heterogeneity and their behaviors so that they can develop their retail strategies better. In addition, an understanding of patronage is a crucial issue for managers because it helps them to determine the intention of those customers who have the most intention to buy from them. Using Fishbein & Ajzen's (1975) Theory of Planned Behaviour (TPB) and Leszczyc & Bass (1998) understanding of customer heterogeneity, a framework depicting Libyan customers' heterogeneity factors and the implications on patronage intention was deduced. The specific objectives of this study were to (1) to explore variables affecting the relationship between customer heterogeneity and customer patronage intention of the department stores in Libya; and (b) to examine whether customers heterogeneity is able to explain patronage intention of the department stores in Libya; as well as (c) to determine if store characteristics mediate the relationship between customer heterogeneity and customer patronage of department stores in Libya. The research approach used two methods, the first stage was a qualitative study of exploratory nature, and second stage was a quantitative study. Results of qualitative were used to develop the instrument in the next stage of research and to achieve the first objective of the study. For the quantitative study, data were collected by questionnaires which were distributed to 350 samples of customers of department stores in Libya in two cities Tripoli and Benghazi by mall intercept method, but the number of questionnaires fit for analysis was only 280. In summary, the findings of this research pointed out that the demographic factors were not significant and did not impact on patronage intention, while socioeconomic and psychographic factors were significant and impact on patronage intention. On the other hand, store characteristics do not mediate the relationship between customer heterogeneity and intention to patronage.

**Keywords:** customer heterogeneity, demographics, Socioeconomic, Psychographic, store characteristics, patronage intention.

## TABLE OF CONTENTS

	<b>Page</b>
<b>AUTHOR'S DECLARATION</b>	ii
<b>ABSTRACT</b>	iii
<b>ACKNOWLEDGEMENT</b>	v
<b>TABLE OF CONTENTS</b>	vi
<b>LIST OF TABLES</b>	xi
<b>LIST OF FIGURES</b>	Xiii
<b>CHAPTER ONE : INTRODUCTION</b>	<b>16</b>
1.1 Introduction	16
1.2 An Overview of Libya	17
1.2.1 The Libyan Economy	18
1.2.2 Trade	21
1.2.3 Marketing in Libya	22
1.2.4 Retail Environment in Libya	23
1.2.5 Foreign Investment Retails in Libya	24
1.2.6 Retail in Tripoli	25
1.2.6.1 Al-Mahary Shopping Company	27
1.2.7 Retail in Benghazi	28
1.2.7.1 Central Benghazi	28
1.2.8 The Libyan Consumers	28
1.3 Background of Study	30
1.4 Problem Statement	33
1.5 Research Objective	34

1.6	Research Questions	34
1.7	Significance of the Study	35
1.8	Scope of Study	35
1.9	Organisation of The Study	36
1.10	Conclusion To Chapter One	38
<b>CHAPTER TWO : LITERATURE REVIEW</b>		<b>39</b>
2.1	Introduction	39
2.2	Consumer Behaviour	41
2.2.1	Theories of Behavior	43
2.2.1.1	Theory of Reasoned Action (TRA)	43
2.2.1.2	Theory of Planned Behavior (TPB)	44
2.2.2	Behaviour Intention in Retail	46
2.2.3	Patronage Intention Towards Retail Stores	48
2.3	Store Characteristics	52
2.4	Customer Heterogeneity	63
2.4.1	A Review of Previous Studies on Customer Heterogeneity	63
2.4.2	Customer Heterogeneity in Marketing	64
2.4.2.1	Demographic	66
2.4.2.2	Psychographics	68
2.5	Conclusion to Chapter Two	75
<b>CHAPTER THREE : THEORETICAL FRAMEWORK</b>		<b>76</b>
3.1	Introduction	76
3.2	Conceptual Framework	78
3.3	Customer Heterogeneity Variables and Intention to Patronage	79