



# INFLUENCE OF SOCIAL CAPITAL ON CONSUMER PATRONAGE IN RETAIL STORES

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## ABSTRACT

This study explores the impact of social capital on consumer behaviour, specifically focusing on retail Stores. It aims to understand how social capital influences customer engagement, loyalty, and patronage. Key objectives include examining the role of word-of-mouth recommendations, community attachment, and brand image in shaping consumer behaviour. The research uses a descriptive design with data from 140 participants, collected through structured methods and analysed using non-parametric statistical tests. Findings highlight the importance of social capital in enhancing community engagement and trust, offering valuable insights for retailers to boost customer loyalty and achieve long-term success.

## INTRODUCTION

In today's interconnected market, social capital plays a crucial role in shaping the brand image of retail establishments. As consumer behaviour evolves with social and technological changes, businesses must leverage social capital to effectively engage and retain customers. This study examines how social capital impacts brand image, focusing on retail stores. The study aims to understand how social capital influences the brand image of retail stores, providing insights for leveraging social connections to enhance customer perception and loyalty.

Social capital, defined as networks and relationships that promote cooperation and mutual benefit, is vital for shaping consumer perceptions and behaviours. With the rise of social media, customers trust peer recommendations over traditional advertising, making positive social interactions essential for building a strong brand image. In retail, social capital includes strong brand-community ties, community engagement, and alignment of brand values with customer identities. Retailers that effectively build social capital can significantly enhance their brand image by fostering trust and loyalty among customers.

Modern consumers seek authentic experiences and meaningful connections with brands. Retailers must adapt to these evolving preferences by leveraging social capital to create a positive brand image that resonates with their customer base. As central hubs for shopping and community interaction, Retail stores can utilize social capital to improve their brand image. By fostering community engagement and building strong customer relationships, these retailers can enhance their reputation and customer loyalty.

Understanding social capital's role in shaping brand image is crucial for retailers like retail Stores. Building social capital provides a competitive edge through improved customer loyalty, enhanced brand reputation, and positive word-of-mouth referrals. This consumer-centric approach aligns business strategies with customer preferences. The study offers insights and strategic recommendations for retail Stores to harness social capital, enhancing their brand image and customer loyalty. By bridging theory and practice, it advances the understanding of social capital in retail and provides practical guidance for building a strong brand image in today's competitive market.

### NEED FOR THE STUDY

This study aims to unravel how social connections influence consumer choices in shopping destinations, particularly focusing on retail Stores. It seeks to understand the factors that foster social connections within retail Stores, examining the role of word-of-mouth recommendations and community attachment. By delving into these aspects, the research aims to shed light on how consumers perceive the brand image of retail Stores and how it influences their shopping decisions.

Through a comprehensive analysis of these factors, the study aims to provide actionable insights for retailers to enhance customer engagement and loyalty. By understanding the mechanisms behind consumer patronage behavior, retailers can tailor their strategies to cultivate stronger social connections with customers, thereby fostering a positive brand image and increasing patronage at retail Stores. This research serves as a valuable resource for retailers looking to adapt to changing consumer preferences and strengthen their position in the competitive retail market.

### OBJECTIVES OF THE STUDY

#### Primary objective:

To study the influence of social capital on consumer patronage with reference to Retail Stores.

#### Secondary objectives:

1. To find out the factors that have contributed towards social capital of retail Stores.
2. To investigate the power of word-of-mouth influence through social networks focusing on how recommendations affect patronage decisions.
3. To measure the level of community attachment among consumers and understand how it correlates with patronage behavior.
4. To explore how social capital contributes to the overall brand image of retail stores and its subsequent

impact on consumer patronage.

## SCOPE OF THE STUDY

The research delves into various facets influencing consumer behavior and loyalty within the context of retail stores. It examines the effectiveness of loyalty programs and incentives in fostering consumer loyalty, analyzing how such initiatives impact repeat patronage and engagement. Additionally, the study investigates the potential impact of economic factors on consumer patronage behavior, considering how factors like income levels, economic fluctuations, and pricing strategies influence consumer decisions regarding where to shop.

Furthermore, the research assesses the significance of physical store layout and ambiance in fostering social interactions among consumers within retail Stores. It explores how store design, layout, and ambiance contribute to creating a welcoming and conducive environment for social interactions, thereby potentially enhancing the overall shopping experience. Moreover, the study analyzes the influence of peer groups and social circles on shopping choices, considering how social dynamics and group influences shape consumer preferences and behaviors within the retail environment. Additionally, it explores the role of personalization and customization in driving consumer loyalty, investigating how tailored experiences and products contribute to building stronger connections between consumers and retail Stores. Lastly, the research explores the potential for collaborative initiatives between retail Stores and local communities, assessing how partnerships and community engagement efforts can foster positive relationships and enhance consumer loyalty.

## REVIEW OF LITERATURE

**Zhihua Xu (2024)** investigates how social capital promotes ecologically friendly behaviours across private, public, and payment-oriented settings. His findings highlight the positive impact of social networks on these behaviours, with environmental knowledge and attitudes playing significant mediating roles, offering insights for enhancing public participation in environmental initiatives.

**Pingping Qiu, Jiemiao Chen, and Ed Bruning (2023)** explore how social capital, including community connections and communication, influences urban residents' support for local retail amidst competition from online and chain stores. Their study underscores the importance of fostering strong local relationships and effective communication strategies to enhance neighbourhood retail success in urban environments.

**Nousheen Munawar (2022)** examines the impact of social capital on shopper behaviour in Pakistan, emphasizing its role in shaping both in-role and extra-role behaviours crucial for brand recognition and customer loyalty. The study underscores the mediating influence of brand image and consumer-company identification, suggesting that leveraging social capital enhances brand perception and fosters stronger consumer relationships.

**Zhengmeng Chai (2022)** explores how social capital influences customer attitudinal assessments in Pakistan, highlighting its role in shaping brand perception and consumer-company identification. The study reveals significant positive effects of social capital on customer extra-role behaviors and overall customer attitudes, emphasizing its mediating impact through brand image and consumer-company identification. However, it does not find evidence supporting a direct influence of social capital on in-role behaviors.

**Jussara Cucato (2022)** develops and validates a one-dimensional Social Capital scale specific to consumer behavior, predicting responses related to Brand-self Consistency, Product Attitude, and Purchase Intent. The study advances methodology by exploring social capital's heterogeneity and its predictive role in marketing strategies, offering insights for tailored consumer engagement and brand management.

## RESEARCH METHODOLOGY

### Research

Research is a systematic investigation into a specific topic, issue, phenomenon, or problem aimed at generating new knowledge or validating existing theories through structured methods like data collection, analysis, interpretation, and presentation.

### Research Design

Research design is the conceptual framework guiding the study, outlining the plan for data collection, measurement, and analysis. This study employs a Descriptive Research Design to accurately describe the impact of skill enhancement courses on career development.

### Data Collection Method

Data collection involves gathering information, comprising Primary Data collected afresh via a questionnaire and Secondary Data sourced from existing literature such as journals and websites. The questionnaire method, supplemented by scheduling, was used to gather primary data from 140 respondents using closed-ended (including dichotomous, multiple-choice, rating, and ranking questions) and openended questions.

### Sampling

Sampling entails selecting a portion of the population for study to generalize findings back to the larger group. This study employs Non-Probability Sampling, specifically Convenience Sampling, which draws samples based on accessibility and willingness to participate. Non-Probability Sampling methods like Convenience Sampling are chosen for their convenience in accessing participants, suitable for initial pilot testing and generalizable insights.

## Sample Size Determination

Sample size determination is crucial for statistical validity. This study finalized a sample size of 140 respondents based on a pilot study involving 30 participants, aiming to achieve reliable inferences about the population of interest.

### ANALYSIS AND INTERPRETATION: MANN WHITNEY U - TEST:

**H<sub>0</sub>:** There is no significant difference between mean ranks of gender concerning factors of social capital, word of mouth, community attachment, and brand image.

**H<sub>1</sub>:** There is a significant difference between mean ranks of gender concerning factors of social capital, word of mouth, community attachment, and brand image.

**Ranks**

|                           | Gender | N   | Mean Rank | Sum of Ranks |
|---------------------------|--------|-----|-----------|--------------|
| factors of social capital | 1      | 84  | 69.90     | 5871.50      |
|                           | 2      | 56  | 71.40     | 3998.50      |
|                           | Total  | 140 |           |              |
| word of mouth             | 1      | 84  | 74.11     | 6225.50      |
|                           | 2      | 56  | 65.08     | 3644.50      |
|                           | Total  | 140 |           |              |
| community attachment      | 1      | 84  | 73.96     | 6212.50      |
|                           | 2      | 56  | 65.31     | 3657.50      |
|                           | Total  | 140 |           |              |
| brand image               | 1      | 84  | 72.94     | 6127.00      |
|                           | 2      | 56  | 66.84     | 3743.00      |
|                           | Total  | 140 |           |              |

**Test Statistics<sup>a</sup>**

|                        | factors of social capital | word of mouth | community attachment | brand image |
|------------------------|---------------------------|---------------|----------------------|-------------|
| Mann-Whitney U         | 2301.500                  | 2048.500      | 2061.500             | 2147.000    |
| Wilcoxon W             | 5871.500                  | 3644.500      | 3657.500             | 3743.000    |
| Z                      | -.217                     | -1.304        | -1.265               | -.880       |
| Asymp. Sig. (2-tailed) | .828                      | .192          | .206                 | .379        |

a. Grouping Variable: Gender

### INFERENCE:

From the above analysis, it is inferred that the p(sig) value is greater than 0.05.

$P(\text{sig}) > 0.05$

Hence,  $H_0$  is accepted. There is no significant difference between mean ranks of gender concerning factors of social capital, word of mouth, community attachment, and brand image.

### KRUSKAL WALLIS H - TEST:

**H<sub>0</sub>:** There is no significant difference between mean ranks of age concerning factors of social capital, word of mouth, community attachment, and brand image.

**H<sub>1</sub>:** There is a significant difference between mean ranks of age concerning factors of social capital, word of mouth, community attachment, and brand image.

**Ranks**

|                           | Age   | N   | Mean Rank |
|---------------------------|-------|-----|-----------|
| factors of social capital | 1     | 27  | 41.61     |
|                           | 2     | 66  | 68.55     |
|                           | 3     | 33  | 85.08     |
|                           | 4     | 14  | 101.07    |
|                           | Total | 140 |           |
| word of mouth             | 1     | 27  | 69.65     |
|                           | 2     | 66  | 60.08     |
|                           | 3     | 33  | 80.35     |
|                           | 4     | 14  | 98.04     |
|                           | Total | 140 |           |
| community attachment      | 1     | 27  | 58.54     |
|                           | 2     | 66  | 77.66     |
|                           | 3     | 33  | 70.88     |
|                           | 4     | 14  | 58.93     |
|                           | Total | 140 |           |
| brand image               | 1     | 27  | 50.52     |
|                           | 2     | 66  | 83.16     |
|                           | 3     | 33  | 57.17     |
|                           | 4     | 14  | 80.79     |
|                           | Total | 140 |           |

**Test Statistics<sup>a,b</sup>**

|             | factors of social capital | word of mouth | community attachment | brand image |
|-------------|---------------------------|---------------|----------------------|-------------|
| Chi-Square  | 26.645                    | 13.023        | 5.811                | 17.771      |
| df          | 3                         | 3             | 3                    | 3           |
| Asymp. Sig. | .000                      | .005          | .121                 | .000        |

a. Kruskal Wallis Test

b. Grouping Variable: Age (in years)

**INFERENCE:****Community attachment:**

From the above analysis, it is inferred that the p(sig) value is greater than 0.05

$$P(\text{sig}) = 0.121 > 0.05$$

Hence,  $H_0$  is accepted. There is no significant difference between mean ranks of age concerning community attachment.

**Factors of social capital, word of mouth, brand image:**

From the above analysis, it is inferred that the p(sig) value is less than 0.05  $P(\text{sig}) < 0.05$

Hence,  $H_0$  is rejected. There is a significant difference between mean ranks of age concerning factors of social capital, word of mouth, and brand image.

**CHI-SQUARE TEST:**

**$H_0$ :** There is no dependency between overall quality of service and Brand perception.



**H1:** There is a dependency between overall quality of service and Brand perception.

**Overall quality of service \* Brand perception Crosstabulation**

|                            |                |                | Brand perception |      |      | Total |
|----------------------------|----------------|----------------|------------------|------|------|-------|
|                            |                |                | 3                | 4    | 5    |       |
| Overall quality of service | 3              | Count          | 4                | 4    | 5    | 13    |
|                            |                | Expected Count | 6.0              | 5.2  | 1.8  | 13.0  |
|                            | 4              | Count          | 31               | 37   | 5    | 73    |
|                            |                | Expected Count | 33.9             | 29.2 | 9.9  | 73.0  |
|                            | 5              | Count          | 30               | 15   | 9    | 54    |
|                            |                | Expected Count | 25.1             | 21.6 | 7.3  | 54.0  |
| Total                      | Count          |                | 65               | 56   | 19   | 140   |
|                            | Expected Count |                | 65.0             | 56.0 | 19.0 | 140.0 |

**Chi-Square Tests**

|                              | Value               | df | Asymp. Sig. (2-sided) |
|------------------------------|---------------------|----|-----------------------|
| Pearson Chi-Square           | 15.026 <sup>a</sup> | 4  | .005                  |
| Likelihood Ratio             | 13.703              | 4  | .008                  |
| Linear-by-Linear Association | 2.669               | 1  | .102                  |
| N of Valid Cases             | 140                 |    |                       |

a. 1 cells (11.1%) have expected count less than 5. The minimum expected count is 1.76.

### INFERENCE:

From the above analysis, it is inferred that the  $p(\text{sig})$  value is less than 0.05 ( $P(\text{sig}) < 0.05$ ).

Hence,  $H_0$  is rejected. There is a dependency between the overall quality of service and Brand perception.

### SUGGESTION

Considering investing in more social capital initiatives like organizing community events, engaging in local charities, and fostering relationships with community organizations can strengthen ties with customers and the local community, thereby enhancing consumer patronage and perception of retail Stores.

Prioritize exceptional customer experiences by training staff to deliver personalized service, promptly address customer needs, and exceed expectations. This approach can build trust and foster loyalty among customers, especially since personal experience is crucial for trusting word-of-mouth recommendations.

Considering that a majority of respondents value word-of-mouth recommendations, it may be beneficial to explore implementing referral programs with special offers. This could encourage satisfied customers to share their experiences and actively engage with online reviews and testimonials at retail Stores.

To enhance brand perception, focusing on creating welcoming and inclusive environments at retail Stores would be valuable. Training staff to engage warmly with customers, foster social interactions, and facilitate meaningful connections could significantly enrich the overall shopping experience.

## CONCLUSION

The report titled "Influence of Social Capital on Consumer Patronage in Retail stores" provides valuable insights into the relationship between social capital and consumer behaviour in the retail sector. Through thorough research and analysis, it has identified key factors that shape consumer decisions and contribute to the success of retail establishments. These findings confirm that social capital significantly influences consumer patronage, with community engagement, word-of-mouth recommendations, and brand perception playing pivotal roles. Additionally, this study emphasizes the importance of active involvement in community initiatives, maintaining excellent customer service, and building trust with patrons. These efforts not only enhance the overall customer experience but also cultivate a positive brand image within the community. Furthermore, targeted marketing strategies tailored to the preferences and demographics of the target audience are essential for effective consumer engagement. By aligning marketing initiatives with community values and interests, Retail stores can effectively connect with their target audience and foster brand loyalty. In conclusion, this project underscores the interconnectedness between social capital, consumer behaviour, and business success in the retail sector. By leveraging social capital effectively, Retail stores can enhance customer satisfaction, drive patronage, and cultivate lasting relationships with their community, ensuring long-term success in the market.

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