Effects of Price Fairness and Physical Environment on Customers Patronage in Fast Food Outlets in Nasarawa State, Nigeria

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Abstract: - Building customers’ patronage is seen to be a key priority for any business success mostly in the fast food industry. Therefore, determining the factors that affect customers’ patronage is important. This study was designed to examine the effects of price fairness and physical environment on customers’ patronage of fast food retail outlets in Nasarawa State. The research design used for the study was survey method. Data were collected from a sample of two hundred and seventeen (217) customers of fast food retail outlets using questionnaire. The collected data were analysed using inferential statistics. The hypotheses were tested using Ordinary Least Square (OLS) multiple regression and Analysis Of Variance (ANOVA). The findings of the study revealed that price fairness and physical environment have significant positive effects on customers’ patronage in Nasarawa State, Nigeria. The study therefore recommends that fast food retail outlets should focus more on physical environment as it will help to increase the patronage of customers in their outlets and also keep their values in the short and long run. Also fast food managers should help in effective planning, construct, improve and observe physical environment in order to develop higher degree of customers’ patronage. Fair price should also be put in place to win customers’ heart in order to increase the patronage of their customers’.

I. INTRODUCTION

In our society today, the demand for fast food is on the increase. The increase in fast food consumption is attributable to a situation where most consumers are busy working-class people that have little or no time for home cooking. As a result, the need for fast food arises in their daily life. The increase in workload and engagement at work keep them busy at all time at work place which creates less time for them at home to prepare food of their choice. Hence the need for fast food in every city in Nigeria arises as most individuals engaged in official assignments and duties away from home making the consumption of fast food to become a fact of life.

Past studies reported that the consumption of fast food in Nigerian cities was attributed to inadequate time for preparation of food at home and a life style of people in the urban centres coupled with food quality and physical environment of fast food outlets (Ahmed, Hosain, Malek, &Begum, 2008; Fakokunde, Iwarere & Mustapha, 2014). The taste of fast food, low price, readily availability of fast food, peer pressure and marketing strategies make the popularity of fast food retail outlets amongst children and adolescent in Nigeria (Akinbola, Ogunnaike, & Ojo, 2013). As a result, consumers demand quality price fairness and conducive environment from fast food retail outlets.

Physical environment played a critical role in assessment of fast food outlets as it is considered to be one of the factors that customers considered before visiting any fast food outlets (Jalal, 2016a). Price is a determinant factor in consumers’ patronage, as it is recognise as an important marketing factor that influence consumers’ behaviour towards buying (Kotler &Armstrong, 2010). Therefore, food quality, price fairness and physical environment are the most important factors that can lead to increase in customers’ patronage with respect to Nigerian settings.

In the past and present, customer’s patronage has received important attention from marketing scholars and practitioners as a key indicator in the food industry (Oliver, 2009). Customer’s satisfaction serves as an indicator that shows whether customers will return to fast food outlets after a meal due to the service provided by the restaurant, majorly in terms of price fairness and physical environment (Kotler &Armstrong, 2010).

The key factors that affect the evaluation of customers overall repurchase intention in a restaurant are regarded as price fairness and conducive environment (Namkung & Jang, 2007). Therefore, Price fairness is evaluated on the basis of price set for the product and the utility received from such product. Physical environment is evaluated on the basis of the internal and external environment of the fast food in terms of car parking space, dining room, lighting, state of the art equipment in serving the food and lots more. Ryu, Lee and Ham (2010) stated that price fairness and physical environment are significant factors that get the attention of customers in fast food retail outlets.

The integrity of fast food retail outlets in Nigeria is key in terms of food quality, price fairness and conducive environment in order to ensure the reliability of the food consumed by the populace (Association of Fast Food and Confectioners of Nigeria (AFFCN), 2009). To achieve desired quality in the fast food retail outlets, the use of good and sound raw material is of optimum importance. Fast food meant for consumption must be processed in a hygienic
manner, and neat environment (Hayati & Khairu cited in Ojinnaka, 2011).

Despite the increasing population of people and fast food retail outlets in a Nasarawa State, Nigeria, there is a reduction on the consumers’ patronage of fast food retail outlets (Association of Fast Food Confederation of Nigeria (AFFCN), 2017). This has led to some of the fast food retail outlets in the area closing down their businesses and a lot of them complaining of the low patronage of their businesses due to reason that are not well known to them. It is therefore suspected that the problem may relate to price fairness and physical environment of the fast food retail outlets in the State.

The following research questions were raised with a view to achieve the objectives of the study.

i. To what degree is price fairness influenced by customer patronage in fast food retail outlets in Nasarawa State?

ii. To what extent is physical environment influenced by customer patronage in fast food retail outlets in Nasarawa State?

The statement of hypotheses formulated for this study are:

**H₀₁:** price fairness does not have significant effect on customers’ patronage of fast food retail outlets in Nasarawa State.

**H₀₂:** physical environment does not have significant effect on customers’ patronage in fast food retail outlets in Nasarawa State.

The scope of this study is limited to fast food retail outlets in Nasarawa State from 2017 to 2018. The reason for the choice of this area is due to the increasing rate of fast food retail outlets in the state and population increase in the environment due to their closeness to Abuja, the capital of Nigeria. The study also covers, price fairness and physical environment of fast food retail outlets.

### II. LITERATURE REVIEW

**Conceptual Framework**

The study explain the concept of price fairness, physical environment and customer’s patronage in order to bring out the concept of this study.

**Price Fairness**

Price has widely been accepted as an important element in marketing and as a result influences consumer behavior majorly with respect to customers’ patronage. Products brands help to increase business profits based on the fix price of their product or services, consumers look after the best price of products and services which would give them maximum values for what they have purchased. Some previous studies confirmed that customers’ perception of price fairness has been seen as an important effect on the reactions of consumers with respect to strategic decisions that relates to pricing (Jala, 2016; Ahmad 2015; Nwokah & Nne, 2018). Xia, Monroe and Cox (2004) confirmed that consumers’ perception of price fairness is seen as consumers overall assessment of whether the offered price of a product or service of a seller is really reasonable, acceptable and justified. Customers heavily rely on various reference sources that help to make better judgments with respect to cost of goods sold, previous prices, and rivals prices when evaluating price fairness in order to help them to form comparisons (Bolton, Warlop & Alba, 2003). The definition indicated that the assessment of price fairness relates to comparison of price of products with a certain standard or reference. Customers carry out benchmarks or reference of prices in different ways such as recalling past transactions, checking the competitors prices, looking at the seller costs, or through critical observations of the prices paid by other customers for goods and services (Briesch, Krishnamurthi, Mazumdar & Raj, 1997).

Andreas, Lan, Kent and Frank (2007) asserted that the price of a product or service can affect the degree of customers’ patronage in the fast food retail outlets, due to the fact that an assessment of the value of a purchased product or service relates to price that is considered. Similarly, Campbell (1999) considered price fairness as a key factor that help to influence products brand image, and therefore, perceived price unfairness may sometimes lead to negative word of mouth and switching behaviour of the customers. Rothenberger (2015) asserted that customers’ perception with respects to unfair price lead to negative outcomes in fast food outlets such as: increase in dissatisfaction, lower levels of repurchase behaviour, negative word of mouth, and increased customers complaint. Greater support was reported by some previous studies on the same issue of price fairness (Herrmann, Xia, Monroe & Huber, 2007; Kaura, 2012) who found that price fairness had a significant positive effect on customer patronage and satisfaction of fast food retail outlets.

Xia, Monroe and cox (2004) asserted that price fairness is an assessment carried out by consumers to determine whether the price of sellers is reasonably justified. In literature, fairness is a subjective term rather than objective terms simply because it is seen by consumers as what they perceived with respect to products price (Bolton, Warlop & Alba, 2003). The judgment of price fairness is difficult to carry out by consumers because of the comparison of the same products that is the same or similar (Rothenberger, 2015). Bolton and Alba (2006) stated that price fairness by consumers are influence by different factors such as competitors’ price, past prices of the same product and the cost of goods sold during comparison. In price comparison of a product, consumers of a product tends to compare the prices paid for a products to those paid by other consumers for the same products of the same quality in order for them to determine price fairness on their products (Bechwati, Sisodia & Sheth, 2009).
**Physical environment**

Physical environment is another important element in the fast food outlets that help to build competitive advantage for the industry. Physical environment comprise of all the tangible and intangible elements that are located inside and outside a fast food outlet (Bitner, 1992). To improve the physical environment, fast food retail outlets owners should invest heavily on internal designs, decorations, floor cleanliness, and other accessories that help to beautify an outlet as such elements are the most critical investments for attracting customers’ patronage in a fast food outlets (Azim, Shah, Mahmood, & Bagram, 2014). Ambient environment of a fast food outlets includes those features of intangible background that have significant impact on consumers’ patronage and relative response towards the environment of a service provider (Nguyen & Leblanc, 2002). Those features of intangible background comprise of temperature, lighting, scent, noise, quality of air and music (Bitner, 1992). A well-structured physical environment in a fast food retail outlet provides distinctive customers’ experience and ability to revisit the fast food retail outlets frequently. Choi, Heo and Kim (2012) asserted that the major elements of physical environment includes aesthetics, the surroundings, functionality, and convenience that help to attract customers to a fast food retail outlets.

The importance of maintaining a good-looking physical environment had received high emphasis from previous studies where fast food owners were considered as a significant factor for reinforcing and increasing the customers’ patronage in fast food outlets (Ryu & Han, 2010). Previous studies discovered that the physical environment of a fast food outlets has a positive impact on the customers’ patronage (Nasir et al., 2014). Canny (2014) asserted that physical environment is a key marketing tool and strategy that helps to differentiate fast food retail outlets from one another, by helping them to establish a distinctive customer experience with a beautiful, pleasant and comfortable atmospheric condition. Therefore, physical environment impact positively on maintaining the old customers, the existing ones, as well as attracting new customers to fast food outlets. Moreover, a well-designed physical environment is considered to be an important element that help in influencing the decision of consumers with respect to pre-purchase, immediate purcahse as well as their post-purchase behaviour while evaluating their satisfaction towards the quality of products and services of a service provider (Bitner, 1992).

Physical environment of a fast food retail outlet plays a very key role in the fast food outlet with respect to customer satisfaction and return intention that will help to increase in the performance of fast food outlet (Jalah, 2016b). Most of the previous studies have shown that physical environment help to increase customers mood with respect to pre-consumption before the actual service is delivered to them. This indicated that physical environment can positively or negatively influence customer’s patronage of fast food retail outlets (Nguyen & Leblanc, 2002). Physical environment therefore influences the quality expectations and impression formation with regards to specific consumption experience in the fast food outlets (Tuzikan & Albayrac, 2016).

The expectations of customers visiting a fast food outlets will have pre-conceived intents with respect to physical environment of such outlets. The expectations are associated to ambient conditions, spatial layout and functionality and sign, symbols and artifacts in a fast food outlets (Bitner, 1992). If those expectations from fast food retail outlets are not met, it will lead to dissatisfaction in the heart of customers which will lead to reduction in customers’ patronage in fast food outlets. Since the world is now a global village, customers now have easy access to technology, dissatisfied customers can now air their complaints through some medium such as established technology. The recent rise in the operations of fast food outlets gave customers a better opportunity of selections among the outlets, as some of their selections are tied to food quality, dining experience and physical environment of fast food retail outlets.

Han and Ryu (2009) stated that an attractive physical environment is an important strategy that had gained growing attention among scholars and fast food owners as it is a key attributes that help to attract customers’ patronage fast food retail outlets. Physical environment has a strong positive significance impact on customers’ patronage and improve positive evaluation of customers for an outlet (Han & Ryu (2009). Bitner (1992) asserted that the three major dimensions of physical environment that influence customer satisfaction and patronage in a fast food retail outlet are ambient conditions, spatial layout and functionality, signs, symbols and artifacts. Chang (2009) confirmed that physical environment has a direct linkage to customer satisfaction and patronage in fast food retail outlets.

Empirical studies shows that physical environment is an important element of customers’ patronage (Raajpoort, 2002; Nguyen & Leblanc, 2002). Some of the important factors mentioned in the previous studies carried out on physical environment are spatial layout, ambient conditions and décor and artifacts (Nguyen & Leblanc (2002).

**Customer Patronage**

Customer patronage has been linked with different variables in fast food retail outlets. Previous studies stated that the major variables attributed to customers’ patronage include physical setting of the outlets, business location, corporate identity, food patronage, price fairness, and advanced inclination behaviour (Adiele & Opara, 2015; Chukwu & Uzoma, 2014; Eze, Odigbo & Ufot, 2015; Jere, Aderel & Jere 2014; Nwulu & Asiegbu, 2015; Ogwo & Igwe, 2012). Literature abound on the variables of customer patronage include; product service, product quality, physical environment, store choice, shopping experience,
cost and merchandise value, location, merchandise and store atmosphere, and cross category of product store assessment (Bitner, 1992; Baker et al., 2002; Eze, Odigbo, Ufot, 2015; Pan & Zinkhan, 2006; Zeithml et al., 1996). Jere et al., (2014) asserted that a conceptualized notion of customers’ patronage is antecedent by attitudinal and behavioural intentions which help to offer several benefits which include; functional or utilitarian benefits, hedonic benefits and psychological benefits (Kriesner & Leeth, 2010; Larsen & Buss, 2009).

For better understanding of the concept of customer patronage, previous studies made linked of the concept to several theories. Most important theory among them is the “Theory of Reasoned Action” (TRA), which was propounded by Fishbein and Ajzen (1980). This theory stated that “high degree of volitional control are attached with people and this led them to reasoned choices among alternatives” (Ajzen & Fishbein, 1975: 67). Fast- food industry is among the important sector where the application of the theory of reasoned action can be found to be of good relevance (Sheppard, Harwick & Warshaw, 1988). The theory explained that there exist a functional relationship between attitude and subjective norm (i.e. attitude imposed by referent group) and that a person’s behavioural intention is predicated on these two basic factors - his/her attitude and subjective norm to maintain relationship (Jere et al., 2012).

Patronage behaviour of fast food retail outlets can be measured by different variables including; patronage intention, shopping enjoyment, satisfaction, time spent, number of items bought, repeat purchase, money spent, share of wallet, patronage action and repeat purchase or repatronage and lots more (Eze et al., 2015; Chukwu & Uzoma, 2014). The performance of business activities help to measures sales volumes, sales growth and profit for the business (Adiele & Opara, 2015). “Customers’ patronage refers to a situation where by an individual shows efforts in choosing the best way in evaluating the activities of fast food outlet in relations to ways and manners they are treated and satisfied with their products which was purchased at the initial stage without any stress engagement” (Adiele & Grend, 2016 : 133). Food patronage in the fast food retail outlets refers to the deliberate attitudes of a customer to consistently buy cooked food from a particular fast food outlet instead of buying it with another outlet (Jalal, 2016a). Studies in the past had shown that some of the major determinants in customers patronage of a fast food retail outlet differs from individual to individual and from country to another due to the societal differences, differences in societal culture and environment (Adiele & Etuk, 2017; Adiele & Grend, 2016). The major attributes of customers’ patronage in fast food retail outlets are food quality, physical environment of the outlets, service quality and price fairness (Ahmed, Ghazali & Othman, 2013). In addition, Seifian, Jani, Sharudin and Abdullahi (2013) found that food quality, service quality, perceived values, physical environment are the major influence of customers patronage in fast food retail outlets.

Empirical Review

Price fairness and customers patronage

Rothenberger (2015) studied the effects of price transparency on consumers’ perception of fast food. The study used survey research design. The sample size for the study was 150 customers of international restaurants. The method of data analysis was ANOVA. The findings of the study revealed that price fairness on customers’ perception in international restaurants leads to positive significant effect on customers’ patronage. The study stated that the more fast food retail outlets are fair in their price to customers the more the customers patronize their outlets. The study also revealed that price fairness leads to customers’ satisfaction and customers’ satisfactions leads to higher customers’ patronage.

Herrmann, Xia, Monroe and Huber (2007), Kaura (2012) found that price fairness to customers in the fast food retail outlets lead to significant positive effect on customers’ patronage. They stated that the higher the fairness of price to customers the higher the repurchase share and customers patronage. Anderson, Fornell and Lehmann (1994) reported that price fairness affects the level of degree of customers’ patronage among customers in the fast food retail outlets. It is based on the impression that customers assess the product purchase on price fairness, by considering the price that is attached to the product by looking at it if it is reasonable enough to purchase based on price.

Tuan (2012) examined effects of service quality and price fairness on students’ patronage in fast food industry in Vietnam. The result found for the study shows that service quality and price fairness significantly influence customers patronage among students in Vietnam. It also indicates that price fairness plays a major roles in influencing the attitudes of students to fast food retail outlets in Vietnam.

Shaed, Zulkifli, Ngah and Rahmat (2017) studied price fairness, service quality on customers’ patronage in fast food outlets in Malaysia. The findings revealed that price fairness, service quality impacted positively on customers’ patronage in fast food retail outlets in Malaysia. The study revealed that customers compare the price of their products with that of the competitors and the more the price of their product is fair the more they patronize their buyers.

Physical environment and customers’ patronage

Jalah (2016b) examined physical environment as a key success factor for building customers patronage in restaurant industry. The sample for the study was 293 customers. The data collected were analyzed through structural model equation approach. The findings of the study revealed that physical environment of restaurants has positive significance on customers’ patronage. The study revealed that physical...
environment can help a restaurant to build a strong brand for their market.

Also findings in the studies of Reamer and Kuehn (2005), Wakefield and Blodgett (2006) stated that the most important elements of achieving success in the fast food retail outlets in terms of customers patronage is the physical environment, the study therefore stated that any pleasant and innovative environment attracts customers patronage in fast food retail outlets.

Ahmed, Ghazali and Othman (2013) found that customers at all-time sense the physical environment consciously (or unconsciously) before, during and after the meal when dinning out in a fast food retail outlets, therefore, they stated that restaurants food must be in acceptable quality, pleasing physical environment which will help the fast food retail outlets to increase customers patronage.

Basera, Mutsikiwa and Dhliwayo (2013) examined the impact of ambient factors on customers’ patronage in fast food retail outlets in Zimbabwe. The study used descriptive research design. The sample size for the study was 150 customers. The method of data analysis was multiple regression. The findings of the study revealed that ambient variables (music, low level of noise, lighting and cool temperature) significantly influence patronage of consumers in fast food retail outlets with different level of influence. The study therefore recommends that marketing practitioners should be encouraged to use ambient variables in their various outlets, as this will help in creating high appealing environment for attracting customers’ patronage.

Githiri (2017) examined influence of physical environment on customers’ patronage and satisfaction in Kenya rated restaurants. The study used survey research design. The sample size of the study was 345 customers. Pearson correlations was used for data analysis. The findings of the study revealed that physical environment has a positive significant influence on customers’ patronage and satisfaction. The study based on the findings recommended that restaurant managers should find more ways to improve on the external appearance of their restaurants, this will also help in a long way to increase the customers’ patronage in the future.

Ryu and Jang (2008) found that physical environment has a positive significant impact on customers’ patronage in fast food retail outlets. Bittner (1990) found that the three major attributes of physical environment which are ambient conditions, spatial layout, symbols and artifacts positively impacted positively on customers patronage of fast food retail outlets.

**Theoretical Framework.**

**Theory of Reasoned Action (TRA)**

TRA is one of the major theory used in marketing and behavioral sciences. The application of TRA is used in fast food outlets in both developed and developing countries of the world (Kristen, 2008; Ibrahim & Vignali, 2005; Tan & Yeap, 2012; Lim, Tan & Tan, 2013). TRA was propounded by Fishbein and Ajzen (1975). The theory was developed from past studies carried out in the theory of attitude, which later resulted to the study of attitude and behavioral of people in the society. The theory of TRA came into existence as a result of disagreement with traditional attitude– behaviour research carried out in the past, the result of the research asserted that there is an existence of weak correlations between attitude and performance of people (Hale, Householder & Greene, 2002). TRA is a theory that help in predicting the behavioural attitudes of people with respect to buying of products and their attitudes toward patronage of products. The theory of TRA stated that the behaviour of consumers is determined by what they see around them and how they can achieved their targeted aim towards buying (Fisbein, 1980). The theory states that the behavioural intention of consumers are based on two major factors that help to determine their actions towards buying, they are personal or "attitudinal" factor and a social or "normative" factor. The theory is built on some major components, the first component of the theory stated that the attitude of consumers are based on reasoning and the reasoning direct them to the choice they make towards buying of products, for any firm to increase the attitude of consumers toward patronage they must tailored their products towards satisfying consumers and also produce a qualitative products that will appeal to their sense of reason to buy their products. The second component of the theory states the existence of subjective norms which consists of the perceptions of actors towards a certain individuals or group of individual on what they are expected to do at particular time. The significance associated with attitudinal and normative components in determining intension of consumers vary with respects to their behaviour, the situation and differences of the individual in the actor (Ajzen & Fishbein, 1980). In literature, the Theory of Reasoned Action has "received series of attention within the field of consumer behaviour and other field of management sciences as the theory help to predict consumer intentions and behaviour quite well, it also help to provide the enabling environment for identifying where, when and how target consumers' behavioural changes (Sheppard, Hartwick & Warshaw, 1988, p. 325). Ibrahim and Vignali (2005) asserted that the application of theory of reasoned action is linked to behavioural sciences which applied the theory in various field of human endeavours majorly in the field of automobiles consumption, banking industry, computer industry, coupons, detergents, food choice, fast food and hotel choice. The TRA model has however proved its efficacy and reliability by excluding a strong predictive utility, even when utilized to investigate situations and activities that do not fall within the boundary conditions originally specified for the model”. Ibrahim and Vignali (2005) noted that the extent to which the theory succeeds in predicting behavioural intention is attributed to the use of multiple regression analysis.
This study helps to look at the various external variables to the theory of reasoned action were included in order to predict consumer’s behavioural intention to patronize fast food restaurants in Karu, Nigeria. The independent variables included in this study are food quality, physical environment and price fairness which are drawn from various past literatures on fast food (Ibrahim & Vignali, 2005; Tabassum & Rahman, 2012; Nezakati1, Kuan & Asgari, 2011; Ahmad, Ghazali & Othman, 2013; Tat, Sook-Min, Ai-Chin, Rasli & Hamid, 2011; Akbar & Alaudeen, 2012; Sefian, Jaini, Sharudin & Abdullah, 2013). The variables used in this study explain some variance in consumer’s behavioural intention to patronize fast food outlets. Ibrahim and Vignali (2005) applied the theory of reasoned action on a study of customers’ intention to patronage of international fast food outlets. The study was modelled through the use of classic belief-attitude-behaviour intention model (i.e. attitude and subjective norm) based upon the theory of reasoned action, and an extended model that included variables external to the classic theory. Findings of the study revealed that, prediction of customers patronage behaviour in the international fast food market is based on quality of food, service quality, physical environment, fast food store, image factors, customers’ values of eating-out, customers’ opinions about the globalization or localisation of international fast food chains and customers demographics.

The TRA is importance to this study because it is based on customers’ attitudes towards fast food retail outlets, in determining the patronage of customers toward fast food outlet, the theory of reason action will allow the study to be well established and achieve its purpose. Therefore, the theory of reasoned action underpinned this study.

### III. METHODOLOGY

The study adopts survey method of descriptive research design which appeared to be the most appropriate for this type of investigation. Fakokunde, (2010) found that survey method is best suited for descriptive research, because it is very realistic, investigating phenomena in their natural setting while identifying present conditions to arrive at a generalized conclusion.

The population of customers was estimated to be 205,477. In determination of the sample size for the study, statistical formulae for determination of sample size was used as given by Yamane (1967).

\[
\frac{N}{1 + N (e)^2}
\]

Where:

- \(n = \) sample size
- \(N = \) population size
- \(e = \) Error margin

\[N = 205,477, \quad e = 7\% = 0.07\]

\[n = \frac{205,477}{1 + 205,477(0.07)^2} = \frac{205,477}{1007.8373} = 204\]

The sample size for the customers is two hundred and four (204).

The method of data collection used for this research work was primary data, the primary data was collected from the customers of fast food retail outlets through the use of questionnaire, in order to elicit information with respect to effects price fairness and physical environment of fast food retail outlets in Nasarawa State. The instruments that were used in the collection of the primary data includes questionnaires and oral interview. The secondary data were collected from the internet for the review of literature.

Questionnaires were used as a means of collecting data for this research work. The questionnaire used was in two categories, the first category was questions on personal profile of the respondents of fast food retail outlets and the second category of questions was on the variables of the study for customers of fast food retail outlets in Nasarawa State. The questionnaires were administered personally to the respondents by the researcher himself and also involved the staff of the outlets for the collections of those questionnaires that cannot be easily collected immediately from the respondents.

Data collected were analyzed through the use of descriptive statistics (frequencies, pie charts and percentages), Ordinary Least Square (OLS) of multiple regression analysis and Analysis of Variance (ANOVA). Descriptive statistics was used to analyzed the demographic profiles of the respondents while the research hypotheses were analyzed using multiple regression and ANOVA.

The model used for this research work is stated below.

\[Y = \alpha + \beta 1 \times X1 + \beta 2 \times X2 + \beta 3 \times X3 + e\]

Where

\(\alpha = \) Vertical Intercept  
\(Y = \) Dependent variable i.e. consumers patronage

\(X2 = \) Price Fairness (PF)  
\(X3 = \) Physical Environment (PE)

\(e = \) Error terms or residual.

\(\beta 1 - \beta 3 = \) Slope of the coefficient

The model is therefore re-written as:

\[Y = \alpha + \beta 1(\text{PF}) + \beta 2(\text{PE}) + e\]

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IV. DATA PRESENTATION, ANALYSIS AND DISCUSSION

Data presentation

This section covers data presentation collected from fast food retail outlets customers in Nasarawa State. 250 questionnaires were administered and 217 questionnaires were collected which represent 80% of collection from the respondents. 217 questionnaires was used for data analysis. The hypotheses were tested at 5% level of significance.

Regression Analysis

Effects of Price Fairness and Physical Environment on Customers’ Patronage

This section present the results of Ordinary Least Squares (OLS) multiple regression method was employed to examine the effect price fairness and physical environment on customers’ patronage. Price fairness and physical environment are the main independent variables and their effects are being examined on customers’ patronage. The following tables show the model summary, ANOVA table and coefficients table of the effect of each price fairness and physical environment on customers’ patronage of fast foods in Nasarawa state.

Table 4.1: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.745*</td>
<td>.555</td>
<td>.518</td>
<td>7.677</td>
<td>2.242</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), physical environment, food quality, price fairness

b. Dependent Variable: customer patronage

Source: Author’s Computation, 2018.

Table 4.1 presents the model summary of the effect of product quality, price fairness and physical environment on customers’ patronage. The table shows R-squared and Adjusted R-squared to be 0.555 and 0.518 respectively. This indicates that these three variables (i.e. Price fairness and physical environment) jointly explains about 55% of variations in customers’ patronage of fast foods. This also implies that the model is in good fit. Durbin-Watson statistic value stood at 2.242. This indicates that there is absence of serial correlation in the model since the value is within 1.6 and 2.4 no serial correlation bounds.

Table 4.2: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>2646.326</td>
<td>3</td>
<td>882.109</td>
<td>14.967</td>
</tr>
<tr>
<td>1</td>
<td>Residual</td>
<td>2121.674</td>
<td>36</td>
<td>58.935</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Total</td>
<td>4768.000</td>
<td>39</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: customer patronage

b. Predictors: (Constant), physical environment, food quality, price fairness

Source: Author’s Computation, 2018.

Table 4.2 presents the analysis of variance (ANOVA) of the model. F-statistic has a value of 14.967 and probability value 0.000 (which is less than the chosen significance level i.e. 0.05).

This indicates the reported F-statistic is significant. Since the decision rule is to reject null hypothesis that price fairness and physical environment do not significantly affect customers’ patronage if F-statistic is significant, this implies that the overall model is significant. In other words, price fairness and physical environment significantly affect customers’ patronage of fast foods.

Table 4.3: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Toleance</td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.884</td>
<td>3.053</td>
<td></td>
<td>.945</td>
<td>.351</td>
</tr>
<tr>
<td>1</td>
<td>Price fairness</td>
<td>.668</td>
<td>.316</td>
<td>.053</td>
<td>.211</td>
</tr>
<tr>
<td></td>
<td>Physical environment</td>
<td>.574</td>
<td>.273</td>
<td>.730</td>
<td>.156</td>
</tr>
</tbody>
</table>

a. Dependent Variable: customers patronage

Source: Author’s Computation, 2018.
Table 4.3 presents the coefficients of the effect of price fairness and physical environment on customers’ patronage of fast foods. The result shows that each of the coefficients of the independent variables has positive sign. The probability value (Sig.) shows the significance of each variable. The decision rule is to reject null hypothesis that a variable does not have significant effect on customers’ patronage of fast foods if p-value is less than the chosen 5% significance level (0.05). The p-value of price fairness is less than 0.05 and the p-value of physical environment is less than 0.05. This indicates that price fairness and physical environment has significant effect on customers’ patronage of fast foods. This indicates that their respective positive effects are significant on customers’ patronage of fast foods retail outlets in Nasarawa State.

The significant positive coefficient value of price fairness indicates that increase in condition of the price fairness increases customers’ patronage of fast foods by 0.668 units and vice versa. The significant positive coefficient value of physical environment indicates that increase in condition of the physical environment increases customers’ patronage of fast foods by 0.574 units and vice versa. The collinearity statistics show that the model is free of multicollinearity as the variance inflation factor (VIF) for each of the variables are very low.

The above result reveal that of the three variables considered, price fairness and physical environment were significant influence on customers’ patronage of fast foods while the influence of physical environment is higher than that of the price fairness. This suggests the rejection of null hypothesis in the case of price fairness and physical environment. Therefore, a conclusion can be made that price fairness and physical environment affects customers’ patronage of fast foods retail outlets in Nasarawa State.

Discussion of Findings

The study determined the effects of price fairness and physical environment on customers’ patronage among fast food retail outlets in Nasarawa State.

The first findings revealed that price fairness has a significant positive effect on customers’ patronage. This implies that as price of food is commensurate to what the consumers purchase or the utility derived from the food the higher the patronage of customers on the restaurants. This study was in line with some previous research (Hermann et al., 2007; Kaura, 2012; Gagic et al., 2013) that revealed that price fairness is one of the key drivers for the assessment of customers’ patronage in fast food retail outlets. Jalal, (2016a) asserted that fast food retail outlets carried out better judgement through series of comparison between diverse brand before or after purchase and this help them in their patronage to fast food retail outlets.

Finally, the findings revealed that physical environment has a significant positive impacts on customers’ patronage. This implies that as the physical environment of a fast food retail outlets continue to increase, the patronage of customers continues increases and as the physical environment of the fast food retail outlets continue to decrease the patronage of the customers continues to decrease. Previous studies was also in support (Nam et al., 2011; Ryu et al., 2012; Gagic et al.,2013; Haery & Badezadel, 2104; Jalal, 2016) that physical environment affects customers patronage. Nguyen and Leblanc (2002) asserted that physical environment is one of the determinants of customers’ patronage in fast food retail outlets. Yang and Chan (2010); Ali et al. (2013) stated that physical environment is an important determinant that most customers used in judging fast food retail outlets in their patronage.

V. CONCLUSION AND RECOMMENDATIONS

Conclusion

The study examined effects of price fairness and physical environment on customers’ patronage of fast food retail outlets in Nasarawa State. The study concluded based on the findings of the study as indicated below.

Price fairness has a significant positive effect on customers’ patronage. This shows that as the price of food is fair to consumers it lead to increase in the patronage of the consumers towards the consumption of their products, that is if the price of the restaurants are fair people in Nasarawa State will buy more of their products.

The study finally concluded that physical environment has a significant positive effects on customers’ patronage. This shows that when the environment of a restaurants is conducive for the customers’ they patronize the products the more.

Recommendations

Based on the findings of this study, the following recommendations were made.

The study also recommends that managers of fast food retail outlets should help their outlets to develop superior pricing strategies and effective pricing mechanisms that will help them to enhance customers’ patronage in Karu local government areas of Nasarawa State.

Fast food managers should increase the level of their physical environments in their various outlets, this will help their outlets to form a good image that will help in promoting their brands and also built customers loyalty at all time.

Finally, fast food managers should lay more emphasizes on physical environment when designing their marketing strategies/programmes, this will help their outlet to be more attractive to customers from different perspectives. Fast food outlets should also use different attractive decorations in different ways that can help to deliver various advertising information to customers, by doing that it will increase the patronage of customers on their products.


