



The Impact of Customer Satisfaction on Price Sensitivity among Customers of the Grocery Stores in the West of Mazandaran Province

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Abstract. Prices as one of the main mixed elements of the marketing have a remarkable importance for customers and suppliers. Suitable pricing policies can attract customers and suppliers. According to some beliefs, satisfied customers are willing to pay higher prices and cost to buy the products they need, on the other hand, some believe that customers no matter how satisfied they are from the intended store or product, they will show reaction and sensitivity to high prices. In this regard, the present study examines the impact of customer satisfaction on the price sensitivity of stores in the West of Mazandaran. The statistical population in this study is all customers of grocery stores in the West of Mazandaran province. A total of 385 customers consist the research samples. The non-probability available sampling is used for sampling. The method of the research is applied in terms of the goal and is field in terms of data collection. Data collection tool was a questionnaire. According to the gained results, the first proposed hypothesis was approved which claims there is a convers relationship between economic content and price sensitivity. However the converse link between social approval and price sensitivity was rejected in the second hypothesis. Moreover, there was rejected the stronger inverse relation between economic content and price sensitivity among men to women as well as having more robust link between social approval and price sensitivity among women to men.

Keywords: Economic Satisfaction, Social Satisfaction, Price Sensitivity, Grocery Stores in West of Mazandaran Province

1. INTRODUCTION

Changes that are created in industrial structures and lifestyles in recent years, has made the rapid growth of the retail industry of consumer goods. In many developed countries, the issue of pricing in retail purchases, especially for new retailers, is still common. [1], appropriate pricing policies can attract the satisfaction of customers and suppliers, policies that should take into account the interests of both parties [2]. The price of each product is one of the most important variables affecting consumer and retailers which affects as an important factor in the development of new products and services [3]. Price sensitivity returns to changes in customer demand which occurs as a result of change of prices. When goods meet customer demand and establishes a relationship with the customer, the prices gets a lower position in terms of priority. Therefore, we can say that there is a relationship between customer satisfaction and price sensitivity [1].

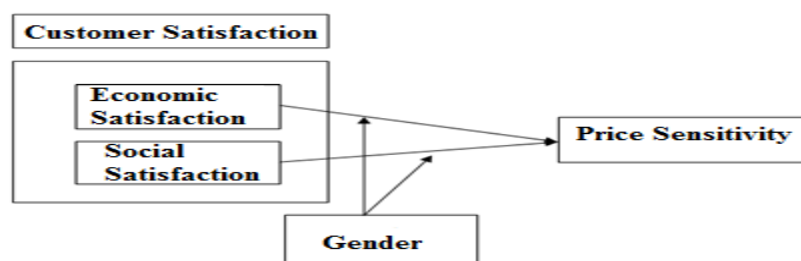
Customer satisfaction is an emotional reaction which is determined based on expectations of product consumers or service receiver before buying and whether the expectations are consistent with actual production and services after purchase or not? Satisfaction can be divided firstly into economic satisfaction in terms of tangible products, and social satisfaction in terms of services. In other words, satisfaction is as a result of product (economic satisfaction), or of the relationship and interaction with the sales person (social satisfaction). When consumers buy a product, in addition to the economic implications of the purchase, observe non-economic exchange behavior [1].

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2. RESEARCH LITERATURE

Many economists believe that consumers admit the price and simply accept the offered price and surrender [2]. However, in recent decades non-price factors in purchasing have become an important behavior, but price continues to be one of the crucial pillars of market share and profitability. Any price that the company determines for its products will be followed by a different level of demand which will consequently have a different effect on marketing goals. Customer satisfaction has found special importance in recent years and has become an important issue for managers. All of the managers believe that customer satisfaction is a key factor in the success of organizations and perhaps the most important task of the organization is customer satisfaction and pleasure [6].

In the study [1] the social exchange theory and the theory of equality was used to examine the relationship between customer satisfaction and price sensitivity. Based on the social exchange theory, purchasing is a kind of social exchange. When someone transfers a source to another, he expects to get the same reaction from the other party and both sides are trying to reduce costs and increase efficiency. According to the theory of equality if one party feels that it's a fair deal nothing will happen because what is obtained in an exchange in return for something that is spent in this transaction. If one party feels that the transaction is not fair, the injustice must be removed in trade, one of the ways of doing so, is reduction of costs and lower capital allocation. Customers measure their consent on the basis of prices paid for goods and services. According to research [1] gender is a kind of balanced effect that is often seen on consumer in this research and is an important variable in market classification. This study shows that the purchase of males is affected by the product and they trust to their own knowledge, while females put emphasis on the whole process of purchase and interrelationships so that they maybe affected by the opinion of the personnel of the store and others. According to the aforementioned study, the economic satisfaction due to its products and services helps reduce price sensitivity in men than women. On the contrary, social satisfaction resulted from the seller and customer mutual interactions, leads to price sensitivity reduction in women than in men. Growth, development, and benefits in retail industry(grocery stores) and development of the life of people in west part of Mazandaran province is also dependent on the customer satisfaction, therefore in this research it is tried to investigate the impact of customer satisfaction on price sensitivity among the customers of grocery stores in the West part of Mazandaran province. This will help sellers to encourage customers to buy more by creating customer satisfaction, and achieve competitive advantage and increase market share and profitability rate.



Conceptual model [1]

When an organization attracts new customers, customer satisfaction then would be the starting point for establishing a long term relationship between the customer and the organization. [7]. In fact in the competitive world today organizations must not think of only meeting the primary and long term needs of the customers, but must act beyond this point and put their main focus based the mutual benefit and long-term relationship.[6]

Retaining existing customers is much cheaper than attracting new customers. Providing appropriate services retains the customer and customer satisfaction with the service provided encourages them to recommend the product to others. This is a method in which the positive advertisement of the customers makes it possible to have new sales for the company. Conversely, customers dissatisfied with the service provided could reduce the market share [8]. Customer satisfaction issue, plays an important role in marketing and researchers believe it to be as a strong determinant for behavior variables such as the purpose related to repeating purchase, advertising by word of mouth and loyalty [9]. Satisfied customers and customers who have a belonging sense are as long-term investments with a high profitability for the organizations. Therefore, every organization should consider customer needs and satisfaction for their survival [6].

Economic Satisfaction

Customer satisfaction in terms of tangible products and satisfaction of the product, is defined as economic satisfaction. Customer satisfaction is a result of the purchase of consumer goods or services that is obtained from a comparison of revenues and costs with the expected results. Customer satisfaction is defined as a pleasant state that is created in customer after receiving the goods or services [10]. Customer satisfaction is feeling or attitude of a customer to a product or service after using it. Customer satisfaction is the main result of marketing activities which works as a bridge between the various stages of consumer purchase behavior. For example, if customers are satisfied with a particular service, they probably will repeat their purchase. In contrast, dissatisfied customers may cut their ties with the company and get involved in negative word of mouth advertising. Thus, it can be said that customer satisfaction is a result which is obtained of the comparison prior to purchasing and from the expected performance with actual perceived performance and payment of the cost, [11].

Social Satisfaction

Customer satisfaction in terms of service provision and relationship with sellers is defined as social satisfaction. Social satisfaction in terms of social dimension is considered as evaluating psychological dimensions of this relationship for a member of a marketing channel which is met and satisfied through interaction with the other party. Member of a channel which is satisfied with the social consequences of a relationship will appreciate the other party and personally tends to participate with him. Because in his opinion, the other side is interested in cooperation, is respectful and is willing for the exchange of ideas. Researchers, who have examined satisfaction in terms of broader social interaction, have considered it as assessment of interactive experience. To the extent that the social interactions are satisfied and psycho-social health is provided [12].

Price Sensitivity

The price has been regarded as the main factor affecting the choice of the buyer since a long time. The price also has remained as one of the most important determining pillars of the company's market share and profitability. Governmental organizations and many private organizations set price for their goods or products [4]. The price is linked to a product in different forms. First, the prices are changed in the path of the product life curve. Second, the price of similar products are grouped together, in other words marketers by grouping prices make differences between different classifications of different similar products. Third, price is directly linked with the customer perceptions of the features and benefits of the product. The price in the market impacts on wages, rent, interest and profit. This means that the price of the product has an effect on the cost of production factors such as labor, land, capital and innovation. Manufacturer believes that commodity prices are the main factor in the selection of distribution channels [13].

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Research Hypotheses Include:

- Customers' economic satisfaction of grocery stores in the West of Mazandaran province has a reverse effect on their price sensitivity.
- Customers' Social satisfaction of grocery stores in the West of Mazandaran province has a reverse effect on their price sensitivity.
- Reverse economic relationship between economic satisfaction and price sensitivity in male customers is stronger than female customers in grocery stores of the West of Mazandaran province.
- Reverse relationship between social satisfaction and customer price sensitivity in female customers is stronger than male customers in grocery stores of the West of Mazandaran province.

Research Methodology

This study is an applied research in terms of goal. In this research to collect data to analyze information, descriptive method is used. Data collection instrument in this study is a questionnaire that was adopted from the study [1]. The questionnaire of the present study is a range of five-point Likert questions from very high to very low which is classified into 3 parts. So that number one is for very low and number five is for very high option. Likert range is an interval scale which is made up of a number of phrases and response options. Options of the responses on this scale usually indicate agreement or disagreement of the respondents to a given subject or concept, whether positive or negative. Through this scale we can determine sensitivity, attitudes, beliefs and feelings of respondents [14].

In this study the questionnaires were distributed in person among respondents (customers and sellers of grocery stores). 420 questionnaires were distributed among customers and sellers, which according to gender moderator variable, distribution of questionnaires among male and female customers were almost equal. Among the questionnaires distributed, all the questionnaires were returned, and among which 385 questionnaires were suitable for analysis. The total number of questions were 13. In each section of the questionnaire there are some questions to measure one of the variables of the research. The first part was related to demographic questions of customers, including gender, income and age of customers. After that the economic satisfaction variable is measured according to three indices of the product attractiveness, being the first choice and being happy and includes 4 questions. In the third part the social satisfaction variable is measured according to three criteria: being friendly, good manners and respect from employees and includes 4 questions. In the fourth part the price sensitivity variable is measured according to three criteria: being sensitive to price, reduction of the purchase if the price is increased and comparison of the prices and consists of 5 questions.

Questionnaires have been anonymous and before handing the questionnaire to customers and sellers they were asked for their willingness to participate in the survey. In selected stores, the customers who had purchased were asked to fill in their questionnaires (questions related to economic and social satisfaction), and at the same time, the sales person was asked to fill in the related questionnaire (questions about price sensitivity) which is in connection with the same customer. In other words, the research was conducted in the form of simultaneous and two sided (customer-sales person correspondence).

Validity and Reliability of the Questionnaire:

In this study all questions of the questionnaire are designed in accordance with the valid scientific articles that have been raised in the theoretical framework of the research and expert opinions of the related professors. Therefore its content has been validated through content. Meaning of content validity is whether the scale is appropriate to measure the concept.

In this study, to assess the reliability of the questionnaire, the Cronbach's alpha is measured. The most general way of ANOVA question is obtained through Cronbach's alpha coefficients according to the following formula:

$$\alpha = \frac{n}{n-1} \left(1 - \frac{\sum s_i^2}{s_t^2} \right)$$

Where n is the number of test questions

s_i^2 : variance of question I (variance of available data in a data matrix column)
 s_t^2 :variance of the whole test or in other words the variance of sum of column in the data matrix [15].

Hypothesis Test Results

Description of Research Variables

According to Table 4-1 meanscoreof economic satisfaction variable in view of respondents 4.516, standard deviation 1.861 and variance is equal to 3.465repectively. The mean score of social satisfaction in view of respondents 4.508, standard deviation 0.523 and variance is equal to 0.274. The mean score of price sensitivity variable according to respondents 2.986, standard deviation 1.067 and variance is equal to 1.139.

Table 4.1 description of research variables

	No.	least	most	mean	SD	Variance
Economic Satisfaction	385	3/00	5/00	4/516	1/861	3/465
Social Satisfaction	385	3/25	5/00	4/508	0/523	0/274
Price Sensitivity	385	1/00	4/80	2/986	1/067	1/139

The First Hypothesis Test Results

The results of Table 4-2 shows that given the significance level and being lower than 0.05 therefore the significant relationship is accepted and given the negative correlation coefficient (-0.248) this relationship is negative. Therefore, it can be stated with 95% confidence, the economic satisfaction of grocery stores customers in the West of Mazandaran province has a reverse effect on the price sensitivity of them. This issue shows that the satisfaction is more important than the paid costs for the customers, in other words the customers are willing to pay more for more satisfaction.

Table 4.2 correlation coefficient of first research hypothesis

Type of Variables	Name of Variables	N	correlation coefficient	P
Independent Variable	Economic Satisfaction	385	1	
Dependent Variable	Price Sensitivity	385	0/248	0/000

The Second Hypothesis Test Results

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The results of Table 4-3 shows that given the significance level and being lower than 0.05 therefore the significant relationship is accepted and given the positive correlation coefficient (0.107) This relationship is positive. Therefore, it can be stated with 95% confidence, the social satisfaction of grocery stores customers in the West of Mazandaran province doesn't have a reverse effect on the price sensitivity of them. According to the findings and the correlation coefficient (0.107), which is a significant and positive, social satisfaction can be a factor for raising the expectations of statistical population and this issue can increase the price sensitivity of the customers.

Table 4.3 correlation coefficient test of the second hypothesis

Type of Variables	Name of Variables	N	correlation coefficient	P
Independent Variable	Social Satisfaction	385	1	
Dependent Variable	Price Sensitivity	385	0/107	0/036

The Result of the Third Hypothesis

The results of Tables 4-4 show that due to the significance level and being more that 0.05rejects the hypothesis of a significant relationship. The results of Table 4-5 shows that, given the significance level and being lower than0.05 the significant relationship between variables in women will be accepted, but according to the positive correlation coefficient, this relationship is positive, not negative. Therefore, it can be stated with 95% confidence that the economic satisfaction of grocery stores customer in the West of Mazandaran province doesn't have a reverse effect on their price sensitivity among both male and female customers.

Table 4.4correlation coefficient for the third hypothesis of this study (male Customers)

Type of Variables	Name of Variables	N	correlation coefficient	P
Independent Variable	Economic Satisfaction	194	1	
Dependent Variable	Price Sensitivity	194	0/170	0/018

Table 4.5 correlation coefficient for the third hypothesis of this study (female Customers)

Type of Variables	Name of Variables	N	correlation coefficient	P
Independent Variable	Economic Satisfaction	191	1	
Dependent Variable	Price Sensitivity	191	0/344	0/000

The Fourth Hypothesis Test Results

The findings of Table 4-6 shows that, given the significance level and being more than 0.05rejects the hypothesis of a significant relationship between the variables in male group. But the results of Table 4-7 shows that, given the significance level and being lower than 0.05 accepts the hypothesis of a significant relationship between the variables in female group, but given that the correlation coefficient is positive, the relationship is positive not reverse. Therefore, it can be stated with 95% confidence, that social satisfaction of grocery stores customer in the West part of Mazanaran province doesn't have a reverse effect on their price sensitivity among both male and female customers. These findings suggest that social issues are a high value for female customers than male ones. To a large extent the findings can be considered compatible with the natural characteristics of women because for women issues

related to social relationships, human respect, values and culture are more important and are given more attention.

Table 4.6 correlation coefficient for the fourth hypothesis of this study (male Customers)

Type of Variables	Name of Variables	N	correlation coefficient	P
Independent Variable	Social Satisfaction	194	1	
Dependent Variable	Price Sensitivity	194	0/070	0.329

Table 4.7 correlation coefficient for the fourth hypothesis of this study (female Customers)

Type of Variables	Name of Variables	N	correlation coefficient	P
Independent Variable	Social Satisfaction	191	1	
Dependent Variable	Price Sensitivity	191	0/161	0/026

3. CONCLUSION

The results of descriptive study of questions of economic satisfaction measures show that all the questions had a mean higher than 4, and it shows high levels of economic satisfaction among the studied customers. The findings also suggest that among the questions of this section, the second question that is satisfaction toward product quality has the highest mean 4.205. And the fourth question that is happiness toward spending money in the store has the lowest mean (4.088). According to the findings the general mean on the economic satisfaction obtained 4.516, its standard deviations 1.861 and its variance 3.465.

In descriptive investigation of the questions of social satisfaction measure, the findings show that like economic satisfaction, all the questions have a mean of 4, and it represents a high level of social satisfaction among the investigated customers. The findings suggest that among the questions of this section, the first question i.e. existence of friendly service behavior has the highest mean (4.519) and the fourth question, informing services of the store, has the lowest mean (4.239) according to the findings, the general mean, standard deviation and variance of the subjects on social satisfaction, was respectively, 4.508, 0.523 and 0.274.

The results obtained from descriptive investigation of the price sensitivity questions show that all the questions had a mean higher than 3 and lower than 4 and such issue indicates the relatively high level of price sensitivity among customers of the statistical population. The findings suggest that among the questions of this section, the fifth question i.e. preference of cheaper or discounted goods, has the highest mean (3.844) and the fourth question, the pleasure of comparing prices has the lowest mean (3.602) (Table 4.4). Of course, the important point is the closeness of scores obtained in the various questions and the existence of little difference between them. According to the findings the general mean of the subjects on price sensitivity variable was obtained 2.986, standard deviations 1.067 and its variance 1.139. Based on the results of the Spearman correlation coefficient test on hypotheses it can be concluded that:

According to the first hypothesis:

Given the significance level and being lower than 0.05 the hypothesis that there is a significant relationship is accepted and given the negative correlation coefficient (-0.248) this connection is negative. Therefore, it can be stated with 95% confidence that this hypothesis is approved. This

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means that the economic satisfaction of grocery stores customers in the West part of Mazandaran province has a reverse effect on their price sensitivity.

According to the second hypothesis:

Given the significance level and being lower than 0.05, the significant relationship hypothesis is accepted and given the positive correlation coefficient (0.107) This relationship is positive. Therefore, it can be stated with 95% confidence that this hypothesis is not approved. This means that the social satisfaction of grocery stores customers in the West part of Mazandaran province doesn't have a reverse effect on their price sensitivity.

According to the Third Hypothesis:

Given the significance level and being more than 0.05 the hypothesis that there is a significant relationship in male is not accepted. But given the significance level and being lower than 0.05 the hypothesis that there is a significant relationship between research variables in female groups is accepted. Because of positive correlation coefficient, this relationship is positive, not reverse. Therefore, it can be stated with 95% confidence that the economic satisfaction of grocery stores customers in the West of Mazandaran province doesn't have a reverse effect on their price sensitivity among both male and female customers.

According to the Fourth Hypothesis:

Given the significance level and being more than 0.05 the hypothesis that there is a significant relationship between research variables in male groups is not accepted. But given the significance level and being lower than 0.05 the hypothesis that there is a significant relationship between research variables in female groups is accepted. Because of positive correlation coefficient, this relationship is positive, not reverse. Therefore, it can be stated with 95% confidence that the social satisfaction of grocery stores customers in the West of Mazandaran province doesn't have a reverse effect on their price sensitivity among both male and female customers.

Recommendations Based on the Results and Hypotheses

- According to the confirmation of the first hypothesis that shows that economic satisfaction of grocery stores customers in the West part of Mazandaran province has an opposite effect on their price sensitivity, so it is suggested to increase the profitability of the stores and keeping the prices, we emphasize the influencing factors of economic satisfaction of customers and provide the background to increase overall satisfaction of customers.
- According to the research findings, friendly service behavior has the highest mean among the measures of social satisfaction, so it is recommended that active retailers in the store have a friendly behavior and respect to customers and stores in this regard can hold the necessary in-service training for their sales clerks. In selection and hiring of them consider this issue as well.
- The findings of the research show that preference for cheaper or discounted goods, has the highest mean among the measures of the price sensitivity, so it is suggested to besides preserving the quality of presented goods and products in stores, discounts and price cuts be used to attract customers and increase the rate of purchase in the store.

Suggestions for Future Research

Recommendations are proposed based on the experiences gained by the researcher during the research and are based on the results of the study. The following suggestions are listed for future research:

- Since this study was conducted in area of grocery stores it is suggested that other research be conducted in the field of other services and under the same title.
- It is recommended to have a similar research carried out and in that research based on other demographic variables such as age and education, one investigate the effect of satisfaction on the price sensitivity of customers.
- It is recommended to have a similar research carried out with this difference that other moderator variables such as attraction by the product and the amount of customer support be added to the model and one investigate the effect of economic and social satisfaction based on these two variables on price sensitivity.
- Use another method of sampling which is more capable of being generalized

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