

THE EFFECT OF QUALITY AND PRICE ON PURCHASE DECISION OF PORTABLE WORD PROCESSOR GADGETS

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***Abstract:** This study wanted to investigate the effect whether or not; there was any influence of quality and price of portable-word-processor upon customer satisfaction of this product. Also this study aimed to find the effect of age, gender, educational attainment and income on buying portable word processor gadgets. To do these frequency tabulations and Regression Equation's Standardized Beta Coefficients were used. Respondents give first place to better quality but third place to the price of portable word processor gadgets.*

***Key terms:** portable word processor gadgets, customer satisfaction, educational attainment*

1. INTRODUCTION

The importance of customers in the business process has made it vital to always conduct research about customers. There has always been the need for customer research before, during and after sales, because of changes that may occur in the business process. It has been proven by an author that "an organization that consistently satisfies its customers, enjoy higher retention levels and greater profitability due to increase customer loyalty" (Wicks & Roethlein, 2009, p.83). For this reason every company works hard daily to win the hearts of customers by satisfying them in order that they become loyal customers to their brands in order to increase sales and profit. When customers have good perceptions about a brand, they will always choose to go for the brand, because consumers form their preferences relative to perceptions and attitudes about the brands competing in their minds. (Larreche, 1998, p. 152). To get these loyal customers, companies must create relationships with the customers. To create relationship with customers, companies need to conduct research to answer questions on how the customers make their purchasing decision and whether they are pleased with what the organization provides to them as offer in terms of product quality, service quality, price, etc.

Customers became very vital in business during the marketing era of the 1950s when companies could produce what they can sell and not just selling what they

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can produce as it was during the production era. Since the beginning of the consumption era in marketing, (business.business-key.com) the focus on customers/consumers has increased more as the consumption era also shifts to post-consumption; where organizations are obliged to render more services in addition to what they provide as offers to their customers. (David Armano, 2009). The customers are the first aspect considered by managements. Customers are always aiming to get maximum satisfaction from the products or services that they buy. Whether an organization provides quality services or not will depend on the customers' feedback on the satisfaction they get from consuming the products, since higher levels of quality lead to higher levels of customer satisfaction (Kotler & Keller. 2009, p. 169).

The National Business Research Institute (NBRI) suggested possible dimensions that one can use in measuring customer satisfaction, e.g.:

- Quality of service
- Innocently
- Speed of service
- pricing
- Complaints or problems
- Trust in your employees
- The closeness of the relationship with contacts in your firm
- Other types of services needed
- Your positioning in clients' minds

Quality

Quality is one of the things that consumers look for in an offer, which service happens to be one (Solomon 2009, p. 413). Quality can also be defined as the totality of features and characteristics of a product or services that bear on its ability to satisfy stated or implied needs (Kotler *et al.*, 2002, p. 831). It is evident that quality is also related to the value of an offer, which could evoke satisfaction or dissatisfaction on the part of the user.

Service quality in the management and marketing literature is the extent to which customers' perceptions of service meet and/or exceed their expectations for example as defined by Zeithaml *et al.* (1990), cited in Bowen & David, 2005, p. 340). Thus service equality can intend to be the way in which customers are served in an organization which could be good or poor. Parasuraman defines service quality as "the differences between customer expectations and perceptions of service" (Parasuraman, 1988). They argued that measuring service quality as the difference between perceived and expected service was a valid way and could make management to identify gaps to what they offer as services.

The aim of providing quality services is to satisfy customers. Measuring service quality is a better way to dictate whether the services are good or bad and whether the customers will or are satisfied with it. A researcher listed in his study: “three components of service quality, called the 3 “Ps” of service quality” (Haywood 1988, p.19-29). In the study, service quality was described as comprising of three elements:

- “Physical facilities, processes and procedures;
- Personal behavior on the part of serving staff, and;
- Professional judgment on the part of serving staff but to get good quality service.” Haywood 1988, p. 19-29).

The original study by Parasuraman et al., (1988) presented ten dimensions of service quality.

1. Tangibles: the appearance of physical artifacts and staff members’ connected with the service (accommodation, equipment, staff uniforms, and so on).
2. Reliability: the ability to deliver the promised service.
3. Responsiveness: the readiness of staff members to help in a pleasant and effective way.
4. Competence: the capability of staff members in executing the service.
5. Courtesy: the respect, thoughtfulness, and politeness exhibited by staff members who are in contact with the customer.
6. Credibility: the trustworthiness and honesty of the service provider.
7. Security: the absence of doubt, economic risk, and physical danger.
8. Access: the accessibility of the service provider.
9. Communication: an understandable manner and use of language by the service provider.
10. Understanding the customer efforts by the service provider to know and understand the customer.

In first service quality model that came had 22 pairs of Likert-type items, where one part measured perceived level of service provided by a particular organization and the other part measured expected level of service quality by respondent. (Kuo-YF, 2003, p. 464-465).

Other researchers saw the need of additional components of service expectations that is functional and technical dimensions. (Grönroos 1983). The idea was that, consumers make service evaluations based on the technical dimension that is what is delivered and on the functional dimension that is how, why, who, and when it is delivered. (Laroche *et al.*, 2004 p. 363; Grönroos 1983).

Customer satisfaction and service quality

Since customer satisfaction has been considered to be based on the customer's experience on a particular service encounter, (Cronin & Taylor, 1992) it is in line with the fact that service quality is a determinant of customer satisfaction, because service quality comes from outcome of the services from service providers in organizations.

Another author stated in his theory that "definitions of consumer satisfaction relate to a specific transaction (the difference between predicted service and perceived service) in contrast with 'attitudes', which are more enduring and less situational-oriented," (Lewis, 1993, p. 4-12) This is in line with the idea of Zeithaml *et al.* (2006, p. 106-107). Regarding the relationship between customer satisfaction and service quality, Oliver (1993) first suggested that service quality would be antecedent to customer satisfaction regardless of whether these constructs were cumulative or transaction-specific. Some researchers have found empirical supports for the view of the point mentioned above (Anderson & Sullivan, 1993; Fornell *et al.* 1996; Spreng & Macky 1996); where customer satisfaction came as a result of service quality.

In relating customer satisfaction and service quality, researchers have been more precise about the meaning and measurements of satisfaction and service quality. Satisfaction and service quality have certain things in common, but satisfaction generally is a broader concept, whereas service quality focuses specifically on dimensions of service. (Wilson *et al.*, 2008, p. 78). Although it is stated that other factors such as price and product quality can affect customer satisfaction, perceived service quality is a component of customer satisfaction (Zeithaml *et al.* 2006, p. 106-107). This theory complies with the idea of Wilson *et al.* (2008) and has been confirmed by the definition of customer satisfaction presented by other researchers.

It has been proven from past researches on service quality and customer satisfaction that customer satisfaction and service quality are related from their definitions to their relationships with other aspects in business. Some authors have agreed to the fact that service quality determines customer satisfaction. Parasuraman *et al.*, (1985) in their study, proposed that when perceived service quality is high, then it will lead to increase in customer satisfaction. Some other authors did comprehend with the idea brought up by Parasuraman (1995) and they acknowledged that "Customer satisfaction is based upon the level of service quality that is provided by the service providers" (Saravana & Rao, 2007, p. 436, Lee *et al.*, 2000, p. 226).

Price and Demand

When a company's costs establish a floor for prices, demand for the product establishes a ceiling. Theoretically, if the price for an item is too high, demand falls

and the producers reduce their prices to stimulate demand. As prices fall, profits decline, thereby discouraging further production. Conversely, if the price for an item is too low, demand increases and the producers are motivated to raise prices. As prices climb and profits improve, producers boost their output until supply and demand are in balance and prices stabilize. Generally speaking, when people go shopping, they have a rough price range in mind.

2. STATEMENT OF THE PROBLEM

As it is clear customer satisfaction is very important in decisions to purchase every thing, such as portable word processor gadgets of selected UE colleges and graduate school students. So this study wants to determine what are the effects of quality and price of the product on customer satisfaction.

3. RESEARCH QUESTIONS

With regard to the above problem, the present research addressed these major questions:

1. How does quality affect the decision in buying portable word processor gadgets?
2. How does price affect the decision in buying portable word processor gadgets?
3. Do age, gender, educational attainment and income affect the importance of quality in buying laptop?
4. Do age, gender, educational attainment and income affect the importance of quality in buying tablets?
5. Do age, gender, educational attainment and income affect the importance of quality in buying cell phone?
6. Do age, gender, educational attainment and income affect the importance of price in buying laptop?
7. Do age, gender, educational attainment and income affect the importance of price in buying tablet?
8. Do age, gender, educational attainment and income affect the importance of price in buying cell phone?

4. OBJECTIVES OF THE STUDY

This study aimed to examine whether or not, there was any influence of quality and price of portable-word-processor upon customer satisfaction of this product. Also this study wanted to find the effect of respondent's characteristics (age, gender, educational attainment and income) on buying portable word processor gadgets.

5. METHODOLOGY

5.1. Participants

Participants of this study were UE students from graduate school.

5.2. Instruments of the study

The materials of the study consisted of:

1. Existing related books, research papers, articles, newspapers, and websites
2. The structured-questionnaire survey that was validated by the adviser of the study.

5.3. Procedure of the study

At first, some related websites, books and other published materials were accessed. Then, the researcher used the questionnaire for gathering the primary data.

5.4. Data Analysis

The raw scores of the participants were tabulated for data analysis. The mean and the standard deviation of the scores by each group were calculated. SPSS software 15.0 was used for the frequency tabulations of the data. In frequency tabulations, the presentation was consisted of summarized data which revealed the information about the percentages of the variables. Regression Equation's Standardized Beta Coefficients was used to examine the relationship between variables and customer satisfaction on Portable Word Processor gadgets.

6. RESULTS

6.1. The Results of the Analysis of the First Research Question: How does quality affect the decision in buying portable word processor gadgets?

Table 1
Respondents' Responses on the Importance of Quality

	<i>Laptop</i> <i>Mean</i>	<i>Remark</i>	<i>Tablet</i> <i>Mean</i>	<i>Remark</i>	<i>Cell phone</i> <i>Mean</i>	<i>Remark</i>
1. Quality	4.66	Very Important	4.56	Very Important	4.58	Very Important

As this table shows quality is a very important factor for the respondents in buying word processor gadgets, whether in laptop, tablet or cell phone.

6.2. The Results of the Analysis of the Second Research Question: How does price affect the decision in buying portable word processor gadgets?

Table 2
Respondents' Responses on the Importance of Price

	<i>Laptop</i>		<i>Tablet</i>		<i>Cell phone</i>	
	<i>Mean</i>	<i>Remark</i>	<i>Mean</i>	<i>Remark</i>	<i>Mean</i>	<i>Remark</i>
1. Price	3.85	Important	3.82	Important	3.85	Important

As table 2 shows, price also is important in buying laptop, tablet and cell phone but not as quality.

6.3. The Results of the Analysis of the Third Research Question: Do age, gender, educational attainment and income affect the importance of quality in buying laptop?

Table 3
Ordinal Regression of Quality of Laptop and Respondent's Characteristic

<i>Respondent's Characteristics</i>	<i>Significance</i>	<i>Odds Ratio/Pseudo R-square</i>	<i>Remark</i>
1. Demographic Characteristics			
a. Age Group	Not significant		Age and gender do not affect the importance of quality in buying laptop.
b. Gender	Not significant		
2. Educational Attainment and Income Group	Not significant Not significant		Educational attainment and income group do not affect the importance of quality in buying laptop.

Table 3 shows that Age and gender do not affect the importance of quality in buying laptop also Educational attainment and income group do not affect the importance of quality in buying laptop.

6.4. The Results of the Analysis of the Fourth Research Question: Do age, gender, educational attainment and income affect the importance of quality in buying tablets?

Table 4 shows that Age and gender do not affect the importance of quality in buying tablets also educational attainment does not affect the importance of quality in buying tablets but income group is significant Specifically Respondents earning P10,000 or less are 1.77 times more likely to place more importance to quality in buying tablets.

Table 4
Ordinal Regression of Quality of Tablet and Respondent's Characteristics

<i>Respondent's Characteristics</i>	<i>Significance</i>	<i>Odds Ratio/ Pseudo R-square</i>	<i>Remark</i>
1. Demographic Characteristics	Not significant		
a. Age Group			
b. Gender	Not significant		Age and gender do not affect the importance of quality in buying tablets.
2. Educational Attainment and Income Group	Not significant Significant	1.77/0.019	Respondents earning P10, 000 or less are 1.77 times more likely to place more importance to quality in buying tablets.

6.5. The Results of the Analysis of the Fifth Research Question: Do age, gender, educational attainment and income affect the importance of quality in buying cell phone?

Table 5
Ordinal Regression of Quality of Cell phone and Respondent's Characteristics

<i>Respondent's Characteristics</i>	<i>Significance</i>	<i>Odds Ratio/ Pseudo R-square</i>	<i>Remark</i>
1. Demographic Characteristics		1.97/0.011	
a. Age Group	Weakly significant		
b. Gender	Not significant		Respondents 31 years old and above are 1.97 times more likely to place more importance on quality when buying cell phones.
2. Educational Attainment and Income Group	Weakly significant Not significant	1.57/0.022	High school students are 1.57 times more likely to place more importance on the quality of cell phones they buy. Income does not affect the importance the respondents place on quality of cell phones they buy.

Table 5 shows that age is weakly significant predictor of the importance of quality in buying cell phones. Specifically Respondents 31 years old and above are 1.97 times more likely to place more importance on quality when buying cell phones and gender do not affect the importance of quality in buying cell phones. Educational Attainment is weakly significant because High school students are 1.57 times more likely to place more importance on the quality of cell phones they buy. Income group does not affect the importance the respondents place on quality of cell phones they buy.

6.6. The Results of the Analysis of the Sixth Research Question: Do age, gender, educational attainment and income affect the importance of price in buying laptop?

Table 6
Ordinal Regression of Price of Laptop and Respondent's Characteristics

<i>Respondent's Characteristics</i>	<i>Significance</i>	<i>Odds Ratio/ Pseudo R-square</i>	<i>Remark</i>
1. Demographic Characteristics			
a. Age Group	Not significant	1.39/0.013	Males are 1.39 times more likely to place more importance on price of laptop.
b. Gender	Weakly significant		
2. Educational Attainment and Income Group	Not significant Not significant		Educational attainment and income does not affect the importance the respondents place on price in buying laptop.

Table 6 shows that Age does not affect the importance of price in buying laptop but Gender is a significant predictor because Males are 1.39 times more likely to place more importance on price of laptop. Educational attainment and income does not affect the importance the respondents place on price in buying laptop.

6.7. The Results of the Analysis of the Seventh Research Question: Do age, gender, educational attainment and income affect the importance of price in buying tablet?

Table 7 shows that Age does not affect the importance of price in buying tablets also Educational attainment and income does not affect the importance the respondents place on price in buying tablets.

Table 7
Ordinal Regression of Price of Tablet and Respondent's Characteristics

<i>Respondent's Characteristics</i>	<i>Significance</i>	<i>Odds Ratio/ Pseudo R-square</i>	<i>Remark</i>
1. Demographic Characteristics	Not significant		
a. Age Group			Age and gender do not affect the importance of price in buying tablets.
b. Gender	Not significant		
2. Educational Attainment and Income Group	Not significant		
	Not Significant		Educational attainment and income does not affect the importance the respondents place on price in buying tablets.

6.8. The Results of the Analysis of the Eighth Research Question: Do age, gender, educational attainment and income affect the importance of price in buying cell phone?

Table 8
Ordinal Regression of Price of Cellphone and Respondent's Characteristics

<i>Respondent's Characteristics</i>	<i>Significance</i>	<i>Odds Ratio/ Pseudo R-square</i>	<i>Remark</i>
1. Demographic Characteristics			
a. Age Group	Not significant		Age and gender do not affect the importance of after purchase service in buying cellphones.
b. Gender	Not significant		
2. Educational Attainment and Income Group	Not significant		
	Not significant		Educational attainment and income does not affect the importance the respondents place on price in buying cell phones.

Table 8 shows that Age does not affect the importance of price in buying cell phones also Educational attainment and income does not affect the importance the respondents place on price in buying cell phones.

7. CONCLUSION

Based on the findings and focus of this study the following conclusions are drawn based on the results of this study.

Level of satisfaction base on Quality

For all 3 portable word processors in this digital age, respondents give first place to better quality as a priority regardless of popularity of its brand and its price.

Level of satisfaction base on Price

All portable word processors in this digital age, respondent give it third place to this factor by result to price regardless of popularity of its brand and its better quality. All the factors that we mentioned are so important and have high rank in perception of respondents.

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