

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Impact of Customer Satisfaction on Purchasing Decision

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Abstract:

Nowadays competition is more and more fierce, so it is essential for companies that their customers are satisfied and therefore more loyal. Customer satisfaction has a fundamental impact on the economy of the company. After all, a satisfied customer is more loyal and a loyal customer purchases and consumes more, waits for the product or service to be made available in the market, does not give in to offers from competitors, and suggests the service to other potential consumers. Through increased loyalty, customer satisfaction helps secure future revenue through repeat purchases, hence the importance of customer satisfaction to businesses. We collected the data necessary for our study by distributing a questionnaire to a sample of 100 people. The data were analyzed using IBM SPSS Statistics 23 software. The aim of the study is to analyze the impact of customer satisfaction on the purchase decision. The findings of the study have shown that the more satisfied customers are, the more they are inclined to buy.

Keywords: Satisfaction, customer, purchasing decision

1. Introduction

Customer satisfaction can be defined as the judgment that a customer gives to a product that he has used and resulting from a comparison between his expectations with regard to the product and its perceived performance. Customer satisfaction is an important indicator for businesses. A satisfied customer is loyal, he buys more when there is a new product, and recommends the product to those around him. Word of mouth from a satisfied customer attracts new customers to businesses, improves their reputations while reducing promotional costs, unlike word of mouth from dissatisfied customers which has the opposite effect. Customer satisfaction play an important role in the buying process it is therefore essential that it beat the heart of all marketing strategies. Hence, this is the importance of our study on the impact of consumer satisfaction. In this article the literature review, the methodology and the results obtained during our study will be presented.

2. Literature Review

2.1. Determinantsof Satisfaction

"Satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature, or the product of service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment..." (Oliver, 1997). Satisfaction is thus formed according to the adaptation level theory according to which the individual perceives a stimulus only if he compares it to a pre-existing standard. The Expectations Disconfirmation Model has been the dominant model in satisfaction research, the model has consumers using pre-consumption expectations in a comparison with post-consumption experiences of a product/service to form an attitude of satisfaction or dissatisfaction toward the product/service, in this model, expectations originate from beliefs about the level of performance that a product/service will provide; this is the predictive meaning of the expectations concept (Hom, 2000).

As the second determinant we have emotional reactions as the antecedent to satisfaction. research carried out in the field of consumer behavior has shown that the consumer's emotional states have a salient impact on how a consumer process information and choice, and his attitude towards publicizing messages. The low predictive value of the cognitive model of disconfirmation of expectations has led other researchers to question the absence of taking into account the emotional dimension in the evaluation of satisfaction.

2.2. Repercussions of Satisfaction and Dissatisfaction

Satisfied and dissatisfied consumers can adopt several types of reactions: loyalty, positive and negative word-of-mouth, and complaint.

Several researches present a rectilinear relationship amid satisfaction and devotion. Other researchers report that the relationship between satisfaction and loyalty is non-linear (Coyne et al., 1992). Coyne (1989) proposes that the relationship between satisfaction and loyalty depends on two critical thresholds: the relationship is strong when satisfaction is low, moderate when satisfaction is at an intermediate level and very strong when satisfaction is at a high

level. Oliva et al. (1992) confirms the words of Coyne (1989) and point out that loyalty increases rapidly when the level of satisfaction exceeds a certain threshold. More recently, Ngobo (1998) argues that satisfaction should only have a significant effect on loyalty above a minimum level of satisfaction; From this threshold, loyalty increases at an increasing rate then at a decreasing rate when satisfaction reaches a very high level.

Anderson (1998) advocates that dissatisfied customers tend to favor this type of communication over other types of response. Richins and Bloch (1986) find that product involvement and expertise motivate consumers to engage in negative word-of-mouth activity. According to Richins (1983), the tendency to negative word of mouth depends on the severity of the problem. Finally, Singh (1990) puts forward the attribution of causality of failure as an influencing factor on the relationship between dissatisfaction and negative word-of-mouth. Kraft and Martin (2001) propose that word of mouth positive is a function of enchantment (surprise associated with very high satisfaction), expected benefits, involvement in the product (or service), social norms, and personal and situational factors. Payne, Parry, Huff, Otto and Hunt (2001) report that positive word of mouth is more likely: (1) when the consumer expects a favorable response from the seller; (2) in the case of very high satisfaction; (3) in the event that the consumer finds pleasure in complimenting and flattering others.

Complaining behavior is defined by Jacoby and Jaccard (1981: 6) as "an action taken by an individual which results in the communication of negative elements about a product or service to a producer, distributor or third entity". The literature on complaining behavior shows that the propensity of dissatisfied consumers to engage in complaining behavior is influenced by several factors including attribution of the cause of the failure of the product to meet their expectations as well as its psychological characteristics, cultural and demographic.

2.3. Motives Affecting the Decision-Making Process

A number of emotional, mental, and behavioral factors are behind most purchasing decisions. Knowing the buying motivations of customers makes it possible to adapt the commercial discourse. Among these motivations:

- Recognition (to be known, respected, valued, visible ...)
- Ethics (conformity to its values, ecology, citizenship).
- Price (make the right investment, the right deal).
- Emotion (sensitivity, rational need).
- Renewal (new, trendy use).
- Efficiency (utility, functionality).
- Security (solid and durable guarantees, to be in confidence)

3. Methodology

We opted for a quantitative study using a questionnaire. Using these questions, the consumer will assess how customer satisfaction impacts their purchasing decisions. Our questionnaire was submitted to the general public. Due to the limitation of time and means a sample composed of 100 people which according to several statisticians is considered as the minimum size of a sample to have significant results was studied. The questionnaire was administered via social networks and handouts.

4. Research Objectives

Objective 1: to study the connection amid customer contentment and purchasing decision.

- H₀: there isn't a significant connection amid customer contentment and purchasing decision.
- H₁: there is a significant connection amid customer contentment and purchasing decision.

Objective 2: to study the connection amid customer contentment and positive word of mouth on the purchase decision.

- H₀: the connection amid customer contentment and positive word of mouth on the purchase decision is not significant.
- H₁: the connection amid customer contentment and positive word of mouth on the purchase decision is significant.

5. Findings and Interpretation

The demographic profile of the respondents shows that there is a total of 100 participants including 49 males and 51 females. With a rate of 51% the women answered the most to this questionnaire. 19 participants are in the age group 46 and over, 39 are between 26-35, 39 are also between 36-45 and 3 participants are between 10-25. With a rate of 53 % the majority of participants are married, 40% are not married. 46% of the participants are salaried, 15% are students, 14% self-employed, 9% professional and 6% unemployed.

Objective 1: to study the connection amid customer contentment and purchasing decision.

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Directional Measures						
			Value	Asymptotic Standardized Error ^a	Approximate T ^b	Approximate Significance
Ordinal by Ordinal	Somers' d	Symmetric	.220	.103	2.156	.031
		q11 Dependent	.222	.104	2.156	.031
		q12 Dependent	.218	.102	2.156	.031

a. Not assuming the null hypothesis.
b. Using the asymptotic standard error assuming the null hypothesis.

Figure 1: Somers' d Test Result

We use the Somer's d test to test the direction and strength of the relationship. The results of our analysis show us that the p-value is .031 (i.e., $p = .031$). Therefore, because $p = .031$ and this satisfies $p < .05$, is statistically significant. The statistically significant result also indicates that we can reject the null hypothesis and accept the alternative hypothesis. That is, there is a statistically significant connection amid customer contentment and purchasing decision. Also, Somers' d is .218 and is positive, which indicates that as customer contentment increases, the purchase decision increase.

- **Objective 2:** study the connection amid customer contentment and positive word of mouth on the purchase decision.
- H_0 : the connection amid customer contentment and positive word of mouth on the purchase decision is not significant.
- H_1 : the connection amid customer contentment and positive word of mouth on the purchase decision is significant.

Directional Measures						
			Value	Asymptotic Standardized Error ^a	Approximate T ^b	Approximate Significance
Ordinal by Ordinal	Somers' d	Symmetric	.350	.080	4.208	.000
		q11 Dependent	.369	.083	4.208	.000
		q13 Dependent	.333	.079	4.208	.000

a. Not assuming the null hypothesis.
b. Using the asymptotic standard error assuming the null hypothesis.

Figure 2: Somers' d Test Result

Somers' d is .333 and is positive, which indicates that as customer contentment increases, the positive word of mouth increases. Furthermore, the "Approx. Sig." column shows that the statistical significance value (i.e., p-value) is **.000**, which in SPSS Statistics means $p < .0005$. Therefore, the association between the ordinal dependent variable, customer contentment, and ordinal independent variable, positive word of mouth, is statistically significant. In other words, the value of Somers' d (i.e., .333) is not equal to 0 (zero) in the population.

6. Conclusion

From the results obtained we concluded that consumer satisfaction plays an important role in the purchasing decision process. We have observed that the more the consumer is satisfied with a product, the more he buys it, and that there is a significant relationship between consumer satisfaction and the decision to purchase. In this study we also concluded that the relationship between consumer satisfaction and positive word of mouth is significant. In fact, the more the consumer is satisfied, the more he emits a positive word of mouth with regard to the product or service.

7. Limitations and Future Scope of the Study

The questionnaire set up for this study was exclusively distributed in Cameroon and therefore likely to be affected by the limitations of demographic profile.

Although customer satisfaction has an impact on the consumer's purchasing decision, why so few customers are willing to participate and respond to satisfaction surveys? This may be the subject of future research.

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