



# Effect of price increases on future intentions of sport consumers



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## ABSTRACT

This work analyzes the relationships between perceived value, satisfaction and future intentions among users of a public sport service who experience a price increase in the service they receive. A self-administered survey provides data from two samples (before and after the service price increase). After confirming the reliability and validity of the measures, hierarchical multiple regression provides the means for analyzing the data. The results show that the increase in the service price worsens the perception of service performance. As expected, satisfaction, perceived value and future intentions decrease following an increase in the service price. Perceived value also serves as a more effective predictor of future intentions than satisfaction. Finally, price increase has a low direct effect on predicting future intentions of sport users.

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## 1. Introduction

The relation between satisfaction, perceived value and future intentions is a recurrent topic in the service literature in general (Cronin, Brady, & Hult, 2000) and in the sport management literature in particular (Kwon, Trail, & Anderson, 2005). More recently, interest in this subject is shifting to the study of service quality and user satisfaction in sport facilities (Tsitskari, Tsiotras, & Tsiotras, 2006).

This interest stems from the positive influence of the satisfaction of service users on the medium-term benefits related to speaking well of the company, cross-buying or customer loyalty (Anderson, Fornell, & Lehmann, 1994). Satisfaction is a key element in retention strategies and customer loyalty (Cronin et al., 2000), and is therefore of great interest for sport managers and researchers alike. The growing interest in this subject may be due to general price increases in Spain because of the economic crisis and the increase in value added tax. Moreover, according to Martínez and Martínez (2009), customer loyalty in public and non-profit organizations is desirable for two main reasons: to increase the efficacy of marketing instruments (and the consequent gains in efficiency); and for favorable word of mouth (WOM) and corporate image evaluations (politician's returns).

The extant studies, however, fail to examine relationships between perceived value, satisfaction, price and future intentions in the context of municipal sport services. The aim of this study is to perform an exploratory analysis of the relations between these variables and their

influence on predicting the future intentions of sport service users. Specifically, this study attempts to determine the influence of price increases (using a real price increase, not a fictitious one) on future intentions, perceived value and customer satisfaction in relation to public sport services, a context that the literature scarcely addresses. The major value of this paper lies not only in its analysis of the relationships between these variables, but also in doing so in a sector (i.e., the public sector) that scholars traditionally neglect. Furthermore, this study looks at a real and substantial increase in the price of services (50% increase).

## 2. Theoretical background and hypothesis

Customer satisfaction is a pleasurable fulfillment response toward a good, service, benefit, or reward (Oliver, 1997). Chang, Wang, and Yang (2009) find that satisfaction has a direct effect on consumer loyalty, which involves several dimensions such as repurchases, positive WOM and reduced price sensitivity (Anderson et al., 1994; Fornell, Michael, Johnson, Anderson, & Barbara, 1996). Numerous empirical studies show that satisfaction has a positive influence on intention (Cronin & Taylor, 1992; Fornell, 1992; Price & Arnould, 1999; Wangenheim & Bayón, 2007), with some of these studies focusing specifically on sport management (Calabuig, Burillo, Crespo, Mundina, & Gallardo, 2010; Cronin et al., 2000; Trail, Anderson, & Fink, 2005).

**H1.** A direct positive relation exists between satisfaction and the future intentions of public sport service users.

Perceived value is the consumer's overall assessment of the utility of a product on the basis of perceptions of what the consumer receives and

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the seller provides (Zeithaml, 1988). Several studies suggest that perceived value is one of the most relevant determinants of repurchase intentions (Bojanic, 1996; Jayanti & Ghosh, 1996). Research by Calabuig et al. (2010) and Clemes, Brush, and Collins (2011) stands out in the field of sport management and confirms the relationship between perceived value and future intentions.

**H2.** A direct positive relation exists between the perceived value and future intentions of public sport service users.

In contrast, many studies consider satisfaction a consequence of perceived value (Sánchez & Iniesta, 2006; Setijono & Dahlgaard, 2007), as reflected in the literature that highlights this relation (Gallarza & Gil, 2006). Within the sport management field, Calabuig et al. (2010), Cronin et al. (2000) and Hightower, Brady, and Baker (2002) find that value strongly predicts consumer satisfaction.

**H3.** Public sport service users' perceived value has a positive and direct relationship with overall satisfaction.

The marketing literature presents price as an important factor that determines customer satisfaction because customers refer to price when assessing service value (Anderson & Sullivan, 1993; Cronin et al., 2000; Fornell, 1992; Zeithaml, 1988). Furthermore, Bolton and Lemon (1999) report findings about the significant effect that price disconfirmation (deviations from normative payment expectations), payment equity and actual price have on overall satisfaction. According to Martín-Consuegra, Molina, and Esteban (2007, p. 460), "to manage pricing decisions, marketing managers should attempt to understand how consumers respond to price changes." Scientific evidence confirms the existence of a relationship between customer satisfaction and price (Bei & Chiao, 2001; Martín-Consuegra et al., 2007; Zeithaml, 1988).

**H4.** A direct negative relationship emerges between a price increase and public sport service user satisfaction.

Dawes (2009), Henning-Thurau, Gwinner, and Gremler (2002), Martín-Consuegra et al. (2007) and Tamosiuniene and Jasilioniene (2007), among others, provide evidence confirming that service price is one of the factors influencing user loyalty. Also, Campbell (1999) and Homburg, Hoyer, and Koschate (2005) find that price increases negatively affect consumers' repurchase intentions. This negative relationship is obviously an important target of marketing research, especially in the context of sports, given the economic downturn and upward price adjustments in sport services.

**H5.** A direct negative relationship emerges between price increases and the future intentions of public sport service users.

Sport consumers sacrifice money and other resources to obtain services. To some consumers, this financial sacrifice is a criterion they use to assess the services. According to Zeithaml (1988), to these consumers, anything that increases the monetary sacrifice will decrease the perceived service value. In this sense, Dodds, Monroe, and Grewal (1991) indicate that a significant increase in price results in a decrease in the users' perceived value.

**H6.** A direct negative relationship emerges between price increases and the perceived value of public sport service users.

### 3. Methods

#### 3.1. Participants and sampling

A double panel study provides the data for this study. The panel comes from users (ages 18 to 80) of five public sport facilities (all facilities offer the same range of activities) from a town in the Valencian

region (Spain), for two reference periods (2011 and 2012). The sampling error, with a confidence level of 95% is 3.6% ( $p = q = 0.5$ ).

In 2011, the total number of public sport users is 7286, of which 4889 (67.1%) are women and 5756 (79.0%) are between 18 and 60 years old while 1530 are older than 60. A total of 2034 (27.9%) users use facility 1, 1919 (26.3%) use facility 2, 1500 (20.6%) use facility 3, 1207 (16.6%) use facility 4 and 626 (8.6%) use facility 5.

In 2012, the total number of public sport users is 7351, of which 4690 (63.8%) are women and 5771 (78.5%) are between 18 and 60 years old. A total of 2040 (27.8%) users use facility 1, 1937 (26.4%) use facility 2, 1491 (20.3%) use facility 3, 1233 (16.8%) use facility 4 and 650 (8.8%) use facility 5.

To ensure the maximum representativeness of the sample, the sample design employs stratified random sampling with proportional allocation, considering age, gender and the facility where the consumers do sport. The final sample consists of 1352 users from two different reference periods (2011 and 2012).

The characteristics of the samples appear in Table 1. The first sample consists of 673 sport users and the second sample consists of 679.

#### 3.2. Instruments

##### 3.2.1. Price increase

The price variable consists of a real increase, in January 2012, of 50% in the price of all services.

##### 3.2.2. Satisfaction

An ad hoc 15-item scale with a seven-point Likert-type response scale ranging from *strongly disagree* (1) to *strongly agree* (7) measures consumers' satisfaction, a multidimensional construct under the latent model. The scale, with three correlated factors (consumer support and information, tangibles, and sport staff) forming a second-order factor, displays adequate psychometric properties in this study. Results for the Spanish version of fit index using maximum likelihood (ML) and Satorra–Bentler (S–B) robust correction of a multigroup analysis considering the two samples are:  $p < 0.01$ ;  $\chi^2(df) = 730.58$  (177); S–B  $\chi^2(df) = 467.34$  (177); NNFI = 0.91, CFI = 0.93, IFI = 0.93, RMSEA = 0.06;  $\alpha = 0.84$  for 2011; and  $\alpha = 0.88$  for 2012.

##### 3.2.3. Perceived value

Sweeney and Soutar's (2001) scale provides the tool to assess the perceived price value. This scale uses a four-item, seven-point Likert-type scale ranging from *strongly disagree* (1) to *strongly agree* (7). Previous studies reveal that the scale shows adequate psychometric properties (Sweeney & Soutar, 2001), which is also the case in the current study. Specifically, results for the Spanish version of fit index using ML and S–B robust correction of a multigroup analysis considering the two samples are:  $p < 0.01$ ;  $\chi^2(df) = 104.50$  (5); S–B  $\chi^2(df) = 30.92$  (5); NNFI = 0.98, CFI = 0.99, IFI = 0.99, RMSEA = .08;  $\alpha = 0.91$  for 2011; and  $\alpha = 0.96$  for 2012.

##### 3.2.4. Future intentions

Measurement of the future intentions of sport consumers relies on a four-item, seven-point Likert-type scale ranging from *strongly disagree*

**Table 1**  
Characteristics of the sample.

	Pre sample (2011)	Post sample (2012)
N	673	679
Mean age (sd)	47.6 ( $\pm 13.8$ )	46.8 ( $\pm 14.23$ )
Female	451 (67.1%)	433 (63.8%)
Facility 1	188 (27.9%)	188 (27.8%)
Facility 2	177 (26.3%)	179 (26.3%)
Facility 3	139 (20.6%)	138 (20.3%)
Facility 4	111 (16.6%)	114 (16.8%)
Facility 5	58 (8.6%)	60 (8.8%)

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