

Dimensions of price satisfaction: a study in the retail banking industry

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Abstract

Purpose – The purpose of this paper is to explore the dimensionality of price satisfaction. It argues that price satisfaction is composed of several dimensions (price transparency, price-quality ratio, relative price, price confidence, price reliability, and price fairness) and that companies should consider these dimensions when monitoring customer satisfaction.

Design/methodology/approach – Based on a theoretical discussion of the price dimensions, a questionnaire is developed that measures customer satisfaction with individual price dimensions. Using regression analysis the impact of price satisfaction dimensions on overall price satisfaction is measured, using a sample of 160 students.

Findings – The results show that price satisfaction can be conceptualized as a multidimensional construct and that five dimensions influence overall price satisfaction. The application of the questionnaire allows for measuring price satisfaction in firms.

Research limitations/implications – The paper introduces price satisfaction as a multidimensional construct and the study empirically supports the hypotheses. The student sample, however, restricts generalizability and more studies are needed to test the validity and reliability of the questionnaire.

Practical implications – Based on the measurement of price satisfaction, managers are able to identify the drivers of price satisfaction, their satisfaction and relative importance in different market segments and, consequently they are able to take the right measures to increase customer satisfaction and loyalty.

Originality/value – So far price satisfaction has been treated as a one-dimensional construct. This paper contains a theoretical argumentation for why price satisfaction should be treated as a multi-dimensional construct consisting of several dimensions, i.e. price-quality ratio, price fairness, price transparency, price reliability and relative price. These dimensions constitute the determinants of overall price satisfaction.

Keywords Prices, Banking, Retailing, Customer satisfaction

Paper type Research paper

Introduction

Customer satisfaction, one of the central marketing objectives, is closely linked to customer loyalty, the likelihood of recommendation to others, cross-buying behavior, up-grading and lower price sensitivity (Anderson *et al.*, 1994; Matzler *et al.*, 2005; Reichheld and Sasser, 1990; Zeithaml, 2000). It therefore, contributes considerably to

a company's growth and profitability. This has been shown in a number of empirical studies across various industries. Using data from the Swedish customer satisfaction barometer (based on 77 firms representing 70 percent of Sweden's economic output), Anderson *et al.* (1994) found a significant association between customer satisfaction and return on assets (ROA). Ittner and Larcker (1998) found a relationship between satisfaction and accounting returns. Yeung and Ennew (2000) link data from the American customer satisfaction index (Fornell *et al.*, 1996) to a range of measures of financial performance and Eklöf *et al.* (1999) as well as Anderson *et al.* (2004) and Matzler *et al.* (2005) demonstrate empirically a relationship between customer satisfaction and shareholder value. In a bank setting, Hallowell (1996) and Johnson *et al.* (1996) demonstrated that customer satisfaction is related to customer loyalty, which, in turn, is related to profitability. Hence, customer satisfaction management has become a key issue. Already ten years ago, according to a survey of more than 200 of the largest American companies, more than 90 percent of them were using some form of customer satisfaction management program (Lowenstein, 1996).

The central role of price as a purchasing determinant as well as in post-purchasing processes is well recognized. In a qualitative study focusing on switching behavior in services, Keaveney (1995) reports that more than half of customers switched because of poor price perception (compared to competitors). Varki and Colgate (2001) arrived at similar results in their study of the banking industry; particularly that price perception directly influences customer satisfaction, the likelihood of switching, and the likelihood of recommendation to others. Considering the central role of pricing in consumer behavior it is surprising that in customer satisfaction surveys little attention is paid to various aspects of pricing (Herrmann *et al.*, 2000). At best, price is regarded as one out of several attributes in questionnaires (Fornell *et al.*, 1996; Sternquist *et al.*, 2004; Voss *et al.*, 1998) and little is known about the antecedents and consequences of price satisfaction.

In this paper we empirically find that price satisfaction is a complex construct consisting of several dimensions, i.e. price-quality ratio, price fairness, price transparency, price reliability and relative price. These dimensions constitute the determinants of price satisfaction, and consequently their satisfaction and relative importance should therefore be measured continuously.

The multi-dimensional nature of price satisfaction

Money-back guarantees (Heskett *et al.*, 1990), fixed prices (e.g. everyday low prices), (Ortmeyer *et al.*, 1991), honest pricing (i.e. price fairness) (Ayres and Nalebuff, 2003) and customer advocacy (e.g. giving the customers open, honest and complete information on products and complex fee structures to finding the best product for them) (Urban, 2003) are some of the tools aiming at increasing satisfaction with pricing policy and with the company's offer. Literature on customer satisfaction, however, offers little insight into the effect of such pricing decisions on customer satisfaction (Voss *et al.*, 1998).

Buyer perception and processing of price information is of central and continuous interest to marketing researchers and practitioners. One research stream assumes that customers hold an internal reference price which serves as a standard against which newly encoded prices are compared (Monroe, 1973; Monroe and Lee, 1999; Oh, 2003). A nominal price is meaningful to the consumer only after an evaluation (e.g. as

“inexpensive” or “expensive”), and such evaluations are the result of a comparison of the price with a prior standard, i.e. the internal reference price. Studies that investigate such effects typically focus only on one dimension of price satisfaction, e.g. the effect of price fairness on price perception (Campbell, 1999), the effect of the price-quality relationship (Fornell *et al.*, 1996) or the effect of price perception on satisfaction and behavior (Keaveney, 1995; Varki and Colgate, 2001). Another shortcoming of the existing literature is that only a small portion of it focuses on services (Voss *et al.*, 1998) in general and banking in particular (Varki and Colgate, 2001).

Literature on relationship marketing argues that companies that deliver higher value to the customers are more likely to satisfy them and to increase their loyalty. Customer value can be defined as “a consumer’s overall assessment of the utility of a product based on perception of what is received and what is given” (Zeithaml, 1988), thus there is a “get” and a “give” component in the equation. Whereas the “get-component” (i.e. quality) is much researched and well understood, little is known about the “give-component.” In order to satisfy customers, their needs with respect not only to the product (i.e. the get-component) but also to the give-component (i.e. the price) should be understood and satisfied. In German customer satisfaction research, some scholars have recently suggested that price satisfaction should be considered as a multidimensional construct (Diller, 1997, 2000; Matzler, 2003; Matzler *et al.*, 2003; Rothenberger, 2005) and that several dimensions influence overall satisfaction with price and, in turn, customer satisfaction and its behavioral outcomes. They argue that from the customers’ point of view, price problems and, in turn, price needs are very complex within the different stages of the decision making process, requiring therefore a more differentiated examination. Diller (1997, 2000) refers to the different stages of consumers’ decision making processes in order to analyze which price dimensions affect global price satisfaction within the respective stages. From the customer’s point of view, price problems will differ within the different stages (Figure 1).

In the search phase, customers need information on the quality and price of the offers. Customers will experience search costs. Therefore, price transparency will be an important dimension. When offers are compared and evaluated, the level of the price

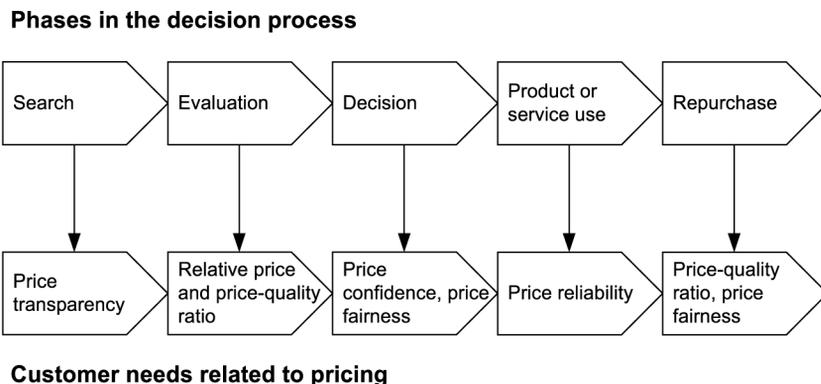


Figure 1.
Decision phases and pricing needs

Source: Adapted from Diller (1997)

and the price-quality ratio, as well as price fairness of the offers, will be important. After purchase, customers will compare the price paid with the expected price, especially when the price is known only after consumption, as often occurs with services (e.g. consulting, telecommunication fees, banking fees). At this stage, price reliability (i.e. price promises are kept, price changes are communicated properly and promptly), hidden costs and price fairness will be important aspects of pricing policy.

Diller (2000) arrives at five dimensions of price satisfaction (relative price, price-quality ratio, price transparency, price confidence and price reliability) which are supplemented by Matzler (2003) with price fairness as a separate dimension. These six dimensions are described below. However, customers do not form price expectations towards all these dimensions in every consumption situation, which is also shown in Diller's exploratory study (Diller, 2000). The number and complexity of price expectations depend primarily on the customers' price interest (Matzler *et al.*, 2004). This price interest is determined by several factors, e.g. factors that influence price sensitivity (Nagle and Holden, 1995) and product or brand involvement. Involvement has an impact on whether the customer exerts a great amount of cognitive effort in thinking about the product or service (Assael, 1998). In the context of satisfaction, low involvement will result in limited information processing with little formal search and evaluation (Bennett *et al.*, 2005; Oliver, 1997). As a result, only a few price dimensions will be relevant. When customers feel a high purchase risk, they will make complex purchase decisions. In that case, more price expectations will be relevant, when compared to limited decision-making or inertia decision-making.

Price transparency

Increasing access to information, access to more alternatives, more simplified transactions, increasing communication between customers and a general distrust and resentment among customers are five trends that increase customer power (Urban, 2003). As a consequence, customers will increasingly demand open, honest and complete information on products and prices. Thus, price transparency can be considered as an important aspect of pricing policy. Price transparency exists when the customer can easily get a clear, comprehensive, current and effortless overview about a company's quoted prices (Diller, 1997). As a consequence of a high price transparency, customers' search and evaluation costs will diminish, which should lead to higher price satisfaction. Several companies have installed software-based advisors which help the customers get all the product- and price-related information they need for their buying decisions. In the banking industry, some innovative credit unions, e.g. (First Tech, which serves Intel and Microsoft and the Northwest US region), SACU (San Antonio), Mission Federal (San Diego), and Patelco (Colorado), have experimented with web-based tools that help customers to select mortgages, loan programs, deposit accounts, etc. These programs aim to give open, honest and complete information on products and prices and, as a consequence, to build trust, and their experience shows that these programs are highly effective at increasing satisfaction, trust and sales (Urban, 2003).

Price-quality ratio

Consumers ascribe value to a product or service subject to their perception of two factors: perceived price and perceived quality, or, in other words, the price-quality ratio

(Gale, 1994; Lam *et al.*, 2004). Customer value can be defined as a cognition-based construct that captures any benefit-sacrifice discrepancy (Lam *et al.*, 2004). If perceived quality exceeds perceived costs, customer value is high, if cost exceeds quality, customer value is low. In the literature, several definitions of customer value exist (for a comprehensive review see Cronin *et al.*, 2000). One of the most widely used definitions stems from Zeithaml (1988). She defines perceived value as “the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given” (Zeithaml, 1988) and Monroe (1990) argues that “Buyers’ perceptions of value represent a trade-off between the quality of benefits they perceive in the product relative to the sacrifice they perceive by paying the price.” These definitions have in common that they see customer value as a multi-dimensional construct which includes monetary and non-monetary components such as psychological effort, search costs and time. The central role of customer value as a purchasing determinant as well as in post-purchasing processes is well recognized, and the relative impact of quality and price on customer value has been the focus of several theoretical and empirical studies. Fornell *et al.* (1996), for instance, investigated the impact of price and perceived quality on overall satisfaction in various industries. In each of the sectors examined, price plays an important role. Furthermore, in two out of seven cases price was even more important than perceived quality. In their study on the role of price in service industries, Voss *et al.* (1998) found that perceived performance has a stronger impact on satisfaction when there is price-performance consistency, whereas price has a greater impact when there is a price-performance inconsistency. In any case, a favorable price-quality ratio (i.e. high customer value) will enhance customer satisfaction (Lam *et al.*, 2004) and in turn loyalty (Bolton and Drew, 1991; Sirdeshmukh *et al.*, 2002). Here we argue that the perceived price-quality ratio has a direct influence on price perceptions and, in turn, on price satisfaction. When the price-quality ratio is favorable, customers will be satisfied with the price. As we intend to explain the satisfaction with the monetary price in this study, we rely on Gale’s (1994) definition of customer value, namely the price-quality relationship. The problem with single-item measures of perceived value, however, is that they lack validity (Woodruff and Gardial, 1996) and therefore, it is measured using several items capturing the price-quality ratio of the offer.

Relative price

If customers have price comparisons available during the decision-making process, they will compare the price of the product or service with that of the competitor, and the outcome of this comparison process will directly influence price satisfaction. The price of the product compared to that of the competitors is labeled here as relative price. The importance of relative prices is well recognized in theory as well as in practice. Kmart, for an instance, recently undertook a “Dare to Compare” campaign in which in-store signs indicated its lower prices with those of key competitors (Merrick, 2001a, 2001b). A vast body of literature studies the effects of price comparison and the effects of comparative price claims on consumers’ perceptions of a comparatively priced product’s pricing and value (Compeau and Grewal, 1994; Grewal *et al.*, 1996). It can be expected that the relative price of an offer directly influences satisfaction with the price and, as a consequence, satisfaction with the offer.

Price confidence

Price confidence addresses the question to what extent the consumer believes that an offered price is currently favorable (Diller, 1997, 2000). The more confidence customers have in the superiority of an offer, the higher the satisfaction with price will be. Obviously, price confidence is related to price transparency, price-quality ratio and the relative price, as customers will be confident only if they are able to evaluate an offer (which requires transparency of price and quality) and if this offer is favorable. It is interesting to note, however, that the extent to which consumers actively search and respond to advertised prices is generally overestimated by executives in the retail grocery industry ([Urbany et al., 1996](#)). This implicates that customers do not always process price information actively and extensively. Their price confidence might be a rather subjective perception than a result of extensive information processing. Therefore, it can be understood as a separate dimension of price satisfaction.

Price reliability

Whereas price confidence refers to the consumers' belief that a price is favorable, price reliability can be understood as fulfillment of raised price expectations and the prevention of negative surprises (Diller, 1997). Customers will perceive high price reliability if there are no hidden costs, if prices do not change unexpectedly. If prices change, customers should be informed properly and in a timely manner, in order to build trust and maintain a long-term relationship. Studies show that practices like demand-based pricing, such as dynamic pricing, are generally considered unfair by consumers, and that they are harmful to trust building ([Garbarino and Lee, 2003](#)). In many industries (e.g. cell-phone operators, rental car companies) hidden pricing is a common practice and it is generally assumed that such tactics are a good idea (Ayres and Nalebuff, 2003). Companies announce a "low" price while hiding various charges in the fine print. In the long run, however, such practices are harmful, not only for the customers who are frustrated when they find out what the product or service really costs, but also to the whole industry as they induce unfair price competition (Ayres and Nalebuff, 2003).

Price fairness

In the literature it has been found that perceived price fairness or unfairness is one psychological factor that has an important influence on consumers' reaction to prices. Consumers are not willing to pay a price that is perceived as unfair. Consumer reactions can result in boycotts, civil actions or in lower sales ([Campbell, 1999](#)). Two aspects of price fairness can be differentiated ([Herrmann et al., 2000](#)):

- price-quality ratio as it is perceived by the customer; and
- the correlation of a product's real price and its socially accepted price or the price of a comparative other party ([Xia et al., 2004](#)).

A company that puts the customer at a disadvantage – e.g. because of its own position of power or the emergency situation the customer might be in – offends against social norms. Such behavior is considered to be unfair. In our context, the price-quality ratio has been considered to be a separate dimension of price satisfaction. Therefore, we limit the discussion on price fairness to this second aspect. What consumers perceive

as a socially acceptable price depends on several factors. According to equity theory (Adams, 1963), consumers form judgments by comparing their investments (e.g. price paid) to the benefits (quality) they receive. Equity or inequity judgments have several antecedents (Oh, 2003). Buyers seem to compare their gains to the gains of the exchange partner (Oliver and Swan, 1989). If customers think that the seller earns exceptionally high profits the exchange will be perceived as unfair. In a bank setting, Urbany *et al.* (1989), for instance found that customers perceive a price increase as unfair if they think it only served to increase profits. Moreover, buyers perceive an exchange as unfair if they discover that other buyers who are in an exchange relationship with the same seller got a lower price for the same product (Martins and Monroe, 1994).

In summary, we propose the following hypotheses:

- H1.* Price transparency is positively related to overall price satisfaction
- H2.* Price-quality ratio is positively related to overall price satisfaction
- H3.* Relative price is positively related to overall price satisfaction
- H4.* Price confidence is positively related to overall price satisfaction
- H5.* Price reliability is positively related to overall price satisfaction
- H6.* Price fairness is positively related to overall price satisfaction

Table I provides a summary of the six dimensions of price satisfaction, their definitions and descriptions.

Dimension	Definition	Description
Price transparency	Clear, comprehensive, current and effortless overview about a company's quoted prices	Transparency of price Price advisory service Completeness, accuracy and directness of price information Clearness/comprehensibility of price information
Price-quality ratio	Ratio or trade-off between quality of the service and monetary costs	Perceived quality compared to the price paid
Relative price	Price of the offer compared to that of competitors	Price difference compared to competitors' offers
Price confidence	Customers' certainty that the price is favorable	Transparent, constantly low relative prices
Price reliability	Fulfilment of raised price expectations and prevention of negative "price surprises"	Price constancy No hidden costs Proper and timely communication of price changes
Price fairness	Consumers' perception of whether the difference between the socially accepted price or another comparative party is reasonable, acceptable, or justifiable	Correlation of price to the socially accepted price No abuse of market power in price setting No price discrimination

Table I.
Dimensions of price satisfaction

Study

Sample and method

In the empirical study presented here, price satisfaction in the retail banking industry was measured. For this purpose, a standardized questionnaire with closed-response questions using rating scales was developed. The questionnaire was pre-tested and administered to 160 part-time students of a degree-awarding program at an Austrian university of applied sciences. Students were selected for this study for two reasons. Firstly, the student market is a large and important market segment for financial services (Almossawi, 2001). Therefore, many studies investigate the behavior of this target group (Almossawi, 2001; Lewis *et al.*, 1994) and many banks target this segment with a tailored marketing mix (Goode and Moutinho, 1995; Kara *et al.*, 1994). Secondly, the goal of this study was to detect the dimensionality of the construct and to assess some causal relationships. For this purpose it is advantageous to choose a homogeneous sample and to reduce the impact of non-controllable intervening variables (Homburg and Koschate, 2004). For these two reasons, students are particularly well suited as subjects for this study.

Based on the definitions of the constructs, statements were generated by the research team to measure the constructs. These statements then were presented to industry experts, who were asked to judge whether in their opinion the constructs were properly measured. Each expert discussed the statements, added statements where necessary, reworded statements and deleted statements to improve the questionnaire. The questionnaire was then pre-tested and administered to the subjects. For to the six dimensions discussed above, 28 statements were developed to measure the dimensions of price satisfaction (see Appendix). Respondents' agreement with each item and overall price satisfaction were measured on a 5-point Likert-scale (1 = fully agree/5 = fully disagree; 1 = very satisfied/5 = very dissatisfied). In addition, likelihood of recommendation to others and switching intentions were measured with 5-point rating scales (1 = yes, definitely/5 = absolutely not). As the study was conducted in Austria, the questionnaire was administered in German.

Results

First, an exploratory factor analysis was employed to identify the underlying dimensions of the scale and to purify the price service satisfaction scale. Items with a factor loading below 0.4 were excluded, resulting in five factors. Items measuring the price confidence and price reliability dimensions were merged into one factor.

Then, Cronbach- α and item-to-item correlations for each factor were calculated. Items that increased Cronbach- α when deleted were excluded. After this analysis five factors were extracted, which explained 68.8 percent of the variance (Table II): reliability of prices (five items, $\alpha = 0.87$), transparency of prices (five items $\alpha = 0.89$), relative price (four items, $\alpha = 0.84$), price-quality ratio (five items, $\alpha = 0.89$), and price fairness (four items, $\alpha = 0.76$). Thus, reliabilities are well above the lower limits of acceptability (Hair *et al.*, 1998).

Table III reports the correlation matrix of the variables.

Table II.
Results of the factor
analyses

	Factor 1 Price fairness	Factor 2 Reliability of prices	Factor 3 Transparency of prices	Factor 4 Relative price	Factor 5 Price-quality ratio
Reliability (cronbach- α)	0.87	0.89	0.84	0.89	0.76
Price changes are communicated properly	0.789				
Price changes are communicated promptly	0.769				
I can count on my customer advisor to find the best price for me	0.644				
There are no "hidden" costs	0.643				
My bank keeps all promises regarding prices	0.582				
All price components are clear, comprehensible and understandable		0.765			
Price information is complete, correct and frank		0.753			
Price information is understandable and comprehensible		0.753			
I am properly informed about the prices of services		0.552			
I know what I pay and what I get		0.539		0.536	
I do not believe that another bank would have the same or even a better offer			0.827		
Terms and conditions of my bank are better tailored to my needs than terms and conditions of other banks			0.780		
Terms and conditions of my bank are better than those of other banks			0.738		
I am convinced that my bank is the best choice			0.672		
Price and quality meet my needs				0.674	
I get a good price-quality ratio				0.620	0.416
The prices I pay are fair				0.602	0.527
I have the impression that I know what I am paying for				0.577	
The prices I pay depend on how much I use certain services				0.550	
I do not get worse terms and conditions than others for the same service					0.784
Terms and conditions are affordable for everyone, independently of income					0.567
Overdrafts do not cause abnormally high interest rates					0.553
My bank does not take advantage of me					0.536

Notes: Extraction method: principal component analysis; rotation: varimax rotation (final matrix converged in 6 iterations); Total variance explained: 68.8 percent; sampling adequacy: Kaiser-Mayer-Olkin = 0.914; Bartlett test of sphericity = 2,438.263 (sig. = 0.000)

	Reliability of prices	Transparency of prices	Relative price	Price-quality ratio	Price fairness	Overall price satisfaction	Word-of-mouth	Switching intentions
Reliability of prices	1							
Transparency of prices	0.661 **	1						
Relative price	0.697 **	0.716 **	1					
Price-quality ratio	0.593 **	0.608 **	0.647 **	1				
Price fairness	0.648 **	0.632 **	0.641 **	0.606 **	1			
Overall price satisfaction	0.663 **	0.685 **	0.780 **	0.689 **	0.699 **	1		
Word-of-mouth	0.641 **	0.582 **	0.674 **	0.637 **	0.559 **	0.760 **	1	
Switching intentions	-0.589 **	-0.494 **	-0.631 **	-0.576 **	-0.498 **	-0.710 **	-0.747 **	1

Note: ** $p < 0.01$

Next, to assess the impact of the five price satisfaction dimensions on overall price satisfaction, a multiple linear regression analysis was performed using the factor score values of the five dimensions as independent variables and overall price satisfaction, word-of-mouth, and switching intentions as the dependent variables. The empirical results of this multivariate analysis are summarized in Table IV. The five dimensions have a highly significant impact on overall price satisfaction ($R^2 = 0.73$), with the price-quality ratio ($\beta = 0.500$), being the most important driver of price satisfaction, followed by price fairness ($\beta = 0.396$) and relative price ($\beta = 0.370$). The transparency of prices ($\beta = 0.317$) and reliability of prices ($\beta = 0.279$) seem to be less important.

Overall, hypothesis 1 to 3 and hypotheses 6 were strongly supported. Hypothesis 5 (price confidence) and hypothesis 4 (reliability) have to be rejected partly. In our analysis, these dimensions merged into one factor, which we labeled “price reliability.”

Discussion and conclusion

The results of this study show that price satisfaction can be conceptualized as a multi-dimensional construct. It was hypothesized that six price dimensions (price transparency, price-quality ratio, relative price, price confidence, price reliability, and price fairness) can be identified that should influence overall price satisfaction. In the empirical study, five dimensions were found to strongly influence overall price satisfaction, word-of-mouth and switching intentions.

Whereas previous studies in the price satisfaction literature focused on the impact of some individual aspects, e.g. price fairness (Campbell, 1999; Xia *et al.*, 2004), price perceptions (Varki and Colgate, 2001), or relative prices

Dependent variable	Independent variables	Standardized regression coefficient (β)
Overall price satisfaction	Price-quality ratio	0.500***
	Price fairness	0.396***
	Relative price	0.370***
	Transparency of prices	0.317***
	Reliability of prices	0.279***
R^2 0.731; *** $p < 0.001$; F -Value 83.070 (Sig. = 0.000)		
Word-of-mouth	Price-quality ratio	0.418***
	Price fairness	0.263***
	Relative price	0.400***
	Transparency of prices	0.217***
	Reliability of prices	0.347***
R^2 0.571; *** $p < 0.001$; F -Value 41.020 (Sig. = 0.000)		
Switching intentions	Price-quality ratio	-0.417***
	Price fairness	-0.209**
	Relative price	-0.349***
	Transparency of prices	-0.161***
	Reliability of prices	-0.344***
R^2 0.484; *** $p < 0.001$; ** $p < 0.01$, F -Value 28.865 (Sig. = 0.000)		

Table IV.
The impact of five price dimensions on overall price satisfaction, word-of-mouth and switching intentions

(Keaveney, 1995), we take a more comprehensive view. There are several theoretical and even more practical reasons to conceptualize price satisfaction as a multidimensional construct, analogous with product and service satisfaction (Matzler *et al.*, 2004; Mittal *et al.*, 1998). When customers are satisfied or dissatisfied with the overall price, they may refer to more specific price dimensions such as price-quality ratio, relative price, price reliability, etc. Hence, low price satisfaction does not necessarily imply that the monetary prices are too high. Price satisfaction can also be influenced by other price dimensions. Customers can be satisfied with one price dimension and dissatisfied with another one. Therefore, an overall price measure cannot reflect these differences. As a consequence, measurement of satisfaction at the level of individual price dimensions provides researchers and managers with a higher level of specificity and diagnostic value. If satisfaction with single price dimensions and their relative importance is measured, more specific measures to increase overall price satisfaction can be taken.

In the empirical study it was found that price-quality ratio and price fairness were more important to customers than relative price. This means that a bank should focus more on delivering the right quality at the right price and on treating the customers fairly than on focusing on competitors' prices. It is also interesting to note that the relative importance of the dimensions as drivers of overall price satisfaction, word-of-mouth and switching intentions differ, which means that dissatisfaction with a specific price dimension can lead to dissatisfaction with the overall price (e.g. price fairness) but not necessarily to a termination of the relationship. Hence, switching costs might moderate the impact of price satisfaction on behavioral outcomes. Future studies should try to investigate moderating variables, such as switching costs, consumers' price sensitivity, involvement, etc. in order to better understand the antecedences and consequences of price satisfaction. Overall, treatment of price satisfaction as a multi-dimensional construct seems to be an interesting and necessary extension of the existing customer satisfaction and price literature.

This study has some limitations. First, a student sample was used. Although it has been argued that a student sample is well suited for the purpose of this study – students are an important market segment – generalizability issues remain. Second, price satisfaction was measured with a single item. Hence, reliability cannot be tested. Third, the dimensionality of price satisfaction may depend on the product or service, or on consumers' characteristics, e.g. involvement or consumers' price interest. Therefore, future studies should aim at replicating these findings in other markets and to test reliability and validity of the measures. Furthermore, future research should also test moderating effects on the importance of price dimensions.

Appendix. Operationalization of the six price dimensions in the original questionnaire

	Mean	SD
Price reliability (four items)		
Price changes are communicated properly	2.40	1.34
Price changes are communicated timely	2.26	1.28
There are no “hidden” costs	1.99	1.26
Prices and conditions do not change unexpectedly	2.00	1.06
Price confidence (four items)		
I can count on my customer advisor to find the best price for me	2.42	1.29
My bank keeps all promises regarding prices	1.81	1.02
<i>I am convinced that the prices and conditions of my bank are favorable (removed due to low factor loading)</i>	2.46	1.16
<i>Prices of my bank remain constantly low (removed due to low factor loading)</i>	1.63	.99
Price transparency (five items)		
All price components are clear, comprehensible and understandable	2.22	1.14
Price information is complete, correct and frank	2.30	1.29
Price information is understandable and comprehensible	2.80	1.38
I am properly informed about the prices of the services	2.21	1.15
I know what I pay and what I get	2.38	1.20
Relative price (six items)		
I do not believe that another bank would have the same or even a better offer	2.66	1.42
Terms and conditions of my bank are better tailored to my needs than terms and conditions of other banks	2.49	1.30
Terms and conditions of my bank are better than those of other banks	2.66	1.28
I am convinced that my bank is the best choice	2.38	1.34
<i>My banks guarantees the lowest prices (removed due to low factor loading)</i>	1.63	.99
<i>My bank allows considerable discounts (removed due to low factor loading)</i>	2.88	1.31
Price-quality ratio (five items)		
Price and quality meet my needs	2.29	1.26
I get a good price-quality ratio	2.72	1.26
The prices I pay are fair	2.51	1.11
I have the impression that I know what I am paying for	1.90	1.06
The prices I pay depend on how much I use certain services	2.17	1.20
Price fairness (four items)		
I do not get worse terms and conditions than others for the same service	2.07	1.11
Terms and conditions are affordable for everyone, independently of income	2.10	1.01
Overdrafts do not cause abnormally high interest rates	2.59	1.37
My bank does not take advantage of me	2.51	1.28

Table AI.