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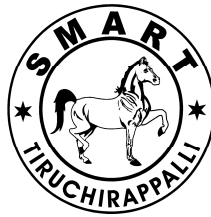**M.SELVAM, M.Com, Ph.D**
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DETERMINANTS OF KEY FACTORS ON CUSTOMER VALUE IN SRI LANKAN MOBILE SERVICE INDUSTRIES

T. Velnamby
Dean-Faculty of Management Studies &Commerce,
University of Jaffna, Sri Lanka, Email: tvnampy@yahoo.co.in

&

S. Sivhesan
Lecturer, Department of Marketing,
University of Jaffna, Sri Lanka, Email:sivesanputtur@yahoo.co.in

Abstract

Customer Value is a very significant concept in marketing but many scholars deal with this concept in different ways. Every mobile service providing organization tries to achieve its objective through the building of Customer Value. Secondary literature reviews and primary data collection methods were used to conduct the study. One hundred and seven customers were selected for this study under convenience sampling. The study reveals that out of six factors, cost reduction and quality improvement are the important factors responsible for Customer Value Creation in mobile service providing industry. This study also suggests some policy initiatives for formulating effective strategy for building Customer Value.

Keywords : Customer Value, Mobile Service Providing Company, Determinant

1.0 Introduction

In Sri Lanka, many mobile service providing companies (Dialogue, Mobitel, Hutch, and Airtel) are available. They provide excellent services for their customers and also develop different packages to attract new customers and retain the existing customers. Mobile Communication Services can be understood as services that enable information and communication transfer between persons. Customer is one of the most important stakeholders in any business organization. The company generally provides value to customers through product and services. Meanwhile, customers in turn offer value to the company through revenue. According to Zenithal, Parasuraman, and Berry, Customer Value means the overall assessment by the customer of the utility of a product, based on a perception of what is received and what is given.

Researchers had different terms for the value construct but all of them meant the same concept, such as consumption value, customer value, perceived value service value, and value for money. Therefore, value is typically evaluated from the consumer's perception. Customer perceived value, and hence service value, constructs are based on consumer's subjective feeling. Understanding what buyers value within a given offering, creating value for them and then managing it over time, have long been recognized as essential elements of every

organization's core business strategy. This study proposes to analyze the determinants of customer value in mobile service providers in Sri Lanka. This study is very significant because this study clearly disclosed what kinds of factors could assist in building the customer value for Sri Lanka mobile service providers.

2.0 Research Problem

The concept of Customer Value has drawn increasing attention from both industry executives and marketing academics as an indicator of long-term business performance. Indeed, superior value of products/services delivered to customers leads to customer loyalty, which is the real driver of financial performance. Many authors have acknowledged the difficulties of defining the Customer Value. These difficulties stem from the subjectivity and ambiguity of value, compounded by the fact that Customer Value is a dynamic and evolving concept. Current Sri Lankan business environment is stable compared to the war period. Due to many mobile service companies in the market, they face high competition. Hence they launch different packages, facilities (High Speed Downlink Packet Access (HSDPA) and 3.5G services). The present study was initiated to recognize what factors build the Customer Value for mobile service providers.

3.0 Objective of the Study

The principal objective of this study is;

♦ To identify the key factors influencing the Customer Value Creation for mobile service providing companies in Sri Lanka.

Sub-objective

♦ To assess the levels of Customer Value prevailing in the industry.

4.0 Review of Literature

Customer Value is a very significant concept in marketing but many scholars deal with this concept in different ways. Zeithaml, Parasuraman, & Berry (1996) have defined Customer Value as customer overall assessment of the utility of a product based on a perception of what is received and what is given. Srivastava, Shervani, and Fahey (1999) defined Customer Value Creation (CVC) as the development of new customer solutions, enhanced acquisition of inputs that leads to desired customer outputs and development of linkages and relationships to entities in the external market place. Zeithaml (1988) states that Customer Value can be conceptualized as a trade off between benefits and sacrifices. Customers Perceived Value (CPV) is the difference between the prospective customer's evaluation of the benefits and all the costs of an offering and the perceived alternatives. Total Customer Value is the perceived monetary value of the bundle, both economic and functional. Customers expect psychological benefits from a given market offering. Pleasure and pain are core concepts in the consideration of value. In a business context, "pleasure" can be described as a benefit to a customer and "pain" as a cost or risk incurred. The totality of the terms "benefits" and "sacrifices", are multi-faceted. Each customer has his own measurement scale to rank the benefits (good quality, service quality, core product feature, added service feature and customization) and sacrifices (price, search costs, opportunity costs, distribution costs, learning costs, maintenance costs, relationship cost, psychological costs, time and effort). Mikko

Pynnonen and Juke Hallikas (2007) identified six major factors: availability of services, features, their usability, security, cost and availability of services. These factors determine the Customer Value. Ulaga, Mikko Pynnonen and Juke Hallikas proposed the following twelve factors which determine the Customer Value. They are; Product Quality, Service Support, Delivery, Supplier Know-How, Time-to-Market, Personal Interaction,, Direct Product Costs, Process Costs, Potential Yield and Development Potential, Cross Buying Potential, and Loyalty Potential. Research has identified that value creation can be determined in a relationship through product innovations, resulting from research and development technology improvements in the production, distribution processes, market-based assets (relational and intellectual), business processes (product development, supply chain, and customer relationship management) (Srivastava, Shervani, and Fahey 1999); collaborative communication between exchange partners marketing, research and development, and operations capability and a high level of cooperation.

5.0 Conceptualization

Conceptualization looks at the relationship between variables and also reveals the determinant variables **(Figure -1).**

6.0 Research Methodology

Sampling Design

The study was limited to customers of Dialog and Mobitel. Random sampling method was adopted to select two mobile service providing companies (Dialog and Mobitel).

Convenience Sampling Method was employed to collect the data from customers of these two companies. Researchers distributed hundred and seventy (170) questionnaires among the customers and out of which only one hundred and forty seven (147) responded.

Data Collection

Primary and Secondary Data were used for the study. Primary Data were collected through the questionnaire and interviews and Secondary Data were collected from books, journals and magazine.

Measures

The questionnaire was administrated to customers of the Dialogue and Mobital companies. Questionnaire was prepared on the five point Likert- scaling system. Qualitative data were converted into quantitative data and then analysis was made with appropriate statistical tools in order to prove the objective and to test the hypotheses. Questionnaire consists of 30 statements to measure the Customer Value in mobile service industry. Customer Value can be measured through quality improvement, time to market, security, cost reduction, availability of service, and feature and their usability.

7.0 Hypotheses

H_0: There are no significant differences between customer value creation factors in the mobile service provide industry.

H_1: There are significant differences between customer value creation factors in the mobile service provide industry.

8.0 Outcome and Argument

Reliability and Validity

Testing of the reliability of the scale is very essential before applying statistical tools. The internal reliability of the items was verified by computing the Cronbach's Alpha. A minimum alpha of 0.6 sufficed for early stage of research. Its value was estimated to be 0.757. As the Cronbach's Alpha in this study was higher than 0.6, the constructs were therefore deemed to have adequate reliability.

KMO and Bartlett's Test

Kasier – Meyer – Olkin (KMO) Test **(Table-1)** helped to measure sample adequacy. Kaiser (1974) recommends accepting values greater than 0.5. As per KMO measure, a measure of > 0.9 is marvelous,>0.8 is meritorious, >0.7 is middling, > 0.6 is mediocre,> 0.5 is miserable and < 0.5 is unacceptable.

In the present study, value of sampling adequacy was 0.701, indicating middling. Bartlett's Test of sphericity is a statistical test applied in the study for verifying its appropriateness. In this study, the data within this study returned a significance value of 0.00, indicating that the data were acceptable for factor analysis.

After examining the reliability and validity of the scale and testing the appropriateness of data, we carried our factor analysis to measure the Customer Value. For this, we employed Principal Component Analysis (PCA) **(Table- 2)**, followed by the Varimax Rotation. It is worth mentioning here that factor loading greater than 0.30 is considered

significant, 0.40 is considered more important and 0.50 or greater is considered very significant. For the sake of parsimony, only those factors, with loadings above 0.5, were considered significant.

Group –I Cost Reduction : This dimension was represented by four characteristics such as cost reduction, availability of service, security, and features and their usability with loadings ranging from .812 to .696.

Group –II Quality Improvement: This dimension was represented by two dimensions such as quality improvement and time to market, with loadings ranging from .929 to .668.

9.0 Conclusion

The study reveals that out of six factors, the cost reduction and quality improvement are the important factors to determine Customer Value Creation in mobile service providing industry. In these mobile service providing companies, only one company (Mobital) is Sri Lankan Company. Other two companies are foreign companies. The following policy suggestions may be useful for overall improvement of customer value of the mobile service providers in Sri Lanka. Mobile service providing companies should provide proper services and accessibility of services. Mobile service provider should not fail to carry out the promises.

10.0 Limitations of the Study

The present study has a number of limitations. Firstly, the study was based on data collected only from 147 customers in Jaffna District alone. The study was confined to

customers of the three mobile service providing companies only. Finally, the questionnaire was mainly constructed under the Likert Scale and there could be the chance of central tendency bias, acquiescence bias and social desirability bias.

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Figure -1
Conceptualization Model
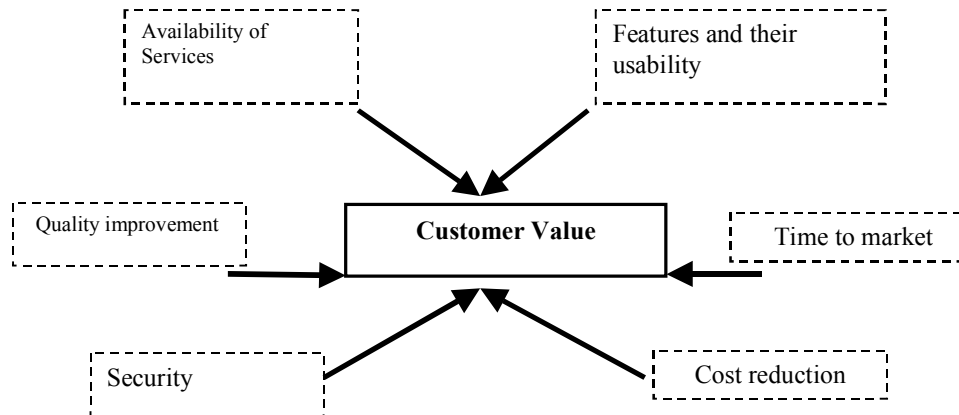
Table - 1
KMO and Bartlett's Test

Kaiser –Meyer – Olkin Measure of sampling adequacy	.701
Bartlett's test of sphericity Appox Chi Square	258.333
Df	.15
Significance	.000

Table - 2
Principal Component Analysis –   Varimax Rotation of Customer Value

Name of the Characteristics	Dimension of Customer Value	
	Group –I	Group –II
Cost reduction	.812	
Availability of Services	.788	
Security	.749	
Features and their usability	.696	
Quality improvement		.929
Time to market		.668