A critical analysis of customer value delivery and its effect on customer retention

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**ABSTRACT:** The focus of this study will be customer value, and the customer value creation and delivery process. The study therefore shall have a decision orientation. A decision orientation implies an approach to research inclusive of the range of individual and contextual factors that comprise a process (or decision), and that acknowledges both temporal and substantive ambiguity. Temporal ambiguity describes continuous processes without defined starting and finishing points, and substantive ambiguity recognises that complex processes incorporate elements that cannot be clearly delineated from other organisational processes and activities. This study will support the position of projecting marketing scholars, holding that outlining and distribution of larger customer value is the vital task of marketing managers in marketing firms and is a significant and emerging measurement of modern marketing exercise. Regardless of this promise, the current state of knowledge does not deliver a complete base to develop current theory, as value-creating procedures (or the connections between the firms’ planning determinations and brought or applied strategy) are not well distinct. Thus, irrespective of increasing responsiveness absorbed at this vital feature of marketing action, the customer value concept remains that remain well definite and ill understood, similarly the procedures complicated in making and bringing customer value. This study consequently will focus on providing more thoroughly sympathetic about value making processes, mainly in terms of how these procedures are affected by the firm’s abilities and resources.

**Key Words:** Customer satisfaction, customer retention, customer value delivery and customer service

**Introduction:**

**Customer Service**

La Londe, Cooper and Noordewier (1988) found customer service as a separate mix of elements and sees the logistics function as being subsumed within the customer service activity. The result of this study shows the relative importance of customer service contrasted with other elements of the marketing mix including advertising, promotion sales effort. Most respondents rated customer service ahead of advertising, promotion and sales effort in terms of importance and ranked third behind product and price.

**Customer Satisfaction**

Luiz Moutinho and Douglas T Brownlie (1989) explored the nature and direction of the satisfactions that are delivered to consumers of bank services. It was revealed that respondents had high levels of satisfaction with regard to the location and accessibility of branches and ATMs, and acceptance of the current levels of banking fees; but expressed some caution in their evaluation of new and improved service.

(Source: shodhganga.inflibnet.ac.in)

**Customer Loyalty**

Gerrard and Cunningham (2000) had developed a model of bank switching that contained six switching incidents. The study also investigated if certain demographic characteristics of Singapore’s graduates could be used to distinguish those who have switched banks from their counterparts. The results showed that the types of incident that most often influenced bank switching were ‘inconvenience’, followed by ‘service failures’ and ‘pricing’. The demographic characteristics that were subject to testing, namely gender, age, salary and racial group, showed no significant differences.

(Source: shodhganga.inflibnet.ac.in)

**Sample Size**

The sample size for this study will consists of approximately 620 customers from different areas of Nagpur

**Sample technique:** Stratified Random Sample

**Sampling tools:**
The sampling tools will be the questionnaires, personal interviews, telephonic interviews and expert's opinion.
Statistical tools and techniques:
Paired Sample Statistics Table

Data collection:
The data to be collected will be based on personal interviews, expert's opinion, and also published data in newspapers, journals and magazines. The questionnaire framed for the research study will be a structured questionnaire in which all the questions are predetermined before conducting the survey. The form of question is of both closed and open type.

Test of hypothesis
H0: There is no relationship between the level of customer satisfaction and the level of customer retention.
This hypothesis is tested with the help of paired-samples t-test.
The dependent t-test (called the paired-samples t-test in SPSS Statistics) compares the means between two related groups on the same continuous, dependent variable.

Variables for the study:
Independent variable Customer satisfaction
Dependent variable customer retention

Paired Sample Statistics Table
The first table, titled **Paired Samples Statistics**, is where SPSS Statistics has generated descriptive statistics for your variables.

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>N</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pair 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>2.95</td>
<td>619</td>
<td>1.866</td>
<td>.070</td>
</tr>
<tr>
<td>Customer Retention</td>
<td>4.64</td>
<td>619</td>
<td>2.539</td>
<td>.075</td>
</tr>
</tbody>
</table>

Paired Samples Test Table
The **Paired Samples Test** table is where the results of the dependent t-test are presented. The information refers to the differences between the two variables (the subtitle reads "Paired Differences"). As such, the columns of the table labelled "Mean", "Std. Deviation", "Std. Error Mean" and "95% Confidence Interval of the Difference" refer to the mean difference between the two variables and the standard deviation, standard error and 95% confidence interval of this mean difference, respectively. The last three columns express the results of the dependent t-test, namely the t-value ("t"), the degrees of freedom ("df") and the significance level ("Sig. (2-tailed)").

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
<th>95% Confidence Interval of the Difference</th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pair 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>t</td>
<td>df</td>
<td></td>
</tr>
<tr>
<td>Customer Satisfaction - Customer Retention</td>
<td>-1.693</td>
<td>3.019</td>
<td>.113</td>
<td>-1.914, -1.472</td>
<td>-15.032</td>
<td>618</td>
<td>.000</td>
</tr>
</tbody>
</table>

Reporting the Output of the Dependent T-Test
You might report the statistics in the following format: \( t(d\text{egrees of freedom}) = t\text{-value}, p = \text{significance level.} \) In our case this would be: \( t(618) = -15.032, p < 0.0005. \) Due to the means of the two variables and the direction of the t-value, we can conclude that there was a statistically **relationship between the level of customer satisfaction and the level of customer retention.**
Hence we can reject the null hypothesis and accept the alternate hypothesis \( H_{A1}: \) The higher the level of customer satisfaction, the higher the level of customer retention.

Conclusion:
The conclusions from this study have a number of very significant organizational, strategic and performance implications. Primarily, the study conveys awareness into how firms shape organizational prospective, which are a firm's capability 'to accomplish a synchronized set of jobs, abusing organizational resources, for
the determination of reaching end result. The study clarifies how firms shape organizational prospective that licensed their managers to produce customer value on an ongoing basis. In respect to making customer value tri-dimensionally, it was found managers compulsory to think about the assets and the kinds of abilities which must be advanced in, established and used at different points in time to create customer value. They also obligatory to identify which series of undertakings are more likely to pledge the firm can bring on each measurement of customer value and in a way that is presentation attractive. Furthermore, they need to classify how the firm’s vibrant and effective capacities should be planned in contradiction of these actions to let, synchronize and sustain them.

References:
- Research Design: Qualitative, Quantitative, and Mixed Methods Approaches by by John W. Creswell, SAGE Publications, Inc