Customer Value Assessment Towards Facewash Use An Empirical Study In Meerut

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ABSTRACT

Today Business Organizations operate in a highly unpredictable environment governed by various uncontrollable macro environmental factors. They need to constantly monitor their relative position and identify the problem areas or opportunities. They need to work upon these in order to sustain themselves competitively in the market or even maintain market share. The important objective of any business concern is to serve its customers to their utmost satisfaction. With the globalization and today's highly competitive markets and new technology innovations, consumers have greater access and more purchase alternatives and opportunities & thus are less store and product loyal. As a result, customer value becomes paramount to being competitive in the market place. Customer value is a topic of growing interest to the researchers, managers and students in business marketing. Traditionally, research on value in business markets has been focused towards the assessment of how producers create value for their customers and how customers perceive superior value in a producer's offering compared to competition. In recent years, both academicians and managers have increasingly emphasized the need to consider customers as a key asset of the business. Only few studies are focused on products. The main purpose of this study is to introduce the readers on customer value of face-wash.

Keywords: Customer Value, Impressible Value, Perceived Benefits, Perceived Sacrifices, CRM, Face-wash.

INTRODUCTION

It is important for business to realize the fact that customer satisfaction originates not only from the attributes of the product per se, but also from the psychological attributes associated with the consumption of the product and the retail environment. That's why the concept of consumer value has become an important factor in attracting and retaining customers and an essential aspect in most business strategy models. It is considered to be one of the most significant factors in the success of companies and an important source of competitive advantage. Customers are loyal to a company as long as the company offers them super value compared to its competitors.

Customer value concept emerged in the 1990s and since then, it has attracted a lot of interest among scholars, marketing researchers and many marketing practitioners. A lot has been written in the terms of customer value definition. And quite a few research studies have been conducted in this area focusing on various aspects of value construct. The concept of customer value is one of the most overused and misused concepts in social science in general and in management literature in particular. It is discussed in many streams of marketing literature including relationship marketing, customer relationship management (CRM), consumer behavior, in total quality management as well as in strategy literature. The extent and heterogeneity of the various studies have created a disperse, rather complex and sometimes confusing base of knowledge about customer value. The common area of the different concepts of customer value is that it is related to the use of certain product and services and it is a matter of customer's perception. Although there is a significant body of knowledge about the concept of customer value, the research is rather fragmented.

REVIEW OF LITERATURE

Understanding customer value from the perspective of 'the value of the customer to the organization' has also received attention from a

number of researchers. With the growing intensity of global competition is forcing the firms to provide value to their customers. It has therefore become increasingly vital for them to be able to determine what dimensions of customer value are important to their customers. If they know what these dimensions are, they will be able to deliver value to their customers in both a competitive and profitable manner. This leads to the discussion of defining customer value in the following study. Customer value makes its appearance in several different context. Customer value can be viewed within a pure accounting context, strategic management context and from a marketing context. This study focuses on customer value within the marketing context where value is studied from the interaction between the customer and the product (Cottet *etal., 2006:220*).

Given the importance of customer value to marketers, several definitions have emerged in literature. Holbrook (1999:27) defines customer value as interaction between a customer and a product. The author also states that customer value is subjective because it involves comparisons among objects, it varies between people, and it is specific to the situation. Customer value can therefore be understood as customer perceived value (Jensen & Hansen, 2007:604).

According to the definition of Zeithaml cited by Ravald and Gronroos (1996:22), perceived value is an individual's overall assessment of the benefit of an offering vased on a perception of what is received and what is sacrificed. This assessment is a comparison of a product or service's "get" and "give" components (Sweeney & Soutar, 2001:204). Customer behavior researchers such as Horovitz (2000:20), Monroe (1991:48) and Zaltman and Wallendorf (1983:118) see the fundamental equation for calculating value as: Value=Benefits – sacrifice. From this equation it is evident that the greater the difference between benefits and costs, the higher the value perceived by customers.Apart from the above definition, other definitions of value cited by researchers include:

- Customer value is a personal perception of advantage arising out of a customer's association with an organisation (retailer's) offering (Sparks *et al.*, 2008:97).

- Zeithaml (1998:6) describes value as a hierarchical (means-end) model of customer perceptions of price, quality and value. Value is a trade-off between benefits and sacrifices. Sacrifices include monetary and non-monetary sacrifices, such as time, energy and effort.

- Sheth, Newman and Gross (1991:165) identify five independent consumption values that guide customer behaviour and customer choice as a result of these values which are functional, social, emotional, epistemic and conditional value.

- Babin (quoted by Rintamäki *et al.*, 2006:10) identifies utilitarian and hedonic value as factors influencing a customer's shopping experience. The general agreement in literature is that customer value should be determined by customer perceptions (Khalifa, 2004:647; Woodruff, 1997:143).

According to literature on customer value, a conceptual model was developed namely benefits-cost ratio model.
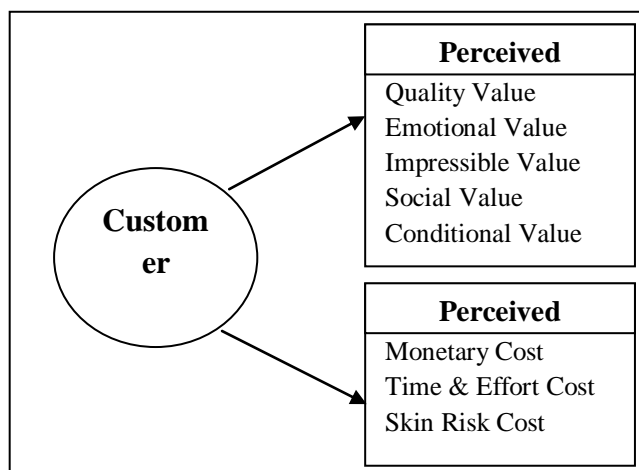
CUSTOMER VALUE MODEL

Based on the review of literature, a conceptual model was developed namely benefits-cost ratio model. The benefits-cost ratio model views/states customer value as the difference between customers' perceived benefits and customers perceived cost. Zeithaml[8] defined value as the customers overall assessment of the utility of a product based on the perceptions of what he received and what he give other argued that buyers perceptions of value represent a trade-off between the benefits they receive in the product and the sacrifices they perceive in paying the price. The sacrifices component represents monetary and Non-monetary factors such as time and effort needed to acquire and use the product or service. Customer's benefits include tangible and intangible attributes of the product or service offering. Customer value is also a result of a trade-off between positive outcomes or desired outcomes and negative outcomes or cost.

Combinations of conceptual models were also used to develop a conceptual framework for customer value model in face-wash. Customer value was defined and measured in terms of benefits and scarifies components. The concept of customer value is based on price and quality

dimension & values such as functional, social and emotional aspects of value in terms of both, monetary and non-monetary costs instead of price only. The conceptual framework for customer

Customer Value Model

The framework explains the customer value of face-wash. The key dimensions of customers value are defined in terms of get (what he receives) and give (what is given) considering the characters and specific issues of face-wash. The proposed conceptual framework uses five dimensions related to-

a) Quality value means consumer judgments about a product or service superiority.
b) Emotional value means the utility which is derived from the feelings/affective states that a product or service generates.
c) Impressible value is defined as the experienced curiosity, novelty, epistemic or gained knowledge from the product or service.
d) Social value has been defined as the utility derived from the products/services ability to enhance self-concept.
e) Conditional value comes from the specific situation or context of the purchase decision.

The components of customer's value associated with sacrifices are what a customer has to give to get the product or service. Monetary cost is the price of a service as borne by the consumer.

Time & Effort cost is the perceived cost of face-wash associated with the time that a consumer allocated to the experience. Skin Risk cost is the perceived risk that use of face-wash can negatively impact the physiological risks which affect the skin of the consumer. Consumer value is

value performance in relation to CRM (Customer Relationship Management) is applied in the research in the skin care sector particularly face-wash.

the difference between overall benefits and overall sacrifices.

STATEMENT OF THE PROBLEM

The face-wash segment is quite special in the skin care market as it contains several heterogeneous products that all answer to the same need. "Having a clear skin". Our face is the most important part of our body with strong social and cultural significance. It is our identity. As a major part of the body, it is unique in that it can be readily manipulated to change an individual's appearance. Research has found that virtually all societies, from less advanced to highly advanced cultures, have dealt with glowing skin as a form of expression. Specifically, skin care market is the fastest growing segment in the Indian cosmetic industries. Face-wash comprised the first largest category of skin care in 2012 next to Skin Creams and Lotions.

In the current globalized environment the face-wash is undergoing significant changes. These changes are witnessed due to changing demands of customers, increasing disposable income, growth in fashion conscious consumers, and increase in awareness of global products & rise in organized retail trade. Since a number of producers have entered the FMCG industry, there is a great need to figure out whether the customers are really enjoying their face-wash, what benefits and scarifies they perceive. Hence, this study is an attempt to find out the dimensions affecting customer value of face-wash.

The Indian FMCG sector is the fourth largest sector in the Indian economy. It generates 5% of the total factory employment in the country valued Rs. 1, 33876 crores (USA 29.8 bn). The share of skin care market is Rs. 450 crores i.e. more than 10% in which face-wash occupies highest market share with 26% among skin care segment. The other sector constitutes face Creams and Lotions, Moisturizers, Talcum Powder, Body Lotion etc.

The present level of rural is 47% and that of urban is 76.6%. The per capita consumption in India for face wash is 0.4% US$ which is low when compared to other emerging economies. This

provides a scope for growth of face-wash industry.

SCOPE OF THE STUDY

The study covers only face-wash segment in skin care under FMCG sector. It includes only P.G. level college going female students in Management and Technology field from Meerut district. Customer value is measured using benefits – costs ratio model from the point of view of customers only.

HYPOTHESIS

H_1: Quality value increases the customer value of face-wash.

H_2: Impressible value increases the customer value of face-wash.

H_3: Emotional value increases the customer value of face-wash.

H_4: Social value increases the customer value of face-wash.

H_5: Conditional value increases the customer value of face-wash.

H_6: Overall benefits increase the customer value of face-wash.

H_7: Time & Effort cost increases the customer value of face-wash.

H_8: Monetary cost increases the customer value of face-wash.

H_9: Skin risk cost increases the customer value of face-wash.

H_{10}: Overall sacrifices increase the customer value of face-wash.

METHODOLOGY

Before the preparation of final draft of the questionnaire, three stages of pilot study were done. In the first stage the basic questions of consumer buying behavior like why, what, when, where, whom and how was carried out with a sample of 25 respondents. In the second stage, along with the first stage variables, brand preference, awareness and influencing factors were found with the same above respondents. Third stage based on the conceptual model, original pilot study was carried out with the sample of 50 respondents. After making certain modifications and deletions, the final draft of the questionnaire was tested.

RELIABILITY AND VALIDITY

These two features are essential for every measuring material such as questionnaire because these materials should analyze data and provide final conclusions for the researchers. Validity means that a measuring material is used to measure the characteristics. Cronbach's alpha coefficient was used to measure reliability. The average of Cronbach's alpha for 8 variables in this study are more than 7 which is more than the mean acceptable alpha (0.70) hence, the questionnaire is reliable. **Table 2** shows the results of alpha Cronbach's coefficient.

QUESTIONNAIRE DESIGN AND CONSTRUTION

A structured questionnaire was developed to obtain the responses from face-wash users about their opinions on various research variables. The questionnaire consists of five benefits perceived (Quality value, Impressible value, Emotional value, Social value and Conditional value) and three sacrifices perceived (Time & Effort cost, Skin risk cost and Monetary cost).

The total eight variables mentioned above are used in current study with the measurement items totally adapted based on previous researches. The measurement items are then rephrased so that all items can be applied to face-wash users' context. The Quota Sampling is used in this study and five point Linkert's Scale is used to measure customer value of face-wash from 1 to 5 where 1 indicates Strongly disagree, 2 disagree, 3 neutral, 4 agree and 5 strongly agree.

DATA COLLECTION

This research was based on extensive review of past literature and also carried out the survey using the structured questionnaire to meet the current objectives. The sample group consists of P.G. level college going female students in Management and Technology field from Meerut district. Both Primary and Secondary data were used in the study. Primary data was collected through survey method by using questionnaire. Secondary data includes Newspapers, Magazines, Journals, Websites, Annual reports of companies and Books.

SAMPLING METHOD

Quota sampling and Disproportionate Random Sampling methods were used for the study; T-test and Percentage analysis were used in this research study.

SAMPLE SIZE

The sample size includes 600 respondents. Four Management and M.Tech Colleges in Meerut

District were considered. 150 respondents from each colleges (75 from MBA Branch and 75 from M.Tech) Total 600 students were chosen in this research study.

RESULTS

Cronbach's alpha results listed in **Table 1** show a strong support for the reliability of five benefits received and three sacrifices made. The reliability already checked that the parameters set up in the questionnaire to measure are reliable as the value exceeded the threshold value 0.7.

Table 1

Reliability Analysis		
Dimensions	**No. of Items**	**Alpha Value**
Quality Value	4	0.838
Emotional Value	5	0.787
Impressible Value	3	0.929
Social Value	4	0.848
Conditional Value		
Monetary Cost	4	0.804
Time&Effort Cost	3	0.968
Skin Risk Cost	5	0.912

Table 2 shows that quality values, skin risk cost, overall sacrifices and overall customer value do not increase the customer value of face-wash. Emotional value, social value, Impressible value, conditional value, overall benefits, monetary cost and time and effort cost increase customer value of face-wash.

Table 2 T - Test

S.N.	NATURE OF SUBJECT	Mean	S.D.	STATISTICAL INFERENCE
1	QUALITY VALUE			T = 2.045 P<0.05 Significant
	MBA (n = 300)	27.30	4.309	
	M.Tech (n = 300)	26.55	4.666	
2	EMOTIONAL VALUE			T = -0.915 P>0.05 Not Significant
	MBA (n = 300)	25.86	4.514	
	M.Tech (n = 300)	26.20	4.495	
3	IMPRESSIBLE VALUE			T = 0.992 P>0.05 Not Significant
	MBA (n = 300)	21.05	4.374	
	M.Tech (n = 300)	20.71	4.016	
4	SOCIAL VALUE			T = 0.918 P>0.05 Not Significant
	MBA (n = 300)	15.61	4.909	
	M.Tech (n = 300)	15.25	4.699	
5	CONDITIONAL VALUE			T = 1.031 P>0.05 Not Significant
	MBA (n = 300)	15.40	3.244	
	M.Tech (n = 300)	15.13	3.173	
6	OVERALL BENEFIT			T = 1.140 P>0.05 Not Significant
	MBA (n = 300)	105.22	14.966	
	M.Tech (n = 300)	103.84	14.766	
7	MONETARY COST			T = -0.446 P>0.05 Not Significant
	MBA (n = 300)	10.95	2.551	
	M.Tech (n = 300)	11.04	2.391	
8	TIME & EFFORT COST			T = -0.390 P>0.05 Not Significant
	MBA (n = 300)	8.04	3.605	
	M.Tech (n = 300)	8.15	3.305	
9	SKIN RISK COST			T = -2.796 P<0.05 Significant
	MBA (n = 300)	13.87	5.113	
	M.Tech (n = 300)	15.01	4.842	
10	OVERALL SACRIFICES			T = -2.057 P<0.05 Significant
	MBA (n = 300)	32.86	8.249	
	M.Tech (n = 300)	34.20	7.658	
11	OVERALL CUSTOMER VALUE			T = 2.195 P<0.05 Significant
	MBA (n = 300)	72.36	16.520	
	M.Tech (n = 300)	69.64	10.707	

D.F = 598 [Quality Value = 0.041<0.05/Emotional Value = 0.360>0.05/Impressible Value = 0.322>0.05/Social Value = 0.359>0.05/Conditional Value = 0.303>0.05/Benefit = 0.255>0.05/Time &

Effort Cost = 0.697>0.05/Skin Risk Cost = 0.005<0.05/Sacrifices = 0.040<0.05/Overall Customer Value = 0.029<0.05

FINDINGS

1. Out of the five benefits perceived in the study, the most important benefit perceived is quality value with a mean score of 26.93 and the least important benefit perceived is conditional value with a mean score of 15.27.
2. Out of the three sacrifices perceived in the study, the most important sacrifices perceived is skin risk cost with a mean score of 14.14 and least important sacrifice perceived is time and effort cost with a mean score of 8.10.
3. There is an impact on overall customer value of face-wash and age, monthly family income, MBA and M.Tech subjects and the period of usage of brand, recommendation of brand to friends and relatives.
4. There is no impact on overall customer value of face-wash and marital status, type of family, no. of family members, no. of times shifting the brand, domicile and reason for shifting the brand.
5. Age and recommendation of brand to friends and relatives have an impact on customer value of face-wash between MBA and M.Tech respondents.
6. There is no significant difference between, marital status, no. of family members, type of family, domicile, brand preference and no. of times shifting the brand and customer value of face-wash between MBA and M.Tech students.
7. The customer value of face-wash towards family monthly income and opinion about the brand of face-wash is significant for M.Tech students when compared to MBA students.
8. The customer value of face-wash towards reason for shifting the brand and period of usage for MBA students when compared to M.Tech students.
9. Brand Garnier of L'Oreal company has the highest customer value and brand Everyouth face-wash has lowest customer value.

CONCLUSION

The most important benefits perceived are quality value and the most important sacrifices perceived is skin risk cost. Brand Garnier of L'Oreal company face-wash has the highest customer value and brand Everyouth has lowest customer value. Age and recommendations of brand to friends and relatives have an impact on customer value of face-wash between MBA and M.Tech students. Today as Services and Products are becoming increasingly intertwined and the competition increasingly global, delivering customer value is not as simple as it used to be. So the firms should take steps to increase the benefits and decrease the sacrifices in order to retain and acquire the customers.

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