

**FACTORS AFFECTING CUSTOMER VALUE, SATISFACTION,
AND LOYALTY OF DIGITAL SELF-SERVICE MOBILE
APPLICATIONS**

Jayasekara Pathiranage Dona Imasha Supun Jayawickrama

(199113E)

Degree of Master of Business Administration in Information Technology

Department of Computer Science and Engineering

University of Moratuwa

Sri Lanka

July 2021

FACTORS AFFECTING CUSTOMER VALUE, SATISFACTION, AND LOYALTY OF DIGITAL SELF-SERVICE MOBILE APPLICATIONS

Jayasekara Pathiranage Dona Imasha Supun Jayawickrama

(199113E)

The dissertation was submitted to the Department of Computer Science and Engineering of the University of Moratuwa in partial fulfilment of the requirement for the Degree of Master of Business Administration in Information Technology.

Department of Computer Science and Engineering

University of Moratuwa

Sri Lanka

July 2021

DECLARATION

I declare that this is my own study, and that this thesis/dissertation does not include without recognition any material previously submitted for a Degree or Diploma at any University or other institution of higher learning, and that it does not include any material previously published or written by another person to the best of my knowledge and belief, except where the acknowledgment is rendered in the text.



...

...

Jayawickrama J P D I S

07/04/2021

I have supervised and accepted this thesis/dissertation for the award of the degree.


..... 04/07/2021

Dr. Kutila Gunasekera

(Research Supervisor)

COPYRIGHT STATEMENT

Subject to the terms of Sri Lanka's new copyright act, I hereby grant the University of Moratuwa the right to record and make available my thesis or dissertation in full or in part in the University Libraries in all types of media. Any intellectual rights, such as patent rights, are retrained. In addition, I hold the freedom to use the material in future works (such as articles or books) as part of this thesis.

... 

ABSTRACT

Most of the people in society use different kinds of mobile applications and tend to use digital self-service mobile applications to help their day-today lifestyle. Digital self-service mobile applications which allow users to take the service or do a transaction without having the help of customer representatives play a major role in this century. This research found what are the factors that affect customer value, satisfaction, and customer loyalty on digital self-service mobile applications. Having proper knowledge about these factors will help mobile application service providers to retain their customers. According to the findings of the present study, customer loyalty is impacted by customer value, satisfaction, and perceived value. Customer satisfaction is impacted by customer value, utilitarian benefits, and perceived value. Furthermore, incentive affects the customer value of digital self-service mobile applications. Therefore, digital self-service mobile application providers, marketing teams, and development teams of the digital self-service mobile application need to pay more attention to above mentioned factors.

Keywords: *Customer Loyalty, Customer Value, Customer satisfaction, Digital Self-Service mobile applications, Perceived value, Utilitarian benefits, Hedonic benefits, Incentives*

ACKNOWLEDGEMENT

I would like to express my heartfelt appreciation to all who assisted me in completing my research thesis on “Factors affecting customer value, satisfaction and loyalty of Digital Self-Service mobile applications.

First, I wish to thank my supervisor Dr. Kutila Gunasekera, and Dr. Adeesha Wijayasiri MBA in IT course coordinator and Lecture of the Department of Computer Science and Engineering, University of Moratuwa, for the continuous support, encouragement and attention that was extended to me do the thesis successfully.

Furthermore, I would like to thank Dr. Dilum Bandara who guided me to do the initiation of this research and helped me to identify the objectives of the study and identify the problem statement.

Further, I wish to convey my special thanks to the people who use digital self-service mobile applications who answered the questionnaires and helped me to collect data.

My heartfelt appreciation should go to my loving mother for all the encouragement, love, care, and unconditional support given to me throughout the good and bad times during this research.

Finally, I would like to express my sincere gratitude to all of those who assisted me in various ways and whose names were not listed above but were critical in making this study a success.

Table of Contents

1. INTRODUCTION	1
1.1. Chapter overview	1
1.2. Background - Motivation	1
1.3. Problem statement	2
1.4. Research Question.....	3
1.5. Research Objective.....	3
1.6. Research Design.....	3
1.7. Importance of the study	4
1.8. Structure of the thesis	4
2. LITERATURE REVIEW	5
2.1. Chapter overview	5
2.2. Customer Satisfaction	5
2.3. Customer Loyalty	6
2.4. Customer Value.....	6
2.5. VSL	7
2.6. Hedonic benefits and customer satisfaction	7
2.6.1. Enjoyment.....	8
2.6.2. App aesthetics	8

2.7.	Utilitarian benefits and satisfaction.....	8
2.8.	Perceived value on customer loyalty and satisfaction.....	9
2.9.	Incentives and customer value	9
3.	METHODOLOGY	10
3.1.	Chapter overview	10
3.2.	Conceptual Framework	11
3.3.	Independent and Dependent variables.....	13
3.4.	Hypothesis Development	15
3.5.	Questionnaire Instrument Development.....	17
3.6.	Method of Data Collection.....	18
3.7.	Population and Sampling	18
3.8.	Sample Technique and Sample Size	18
3.9.	Statistical Tool.....	19
3.10.	Structure of the questionnaire.....	19
3.11.	Analytical tools used for study.	20
4.	ANALYSIS AND INTERPRETATION	21
4.1.	Overview of the chapter	21
4.2.	Data preparation for Analysis	21
4.3.	Descriptive statistic for the sample profile.....	21
4.3.1.	Personal Information.....	21

4.4.	Reliability Test	23
4.5.	Inferential Statistics - Inter-Item Correlation Analysis	25
4.5.1.	Inter-Item Correlation of Independent variables.....	25
4.5.2.	Inter-Item Correlation of Dependent variables	28
4.6.	Inferential Statistics - Pearson’s Correlation Analysis.....	29
4.7.	Discussion of study	36
5.	CONCLUSION AND RECOMMENDATION.....	37
5.1.	Overview of Chapter	37
5.2.	Research Implication.....	37
5.3.	Recommendation.....	39
5.3.1.	Customer Value	39
5.3.2.	Customer satisfaction.....	39
5.3.3.	Customer Loyalty.....	40
5.4.	Future Work and Limitations	40
5.4.1.	Future Work	40
5.4.2.	Limitations	40
5.5.	CONCLUDING REMARKS	41
	References.....	43
	Appendix A- QUESTIONNAIRE INSTRUMENT.....	45
	Appendix B - Definition of a Questionnaire.....	53

List of Figures

Figure 3-1 Research Methodology.....	11
Figure 3-2 Conceptual framework	12
Figure 4-1 Descriptive Statistics - Age.....	21
Figure 4-2 Descriptive Statistics - Educational Qualifications.....	22
Figure 4-3 Descriptive Statistics - Industry	23

List of Tables

Table 3.1 - Dependent Variables _____	13
Table 3.2 Independent Variables _____	14
Table 3.3 Instrument measures of Independent Variables _____	17
Table 3.4 Instrument Measures of Dependent Variable _____	17
Table 4.1 Cronbach's Alpha - all variables _____	24
Table 4.2 Reliability Test for Dependent variables for 369 respondents _____	24
Table 4.3 Inter-Item Correlation of Perceived Value - Social Value _____	25
Table 4.4 Inter-Item Correlation of Perceived Value - Emotional Value _____	26
Table 4.5 Inter-Item Correlation of Incentive _____	26
Table 4.6 Inter-Item Correlation of Hedonic benefits _____	27
Table 4.7 Inter-Item Correlation of Utilitarian benefits _____	27
Table 4.8 Inter-Item Correlation of Satisfaction _____	28
Table 4.9 Inter-Item Correlation of Loyalty _____	28
Table 4.10 Inter-Item Correlation of Customer Value _____	29
Table 4.11 Pearson Correlation - Hedonic benefits and customer satisfaction _____	30
Table 4.12 Pearson correlation - Utilitarian benefits and customer satisfaction _____	30
Table 4.13 Pearson correlation - Perceived value and customer satisfaction _____	31
Table 4.14 Pearson correlation - Incentive and customer value _____	32
Table 4.15 Pearson correlation - Customer Value and Customer Loyalty _____	32
Table 4.16 Pearson correlation - Perceived value and Customer loyalty _____	33
Table 4.17 Pearson correlation - Customer value and satisfaction _____	34
Table 4.18 Pearson correlation - Customer satisfaction and Customer Loyalty _____	34