

**TRANSFORMATION OF THE BUSINESS MODEL TO ESTABLISH  
SUSTAINABLE VALUE IN THE CONSUMER DURABLES SUPER STORE  
INDUSTRY OF SRI LANKA**

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**SUBMITTED IN PARTIAL FULFILMENT FOR THE AWARD OF THE DEGREE OF  
DOCTOR OF BUSINESS ADMINISTRATION**

**UNIVERSITY OF WALES TRINITY SAINT DAVID**

**2021**

## **Abstract**

The business model of an organization, operates as the fundamental blue print of the planning process, which shapes the nature of the strategies executed during the course of operation. These strategies in turn are responsible for the value creation or value erosion that takes place during the operation of the organization determining its sustainability, and in a broader context the sustainability of the industry. The research is done for the Consumer Durables Super Store (CDSS) industry of Sri Lanka concerning the existing business model, the value erosion occurring as a result of it and the risk it carries to the sustainability of the industry.

The theoretical aspect of the research to develop a relationship based business model was anchored on the understanding of existing frameworks relating to sustainable value and extracting relevant areas of each of these frameworks (alignment of value, transforming current strategies and service offerings to create sustainable value) to develop a suitable hybrid framework with modifications to the literature to suite the research context.

Ten in-depth interviews with CDSS organizational representatives holding leadership, sales and marketing management positions, and two focus group sessions with fifty selected customers were conducted in a virtual environment due to the prevailing pandemic situation. The data collected were analyzed with NVIVO 12, with themes relevant to the research utilized as codes, giving a clear understanding over the buyer and seller purview on the themes of the research. The findings surfaced the value erosion caused due to the financially driven strategies originated from the transactional orientation of the existing business model. The theories adopted to construct the relationship oriented business model to rectify the value erosion taking place, based on sustainable value, value alignment and service offerings, were modified to incorporate 'quality of trade' to bridge the gap, leading towards the creation and delivery of sustainable value to the buyer-seller eco system of the industry.

*Keywords: Sustainable value, Value Alignment, Service Offerings, Quality of Trade*

## **Acknowledgements**

The thesis completed is an outcome of a challenging and fruitful journey that I have been through gaining many experiences and information to help my thought process mature and to contribute to an industry I have been a part of, and also been passionate about. There are many individuals who helped me along in this journey without whom this would not have been a reality.

Firstly, I thank my Lord and Saviour Jesus Christ for all that I was blessed with during the formulation of this thesis, especially moving into a new country, settling down, working my way through a pandemic, far from family and friends and also finding the financial support, without which I would not have been able to complete this journey.

Learning to write the thesis with a mature mindset and to think more strenuously and to discipline myself to put more effort to shape the thesis to a proper standard, was as a result of my supervisor Dr. Renuka Herath's guidance from the start, for which I'm very thankful and a personality whom I will always consider an example to follow in the academic journey. I'm also thankful to the staff and faculty of BSC Colombo (LSC London) and the Post Graduate Research faculty of UWTSD for all the facilitation done throughout the program.

The data collection process through the in-depth interviews and the focus groups were very tough, specially with a pandemic going on, and I thank my friends, colleagues and associates from the industry for all the help provided to select participants and in setting up interviews and focus group sessions on a virtual platform.

Last but not least, my parents, my wife, my brothers, my uncle and my grandmother in whose eyes I have always been a person whom they are proud of, which encouraged me and motivated me to do better. I dedicate this thesis to everyone mentioned here for their selfless support for which I'm only able to offer my timeless gratitude.

## CONTENTS

Abstract .....	ii
Acknowledgements .....	iii
CHAPTER 1 – INTRODUCTION .....	1
1.1 Introduction.....	1
1.2 The CDSS Industry .....	2
1.2.1 CDSS Industry of Sri Lanka.....	3
1.3 Research Problem .....	7
1.3.1 Probable Repercussions Due to the Value Erosion .....	8
1.4 Research Questions.....	9
1.5 Research Aim.....	9
1.6 Research Objectives.....	10
1.7 Methodology of the Research .....	10
1.7.1 Research Philosophy .....	10
1.7.2 Research Approach and Design .....	10
1.7.3 Data collection.....	11
1.7.4 Data Analysis Method .....	11
1.7.5 Ethical Compliance .....	11
1.8 Probable Academic and Practical Contributions .....	12
1.9 Structure of the Thesis .....	13
CHAPTER 2 – LITERATURE REVIEW .....	15
2.1 Introduction.....	15
2.1.1 Introduction into the Problem Background .....	15

2.2 Sustainability .....	17
2.2.1 Sustainability in Relation to the CDSS Industry .....	18
2.2.2 Impact of External Factors Towards Sustainability .....	19
2.2.3 Actualizing Sustainable Value .....	21
2.3 The Functionality of a Business Model .....	22
2.3.1 Analysis of the Existing Business Model.....	23
2.3.2 Value Erosion .....	26
2.4 Developing an Industry Related Framework on Value .....	34
2.4.1 Value Alignment Framework by Kumar and Reinartz .....	34
2.4.2 Sustainable Value Framework by Hart and Milstein .....	35
2.4.3 Creating Sustainable Value Through Service Offerings by Chou, Chen and Conley .....	36
2.4.4 Conceptualization and Recognition of the New Business Model .....	37
2.5 Alignment of Perceived Value.....	38
2.5.1 Perceived Value of Customer Segments .....	40
2.5.2 Value Mapping and Alignment .....	44
2.6 Fundamentals of Re-Establishing Value.....	45
2.6.1 Establishing Brand Value .....	45
2.6.2 Customer Relationship with Regard to the CDSS Industry .....	46
2.6.3 Customer Engagement with Regard to the CDSS Industry .....	48
2.6.4 Development of the Strategy .....	52
2.6.5 Communicating Value Through Relationship Marketing .....	56
2.7 Creating, Delivering and Capturing Value .....	64

2.7.1 Strategic Ambitions .....	64
2.7.2 Creating Value.....	64
2.7.3 Delivery of Value .....	66
2.7.4 Capturing Value .....	69
2.8 Summary.....	72
CHAPTER 3 - RESEARCH METHODOLOGY .....	73
3.1 Introduction.....	73
3.2 Research Philosophy.....	75
3.3 Research Approach.....	78
3.4 Research Design and Method .....	80
3.5 Action Plan of the Research.....	84
3.6 Assumptions and Resolutions.....	85
3.7 Data Collection .....	87
3.7.1 Observation Process .....	87
3.7.2 Population.....	88
3.7.3 Sample Design.....	89
3.7.4 Focus Group Study .....	91
3.7.5 In-depth Interviews.....	92
3.7.6 Construction of Interviews and Focus Group Sessions.....	92
3.7.7 Modified Platform for Data Collection .....	93
3.7.8 Data Recording and Interpretation .....	94
3.7.9 NVIVO 12 .....	94
3.8 Limitations Affecting the Research .....	95

3.9 Ethical Considerations .....	97
3.10 Summary .....	99
CHAPTER 4 – FINDINGS .....	100
4.1 Introduction.....	100
4.2 Sellers Perspective of The CDSS Industry .....	105
4.2.1 Fundamentals of the Strategic Decision Making Process .....	105
4.2.3 Customer Management of Super Stores .....	112
4.2.4 Challenges of the Industry.....	118
4.2.5 Value Management.....	122
4.2.6 Introduction of a Relationship Based Business Model .....	127
4.3 Buyer’s Perspective of the CDSS Industry.....	131
4.3.1 Super Store Engagement .....	131
4.3.2 Small Store Engagement .....	134
4.3.3 Background of Purchasing .....	136
4.3.4 Value Perspective .....	138
4.4 Summary.....	142
CHAPTER 5 – DISCUSSION .....	144
5.1 Introduction.....	144
5.2 Understanding the Current Functionality and Outcome of the CDSS Industry .....	145
5.2.1 Strategic Planning and Operation of Super Stores .....	146
5.2.2 Impact of Competition.....	148
5.2.3 Occurrence of Customer Engagement.....	150
5.3 Identifying Causes of Value Erosion/Degradation of the CDSS Industry.....	151

5.3.1 Financial Oriented Operation .....	152
5.3.2 Drawbacks of Quality of the Trade .....	153
5.3.3 Issues of Customer Engagement Communication.....	155
5.3.4 Collective of Value Erosion/Degradation .....	158
5.4 Approach Towards Addressing Value Erosion/Degradation.....	158
5.4.1 Alignment of Perceived Value .....	159
5.4.2 Understanding Customer Segments .....	161
5.4.3 Improving the Quality of the Trade.....	164
5.5 Developing A Relationship Based Business Model .....	168
5.5.1 Achieving Strategic Ambitions .....	171
5.5.2 Creating and Delivering Value.....	171
5.5.3 Capturing Value .....	173
5.6 Challenges.....	176
5.6.1 Resistance to Change.....	176
5.6.2 Time and Financial Investment .....	177
5.6.3 External Environmental Factors .....	177
CHAPTER 6 – CONCLUSION.....	179
6.1 Introduction.....	179
6.2 Overall Findings of the Research.....	180
6.2.1 Identification of Causes of Value Erosion.....	181
6.2.2 Achieving the Objective of Developing a Relationship Based Business Model	184
6.2.3 Achieving the Objective of Creating and Delivering Sustainable Value.....	186
6.3 Implications of the Research.....	189



6.3.1 Practical Implications .....	189
6.3.2 Theoretical Implications.....	192
6.4 Areas Requiring Further Research.....	195
6.5 Limitations of the Research .....	196
6.6 Summary.....	197
REFERENCES.....	199
BIBLIOGRAPHY .....	211
APPENDICES .....	215

## LIST OF FIGURES

figure 1 – Consumer Durables Categorization.....	3
Figure 2 – Growth Of It Consumer Durables (Idc Reports 2015-2019).....	4
Figure 3 – Growth Of Brands In The It Consumer Durables (Idc Reports 2015-2019).....	5
Figure 4 – Brand Specific Import Value Of It Consumer Durables .....	5
Figure 5– Existing Business Model Of The Cdss Industry.....	25
Figure 6 – Value Alignment Framework (Kumar And Reinartz, 2016).....	34
Figure 7 – Sustainable Value Framework (Hart And Milstein, 2003).....	35
Figure 8 – Relationship Of Sustainable Value And Service Offerings.....	36
Figure 9 - Hybrid Framework On Value For The Cdss Industry.....	38
Figure 10 – Saunders Research Onion Depiction For The Research.....	75
Figure 11 – Research Approaches.....	78
Figure 12 - Research Method (Creswell, 2014).....	82
Figure 13 – Mind Map For Information Navigation Intention Of Interviews .....	102
Figure 14 - Mind Map For Information Navigation Intention Of Focus Groups.....	103
Figure 15 – Current Strategic Decision Making Process Of The Cdss Industry .....	106
Figure 16 – Super Store Functionality .....	107
Figure 17 - Customer Management (Organizational Perspective).....	113
Figure 18 – Navigating The Challenges Of The Industry.....	119
Figure 19 – Super Store Engagement .....	131
Figure 20 - Small Store Engagement .....	134
Figure 21 – Background Of Purchasing.....	136
Figure 22 – Value Perspective .....	138
Figure 23 – Achieving Research Objectives.....	145
Figure 24 – Critical Areas Of The Current Business Model.....	145
Figure 25 - Causes Of Value Erosion/Degradation.....	151
Figure 26 – Approach To Address Value Erosion/Degradation .....	158
Figure 27 - Relationship Based Business Model .....	170

## LIST OF TABLES

Table 1 – Consumer Durables Customer Complaints.....	6
Table 2 – Consumer Durables Customer Complaints.....	7
Table 3 – Concluded Investigations Of The Consumer Durables Industry .....	27
Table 4 – Concluded Investigations Of The Causes For Rulings In Favour Of The Consumer.....	27
Table 5 – Concluded Investigations Of The Causes For Rulings In Favour Of The Consumer.....	27
Table 6 Code Matrix – Navigation Of Sellers Perspective Of The Cdss Industry .....	101
Table 7 – Code Matrix - Navigation Of Customers Perspective Of The Cdss Industry ....	103
Table 8 – Code Matrix – Strategic Decision Making Process .....	105
Table 9 – Code Matrix – Super Store Functionality .....	107
Table 10 – Code Matrix – Customer Management.....	113
Table 11 - Code Matrix – Challenges Of The Industry .....	119
Table 12 – Code Matrix – Value Management.....	123
Table 13 – Code Matrix – Introduction Of A Relationship Based Business Model.....	128
Table 14 – Code Matrix – Super Store Engagement.....	131
Table 15 – Code Matrix – Small Store Engagement .....	134
Table 16 – Code Matrix – Background Of Purchasing.....	136
Table 17 – Code Matrix – Value Perspective .....	138

## CHAPTER 1 – INTRODUCTION

### 1.1 Introduction

The research undertaken is to comprehend the influence of a business model towards the establishment of sustainable value in an industry. The functionality of a business model as the blue print that governs the operational process of an organization/industry is responsible for the nature of the strategies executed by an organization and vice versa. This research will navigate through the selected industry (CDSS industry of Sri Lanka), taking its existing business model to understand the cause and effect of a business model and its impact on value, to either create or disseminate value.

The orientation of the business model needs to be in line with the external influences and the behaviour of the industry, for it to be effective. If the orientation does not suit the external influences and the behaviour of the industry, the strategies executed through the business model deems to be inaccurate and will lead towards the value erosion of the primary stake holders of any industry, the buyers and the sellers. This notion lead towards the next aspect of the research which is the transformation of the existing (inaccurate) business model in order establish sustainable value. Contributing to this Evans, Fernando and Yang (2017) in the core of their study in sustainable value, helps to comprehend that sustainable value can be established through the simultaneous creation and delivery of value to the buyer-seller eco system of an industry.

Therefore, the final aspect of the research is to achieve the transformation of the business model with the appropriate orientation to suit the external influences and the behaviour of the industry, and to understand and navigate the success factors which would shape the strategies of the organizational process which would enable the creation and delivery of sustainable value to the buyer-seller eco system, ensuring the stability and sustainability of an industry. In the pursuit of achieving the core aspects of the research, it will be anchored on the Consumer Durables Super Store (CDSS) Industry of Sri Lanka, taking its current

context of value (through the analysis of industry data related to operations and consumer interactions) to transform the existing business model and establish sustainable value.

## **1.2 The CDSS Industry**

A consumer durable can be identified as a product manufactured for the use of a long period of life such as automobiles, furniture, appliances etc. The consumer durables industry is a vast industry, which is heavily populated and also one that has a timely and essential need in the mind of the global community. Taking this vast industry, due to the complexity of the trade and the commodities available, many organizations involved in the community have taken up to handle a particular range of products and given themselves different forms of recognition. This has led to the vast family of consumer durables to operate in four main sectors as the Automobile, Jewellery, Aesthetic and Sporting Goods and Consumer Durables Industries. The sector recognized in the commercial world as the Consumer Durables Industry carries the trade of appliances, consumer electronics and furniture.

There are many brands and products in the consumer durables industry that spans a list that is far too difficult to comprehend and to be managed by an organization, and to be handled as a regular store, with this situation a new industry was born out of the vision of organizations who took up the task of handling this complex industry in the form of Super Stores, while other stores remained as small scale stores handling a limited selection of consumer durables. A Consumer Durables Super Store can be recognized as a store that accommodates a vast variety of mainly mechanical and electrical consumer durables of single or a multiple number of brands (eg: Singer, Tesco Direct and Currys) and carries the financial, technical, logistical operation with a larger footprint. The CDSS industry, continues to rapidly evolve and grow across the world and is one of the highest revenues generating industries in existence (KPMG, 2008). The complete depiction of consumer durables categorization is shown in Figure 1.

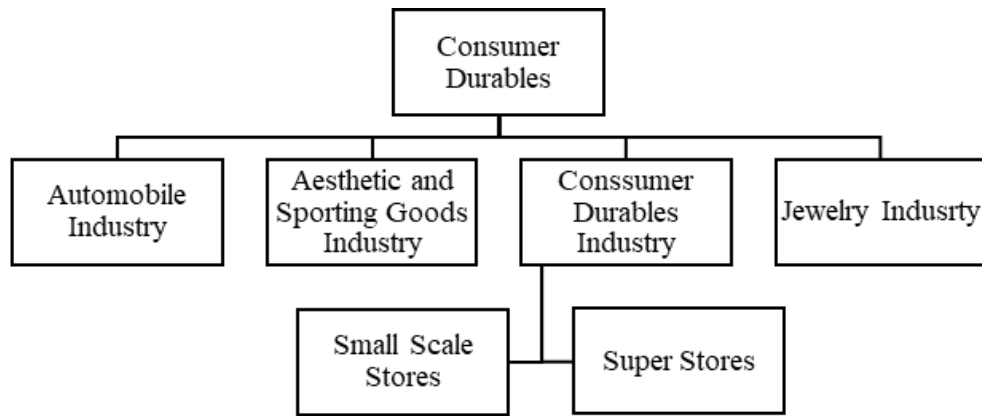


Figure 1 – Consumer Durables Categorization

### ***1.2.1 CDSS Industry of Sri Lanka***

Looking into the CDSS industry of Sri Lanka, the industry emerged in the country soon after the government approved international trade in the late 1970's and is currently similarly to the global platform one of the highest revenues generating industries in the country (Rathnayaka and Dilrukshi, 2017). The major organizations of the CDSS industry in Sri Lanka can be identified as Damro, Softlogic, Singer, Metropolitan and Abans. The attractiveness of the industry in Sri Lanka has increased drastically in the last 10 years, mainly with the growth of the population, development of the country and the need for convenience in people's busy schedules in life. The need arose with the awareness of the advancement in technology and designs of consumer durables to acquire the necessary equipment to manage and make the daily life more comfortable and convenient.

The organizations of the CDSS industry have expanded branching out across the country, due to the growth of the demand of products, the revenue generated and opportunities created due to the integration of latest consumer durables to every organization and household. Observing this demand and progress, the small-scale stores have broadened the perspective to acquire portion of this highly profitable industry.

While the data pool of the entire consumer durables industry remains vast, to explain the current situation of the industry data of the information technology related consumer

durables, obtained by the International Data Corporation (IDC), are utilized by the author. Figure 2 illustrates the growth of information technology (IT) related consumer durables in Sri Lanka from 2015-2019 (refer appendix I) and this data itself, IT being just one of the categories in the consumer durables industry is importing close to 700,000 devices by the end of 2019, which is an 85% growth in devices imported within a period of 5 years (IDC Reports, 2015-2019), portraying the mammoth growth of the industry.

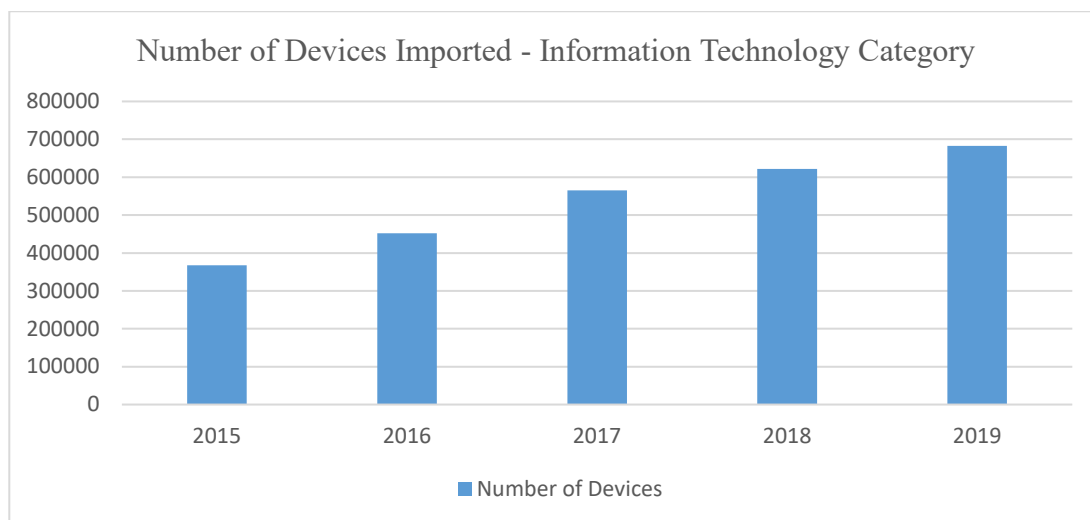


Figure 2 – Growth of IT Consumer Durables (IDC Reports 2015-2019)

Relating to this data, Figure 3 illustrated the brand specific importation data (refer appendix 1), which provides an important point, which is the fact of the rise of ‘Other’ brand in imports, positioning it second most imported brand category by the year 2019. IDC categorises all unbranded and globally unrecognized brands as a collective under the ‘Other’ brand category. Further small scale stores are reputed to be the agents of these brands, however in recent times, CDSS industry portfolios have also been noted to be attempting to introduce such brands (Abans Annual Report 2019, Singer Annual Report, 2019).

Figure 4 illustrates brand specific import value (refer appendix I for entire industry data) this gives us a better understanding on the reason why the ‘Other’ brand category products are moving as the financial value they carry is significantly lower than the other brands, which is a benefit in a country with a developing economy as lower prices can attract buyers easily.

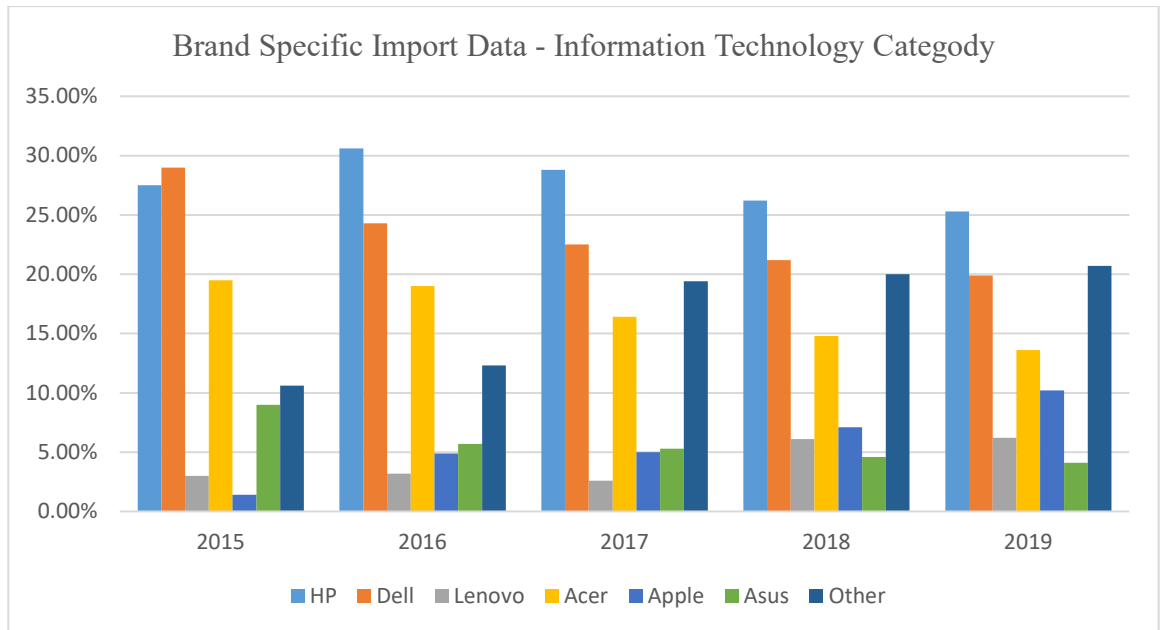


Figure 3 – Growth of Brands in the IT Consumer Durables (IDC Reports 2015-2019)

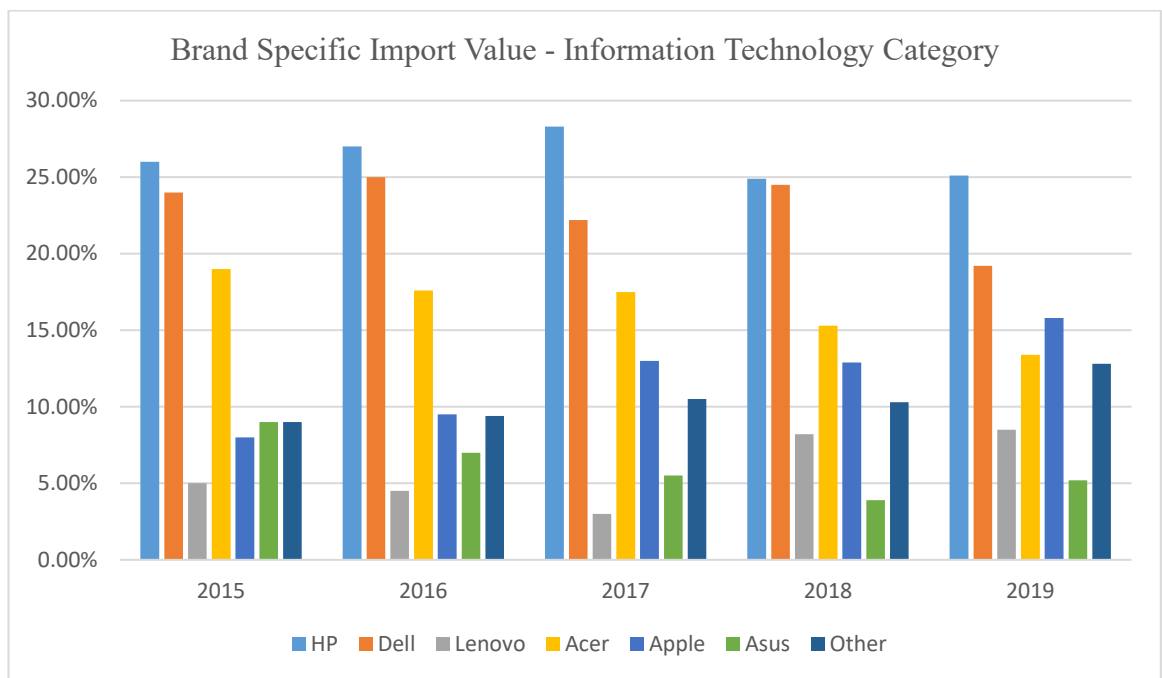


Figure 4 – Brand Specific Import Value of IT Consumer Durables (IDC Reports 2015-2019)

The overall expansion of the CDSS industry as a collective, and the aggressiveness of the small-scale stores have exceeded beyond the potential of the industry, creating a strenuous competition within the industry to sustain. CDSS industry is facing a major downside of this situation where small scale stores are tapping into the most sensitive points of the



customer mindset, which is the focus on prices and warranty, lowering the bar of the monetary value of products, especially with the trade of less reputed and/or unbranded products. The CDSS industry organizations having a complex operation with a bigger cost cycle that cannot simply compete delivering the same points of value. This is the influence and initiation point of unhealthy competition.

The data mentioned above illustrates the growth of the industry and the impact that the emergent dominion small scale stores have on the industry, but with the growth statistics it is important to consider the impact of value on the customers. Table 1 brings forth the data from the consumer affairs authority, with the recorded number of customer grievances, which expresses the loss of value to the buyers, which will also impact on the industry.

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Total Complaints	1739	2313	2396	2159	3346	1978
Rejected Complaints	12	13	0	0	0	0
Redirected Complaints	111	103	723	730	428	478
Settled with Mutual Understanding	499	972	520	486	745	555
Settled with Legal Actions	139	201	512	407	151	24
Under Negotiations	503	706	0	0	0	0
On-going Investigations	475	318	641	536	2022	921

Table 1 – Consumer Durables Customer Complaints  
(Source: Consumer Affairs Authority, Sri Lanka)

The data of the customer complaints lodged with regard to consumer durables at the Consumer Affairs Authority Sri Lanka (CAASL) is alarming and gives a clear indication that buyers are facing many issues with products and services acquired.

Further the number of unresolved issues, which are ongoing investigations portrays that there are serious gaps in the relationship between buyers and sellers, that are objects to resolving conflicts. To obtain a clearer understanding of the issues, Table 2 brings out the type of complaints lodged by customers with the CAASL.

	2015	2016	2017	2018	2019	2020
<b>Total Complaints</b>	<b>1739</b>	<b>2313</b>	<b>2396</b>	<b>2159</b>	<b>3346</b>	<b>1978</b>
Product Failure	625	751	795	863	978	785
Product Quality	458	512	654	651	701	436
Service Issue	412	825	799	564	1254	712
Over Charged	179	198	107	19	64	2
Customer Service Issues	65	27	41	62	349	43

Table 2 – Consumer Durables Customer Complaints  
(Source: Consumer Affairs Authority, Sri Lanka)

The information on table 2 helps to understand that there are severe issues in the form of product failure, product quality, servicing of products, over charging products and customer service. In general, it is clear that there is value erosion occurring in the current business process of the CDSS industry and that key elements which are essential to customers aren't been correctly managed.

### 1.3 Research Problem

The buyer seller eco system of the CDSS industry is impacted with a loss of value due to the gap between the strategically planned and actual deliverables of value, which is caused by factors of value erosion. Value erosion of the industry takes place due to the transactional nature of its business model, which has failed to generate the expected outcome of value to the eco system in the presence of influential factors such as the competition imposed on a broader context of the industry and the economy of the country, especially Sri Lanka being a country with a developing economy state (Athukorala *et al*, 2017), economy dictates the drivers and the purchasing motives of the customers.

The transactional business model, which is financially driven and lacks the incorporation of customer engagement and satisfaction, quality of the trade and service offerings, responds to the stress factors imposed by the competition and the customer behaviour by resorting to survival strategies, ultimately leading erosion of value (refer section 2.3.2, pp.

26-33) which has impacted significantly on these organizations, weakening their pillars of reputation, quality and trust and creating a decay in the strong financial core that exists, which threatens the sustainability of these organizations and thus the sustainability of the industry, expressing the need of transforming the existing business model to a new and suitable business model.

The theoretical perspective required to form a new business model for the industry, lacks the historical work done on the Sri Lankan perspective of the CDSS industry or of the transformation of a transactional business model of any industry in the Sri Lankan perspective, which leads to the need of filling the gap of adopting of an established framework to suite the CDSS industry in line with the context of the country. The frameworks available and closely related, which contributes to sustainable value, value alignment and the service offerings perspective remain as three separate frameworks, which requires the extraction of components of each frame to build a hybrid framework. Further to the hybrid framework, would be the need of incorporating 'quality of trade' to evaluate its success to transform the existing business model (refer section 2.4, pp. 34-38).

### ***1.3.1 Probable Repercussions Due to the Value Erosion***

The loss of value caused through the continuous operation of the current business model could resulted in the buyer-seller eco system facing strong repercussions. These repercussions can strongly influence the sustainability of the organizations in the industry creating a chain reaction that could impact on all the elements of the CDSS industry in the following manner;

- Organizations will not be able to move on to the desired level of expected growth due to a back log of issues pending to be resolved of past purchases made by customers.
- The consumers will experience a great deal of inconvenience due to the

malfunctioning of unreliable products and the unavailability of proper access to warranty services, resulting in the loss of investment.

- Malpractices in the industry and its influence on consumer trends will be a cause of concern for major principle manufacturing brands such as Apple, LG and Samsung to deviate from their interest on investing in the country.
- Unpredictable sales patterns in the industry, will drive the super stores to scale down in the operation, questioning stability and on a broader aspect reducing the job security for employees.

#### **1.4 Research Questions**

The research question for the proposed research of the author is as follows;

1. How does the nature of the existing business model lead towards the value erosion of the CDSS industry?
2. How can the cause and effect of the value erosion occurring due to the existing business model be addressed with a new business model to create, deliver, and capture sustainable value through the evaluation of literature?
3. What are the success factors that lead the transformation of the industry's business model to a relationship-based business model?
4. What are the strategic ambitions that anchor the process of the industry to create and deliver sustainable value to the buyer-seller ecosystem?

#### **1.5 Research Aim**

The aim of the research is to identify the causes of value erosion in relation to the current business model of the CDSS industry of Sri Lanka and to develop a new business model to create and deliver sustainable value to the buyer-seller eco system, ensuring sustainability.

## **1.6 Research Objectives**

In the pursuit of reaching the aim of the research the following objectives are hoped to be achieved in relation to the CDSS industry of Sri Lanka;

1. To critically evaluate the factors of value erosion concerning the current business model of the industry.
2. To understand the cause and effect of value erosion concerning the current business model and formulate a new business model to create and deliver sustainable value through the evaluation of literature.
3. To understand the success factors of transforming the industry's business model to a relationship-based business model.
4. To formulate strategic ambitions of the industry that will strategize the process of the industry to create and deliver sustainable value to the buyer-seller ecosystem.

## **1.7 Methodology of the Research**

The methodology for the research will be navigated with a suitable process to evaluate the current standing of the industry and obtain the necessary data to be analyzed to discover the information that would lead towards achieving the research objectives.

### ***1.7.1 Research Philosophy***

The research philosophy selected for the research is interpretivism. This selection resulted from the nature of the research, where the inquiry will take place on the social paradigm, mainly on the relationship of the trade between the industry and the relevant customer base in the local setting (Sri Lankan CDSS Industry).

### ***1.7.2 Research Approach and Design***

The research will be qualitative since it will be about the industry's feelings and perceptions of buyers and sellers. Therefore, an inductive approach will be taken for this

research as observations will be made, and the existing theory will be modified. Since there are no previous studies on the subject from the Sri Lankan perspective, an exploratory research design will be taken to suit the collection and interpretation of data.

### ***1.7.3 Data collection***

The qualitative data collection will be done through focus group discussions and in-depth interviews. Focused group discussions will be done with consumers of the industry, who fall under the selection criteria to obtain the buyers perspective with the involvement of two (2) groups of 25 individuals in each group. The selected individuals will be representing the twenty-five (25) districts of the country with the intention of obtaining a generalized opinion on the customer engagement and experience with the industry. The In-depth interviews will be done with ten (10) individuals, who are employees of the of the main organizations of the CDSS industry, currently performing in either a leadership, sales and/or marketing management roles, and are within the selection criteria to obtain the sellers perspective with regard to the industry.

### ***1.7.4 Data Analysis Method***

Thematic analysis will be the method used to analyze data as it is qualitative data which will be analyzed through the usage of NVIVO 12. Where critical information will be categorized into themes and information derived from the focus groups and in-depth interviews segregated and reviewed accordingly. The navigation of the data and the analysis will be done to understand the current standing of the industry, experiences, expectations and recommendations from the buyer and seller perspective.

### ***1.7.5 Ethical Compliance***

In order to keep the research in line with recognized ethical compliance, and to ensure that no harm is caused to any participant or to any of the organizations related to in the research, the author will practice the following.

- All the participants will be given an information sheet briefing on the research and a consent form will be physically or digitally signed and collected from them. Further, the information gathered from participants will remain confidential and highlights on interviews will be named only if consented by the participant.
- All industry related or organization related documents/data referred to for the research, unless published on the public domain will remain confidential.
- All literature articles cited or read through will be indexed under proper Harvard referencing standards.

### **1.8 Probable Academic and Practical Contributions**

Through the achievement of the objectives of the research there are few probable academic and practical contributions to the academic and practical spectrum. Firstly, looking at the academic contributions, connections will be established with the existing literature and the CDSS industry and also modifications made to suit the industry. Further the void of availability of literature relating to the CDSS industry of Sri Lanka is hoped to be bridged.

Considering the practical contributions, a platform to trade without a race for transaction-oriented mentality to achieve value, between the buyer and seller to be established bringing in a meaningful and sustainable approach to the industry where the buyers and sellers respect each other's value spectrum and achieve value simultaneously.

The proposed research outcome is to formulate a blue print to bring balance into to the eco system of the CDSS industry, which will stabilize the industry and work to enable to re-establish a healthy trading environment build the reputation of the organizations, quality of the products and trade and trust of the customers by creating sustainable value, through the delivery of customer perceived value and increasing the industry value simultaneously through a relationship based business model.

The author was motivated to pursue this research topic as the author has been engaged with the CDSS industry during the last decade, and is well aware and fluent with the industry, and also very confident that the outcome of the research (if implemented) will bring the desired stability to the industry and establish sustainable value in the buyer-seller ecosystem.

### **1.9 Structure of the Thesis**

The current chapter will outline the industry and the research problem and the intention of conducting the research. The chapter will also bring forth the introduction into the literature and its ambition and also the outline of the research methodology. Further the research aims, objectives and the contributions of the research is presented in this chapter.

Chapter 2 will critically review the literature spectrum of the industry, where the problem background will be understood along with the importance core concepts highlighted in the research such as sustainability and the importance of a business model. Existing frameworks regarding sustainable value will be analyzed and critical aspects important to the development of the new business model which is relationship oriented and also formulate strategies accordingly that would enable and create, deliver and capture sustainable value in the buyer-seller eco system of the CDSS industry.

Chapter 3 presenting the methodology of the research with the support of the relevant theoretical underpinnings and the aspects of the research will present and justify the selection of the philosophy, approach, design and method of the research. The data collection instruments and the process for data collection and analysis will also be presented.

Chapter 4 will present the findings of the research with the critical information which derived from the data collection process and will carry the findings to Chapter 5 where the



discussion would take place interpreting the findings along with the review of the literature shaping the outcome of the research, where the objectives of the research are fulfilled.

Chapter 6 will conclude the thesis with the presentation of the overall findings and the academic and practical implications. Further the limitations faced in conducting the research and the areas with the potential for further research will also be presented.

## CHAPTER 2 – LITERATURE REVIEW

### 2.1 Introduction

In the process of reviewing the literature related to the research in hand, it is ideal to first revisit the research topic, which is “Transformation of the Business Model to Establish Sustainable Value in The Consumer Durables Super Store Industry of Sri Lanka”. The purpose of revisiting the topic is to identify the key areas that needs to be addressed in the discussion of the literature perspective, in relation to the criticality of a business model towards formulating operational strategies that influence the value perspective of an organization, influencing its sustainability and on a broader perspective the sustainability of the industry. The key areas that will be reviewed are;

- Sustainability and the factors that influence it.
- The role and importance of a business model.
- Success factors in developing a suitable business model.
- Factors influencing the creation and delivery of value.

While the four areas mentioned above are equally critical to the research, it is important to identify that creating and delivering sustainable value is the ultimate goal that is targeted to be established. Therefore, the research is aimed to charter a course for the transitioning of the existing transactional business model into a relationship-based business model in order to achieve the ultimate goal of creating and delivering sustainable value to the buyer-seller coexistence or ecosystem.

#### *2.1.1 Introduction into the Problem Background*

The CDSS industry is a unique for its rapid changing properties that react to the consumer’s behaviour. The consumer durables industry extends back to the 1970’s in Sri Lanka but the consumer durables super store industry that branched out of it has managed to be the more popular choice among the consumers since the millennium (Rathnayaka and

Dilrukshi, 2017). However, looking into the current market trend there is a high possibility that though the prominent names of the CDSS industry organizations remain popular with the local community, there is a risk of sustainability.

Prior to looking into the issue of sustainability, it is highly appropriate to understand or to recognize the nature and outlook of an organization/company in the CDSS industry. The words 'super store' itself portrays the outlook of these organizations as they are, similar to other super stores, stand in high structures but dedicated or highly populated with consumer durables of many varieties and of multiple brands with many financial and transactional benefits to cater their customers above a traditional consumer durables outlet.

With the market place being an arena where everything continuously evolves, organizations have understood the need to be innovative to create value in order to sustain (Brozovic, D'Auria and Tregua, 2020). In an initial round of discussions that the author had with a few veterans of the CDSS industry, the common fact that was widely discussed by all parties was the fact of the CDSS industry evolving faster than the other surrounding industries (refer Figure 2 for example of the growth factor).

Looking into this in a more technical perspective, unlike other industries, consumer durables from the aspect of technology itself evolves making it highly necessary for the organizations in the CDSS industry to be innovative on a regular basis as the parameters for value are susceptible for continuous change. Brashear et al (2009) highlights the essentialness for an organization to be innovative to create value. Furthermore, they define innovativeness as the "Relative willingness of a person to try a new product or service" (Brashear et al. 2009, p. 269), which elaborates the drive required from an organization in the aspect of being innovative to create value. A simple example for this is when a home appliance such as an iron malfunctions, the consumer most of the time purchases one with better features either with a water sprayer or with other technical or safety features, and this also evaluating other value additions that accompanies it.

## 2.2 Sustainability

After understanding the problem background of the research, it is important to understand the meaning and aspects of the core pursuit of the research, which is 'Sustainability'. All organizations with a vision of long-term existence have two ideologies that are essential to them, which are technology and product innovation and to possess long term competitive advantage (Brozovic, D'Auria and Tregua, 2020). As these ideologies are essential and is studied upon quite prominently, it is understood that sustainability is the key factor that drives this pursuit (Claudy, Peterson, and Pagell, 2016).

In order to continue on the main discussion on sustainability, it is important to identify what sustainability really means and its properties, in order to incorporate it with value. The origins of practiced sustainability reside in forestry (Tokarczyk and Hansen, 2006), where as a practice the reaped harvest never exceeded the forest harvest yield. This way it was ensured that it was preserved for the future.

The definition for sustainability is brought forward by the University of Alberta (2013) as they define it as "meeting our own needs without compromising the ability of future generations to meet their own needs", Melville (2010, p.1) and Bourdeau (1997, p.354) brings out a definition for sustainability, stating it as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

The key word to be identified in this definition is 'compromising' as it brings out the vital aspect of sustainability in perspective to this paper, that advices for decisions made on behalf of a continuity of a business process should not be for the benefit of only the current era but for the future eras to come, that also brings out another fact that sustainability measures are not short termed, the author interprets the prominent surfacing of green products and policies soon after the dawn of the millennium is such a decision/step towards sustainability.

These definitions as per the author's interpretation gives a clear viewpoint to what sustainability should mean to any industry, which is to "ensure the prolonged existence of the industry/firm through continuation of operations, managing the delivery and extraction of value to meet the perceived value expectations of the customers and the stakeholders of the industry".

### ***2.2.1 Sustainability in Relation to the CDSS Industry***

After understanding the origin and the meaning of sustainability in relation to the industry, it is highly appropriate to identify the three essential components of sustainability, which are the economy, environment and society. With the supportive citations from Elkington (1997) and Gobble (2012), Chou, Chen and Conley (2015) relates how each of these components are related to the customer needs and how the addressing of these customer needs enables industries or firms achieve sustainability. Relating this to the CDSS industry there are financial and transactional concerns (economical concerns), green products and service policy needs (environmental concerns) and ethical trading and genuine product requirement (social concerns) concerns of customers that needs to be address in order to create sustainable value and to achieve sustainability.

Being 'sustainability' oriented empowers an organization, as it ensures that an organization is covering several different aspects, such as customer knowledge competence and competitor knowledge competence (Claudy, Peterson and Pagell, 2016). Covering these aspects thoroughly enables the organization to effectively understand the practices and culture suitable for the market and then move on to the development of the business model, strategy, product or service that will ensure sustainability for the firm. This helps to understand that the end result of sustainability could be derived from being sustainability oriented from the start. While it can be debated that understanding the customer and competitor is an effort made by most organizations, it is important to identify that sustainability-oriented organizations will look at customer knowledge as to what customers

perceive as value, and competitor knowledge as how they fulfil the perceived value of customers to make their relationship with the customers more stable. However, the next consideration would be the impact of the external factors of the industry towards sustainability as they are highly influential in the CDSS industry.

### ***2.2.2 Impact of External Factors Towards Sustainability***

Discussing on sustainable development of an organization, George, Grosser and Jack (2014) draws attention to the importance of the viewpoint of addressing sustainable value. Looking in to the organization from an external perspective according to George, Grosser and Jack (2014) analyses a perceived problem and provides a perceived solution which most of the time results in failing to create real value to the organization as the view point is external.

Therefore, whichever strategy is utilized, should be with positive impact on the value created for the organization, so that even though external parties be the direct beneficiaries of the course of action, the company still gets the economic value which meets its value expectations. For example, if a company initiates an internship program in a country offering valuable corporate or industrial training for the local graduate in line with the local cultural values, while the local graduates receive the direct benefit of the internship program, the local community valuing and endorsing the course of action of the company will show loyalty and positive recognition delivering economic value to the company. George, Grosser and Jack (2014) points this out as the meeting of cultural values and economic values.

#### **a) Environment and Sustainability**

In the process of analyzing the external components impacting on sustainability, environment is emerging to where a lot of attention is focused now. With many advancements in all global industry, being environmentally concerned is one aspect all industries try to incorporate in their strategies. In practice it is evident in the energy

industry where alternatives for fuel are developed, transportation industry introducing hybrid and electric vehicles, and on a more common basis across many industries is the introduction of e-billing to save paper (Sarantis, 2002).

Environmental concerns are being focused on in the CDSS industry as well, however while is prominent in the manufactures level where most of the prominent brands have developed products based on energy efficiency and with reduction of harmful gas emission, only a few vendors have successfully incorporated these environmental values to their customers in their communication of value for the customers to understand the need for them to be a part of the community of environmental sustainability.

With the continuous usage of fossil fuel, which is the prominent source of energy utilized globally, the need for renewable energy and alternative energy sources has been widely discussed. As the community around the world begins to be more concerned of this fact, it is an important matter for the principle suppliers of the CDSS industry to factor these matters into their innovation cycle for the products to be in line with the necessities of the global community. Further principle suppliers as well as retailers should take it up as a moral responsibility to offer products that will ensure the sustainability of the world. Therefore, the energy saving or green products are a source of value that are rendered to the industry from the principle supplier/seller perspective (Palmer and Truong, 2017).

#### **b) Controllable Factors**

In each industry, considering the sustainability of the industry itself, there are a few factors that could be controlled to sustain the industry or to degrade it. Quality and communication are the controllable factors are the most critical as it drives customer engagement and satisfaction. Choudhary *et al* (2011) and Hussain, Bhatti and Jilani (2011) brings the importance of the overall quality of the products and services, that are rendered to the customer in every point of relationship between the buyer and the seller, as it influences customer satisfaction which directly impacts on the sustainability of the industry.

### **c) Uncontrollable Factors**

Sustainability is not something that could be dependent on uncontrollable factors. In an interview, Helene George an expert in the field of sustainable development, points out how risky it was for the company she was employed in, was relying on government subsidies to bring in the financial balance required for sustainability (George, Grosser and Jack, 2014). The risk in situations such as these, is the fact that these uncontrollable factors play a major part in creating the sustainable environment but there is no guarantee that these uncontrollable factors will remain consistently. Companies that depends on these factors, such as government subsidies eases the pressure of such as revenue generation of the companies, reduces the pressure to seek for revenue and thus reduces the drive puts the company at an unguarded situation that leads to a downfall, where an uncontrollable factor such as government subsidies cease and the company remains at a still with a gap between the expected revenue for sustainability and the actual stance.

#### ***2.2.3 Actualizing Sustainable Value***

Research on the topic of actualizing sustainable value by Chou, Chen and Conley (2015), excavates the necessary literary information from the extensive work done by Boons and Liideke-Freund (2013), and moves on to state the value proposition aspects of an organization, these are the company's commitment to social responsibility and its business targets. Furthermore, relating to this matter and grazing on the importance of having partnerships in the industry, citing Shrivastava, Ivanaj, and Ivanaj (2012) and Hofman and de Bruijn (2010), the concept of collaborative problem solving, which is for firms to have partnerships with others to address the value necessity and to create sustainable offerings. What is more interesting is the guideline that is introduced through this which is to first clarify the value propositions, then relate the value proposition to the customer by identifying the customer's context, and finally design the target activities (Chou, Chen and Conley, 2015).



### **2.3 The Functionality of a Business Model**

Business models being the operational blue print of any organization carries the weight and key towards the success or failure of an organization as it puts in motion the processes and mechanism (Tsikata and Yaro, 2014), and also creates the route to gain competitive advantage (Casadesus-Masanell and Ricart, 2011). This being said formulating a business model and putting it in motion in an organization, is not a one-time static decision, as Wirtz and Daiser (2017) correctly points out business models are continuously required to change and/or modify based on the factors of the deregulation, internet and globalization. Therefore the correct course of action should be the formulation of a suitable, effective and efficient business model and to then continue to innovate in a timely manner to ensure that the business model is contemporary and ensures the successful creation and capture of value. Casadesus-Masanell and Ricart (2011) adds to this point highlighting that companies utilize the customization of business models in order to create and capture value as the global way of thinking and operating changes along with the modernization and the technology advancements.

In creating a business model, companies make policy choices, asset choices and governance choices that they hope will lead towards the success desired by them (Casadesus-Masanell and Ricart, 2011). However, Wirtz and Daiser (2017) states that successful business model innovations lead to the development of successful business models and continues to point out that in the recent history has substantial evidence that value creation has strong ties with successful business model innovation.

Citing Clay Christensen of Harvard Business School, Casadesus-Masanell and Ricart (2011) pointed out that key processes, key sources, profit formula and customer value propositions are four essential elements of a business model. When these four elements are considered with their cause and effect in the practical operation of an organization, are the elements of value creation, delivery and capture. Therefore, in the course of the research

these elements will be considered in the evaluation of theory to identify the most suitable course of action towards the transition of the business model of the CDSS industry.

An important aspect with regard to business models are enlightened by Margretta (2002), which is the fact that business models create a big enthusiasm among all the internal and external stakeholders of an organization but only leads to the disappointments of expectations more frequently, due to the misuse and distortion. Therefore, the initial course of the research to be chartered, is navigated through the cause and effect understanding of the literature to evaluate the existing business model, understanding the problem background and the causes of value erosion that poses a threat to sustainability.

### ***2.3.1 Analysis of the Existing Business Model***

Understanding the criticality of a business model to an industry, the author's next intention is to understand the existing business model of the CDSS industry, which comes to life through the strategic decision making process of the organizations in the industry. Peters, Blohm and Leimeister (2015) points out the fact that without a proper structure, it is a difficult task to understand and analyze a business model. This is a noticeable point especially when the CDSS industry is considered, as it has many elements in the business environment that interlink to make the business work. Furthermore, Peters, Blohm and Leimeister (2015) also emphasizes how business models are industry specific. Considering the CDSS industry and other major industries such as food processing or the automobile industry, it is evident how true this fact is, as interlinks differ and the level of importance between those interlinks differ making a business model specific for each industry.

Kortmann and Piller's (2016) study on business models express how thinking or the operational planning of an industry, is directed by a business model, which is decided in the strategic decision making process. Adding to this understanding the author would like to elaborate on the statement by Peters, Blohm and Leimeister (2015) that providing competitive advantage is a core purpose of a business model. The reason these two

statements are linked by the author is to understand that a business model directs the thinking process, providing competitive advantage to establish the primal instinct of any firm of any industry which is to sustain.

The Complex Services Business Model also referred to as 'CompBizMod' is an interesting business model, also it can be referred to as one of the most contemporary business models that exists. This business model which is highlighted in the work of Peters, Blohm and Leimeister (2015), brings forth to the reader, four key aspects that are a necessity in a contemporary business model. These aspects are value parameters, analytical perspective, and the role of information systems and the identification of patterns. These aspects equip a business model with the required tools to direct the thinking pattern, and to provide a competitive edge in the manner it was discussed earlier.

Looking into the work of Schule et al (2016), it takes us through a journey in the scope of business models, while appreciating the work in this article, it is very important to understand a reality that is presented, which is the fact that traditional business models are fading away. This fact in relation to the CDSS industry is a vital fact to be cautious about due to the rapidly changing properties of it that was discussed earlier in this chapter.

Therefore, a suitable model is to be sourced by the author to accommodate the current business procedures to generate the existing business model for the CDSS industry. In the search for an appropriate business model the author identified that utilizing an open business model to be the most suitable as it can pull and include exterior concepts that are relevant and unique to the CDSS industry (Kortmann and Piller, 2016).

Further investigation on the utilization of an open business model, Osterwalder's business model deemed to be ideal, in order to compile and generate the existing business model of the CDSS industry, as it is a model that has surpassed traditional business modelling and evolved to be a more contemporary business model as it possess the properties to accommodate the unique links of any industry and becomes a generic model to any

industry (Kortmann and Piller, 2016). This is an important aspect that the author was looking for as the CDSS industry's unique links makes it difficult to be accompanied in any other business model as it will either make the particular business model inaccurate or non-functional.

This being said following is the existing business model of the CDSS industry (figure 5) presented through Osterwalder's business model canvas (2010) which is the most suitable business model to depict the current business model in general to the CDSS industry, considering the, Key partnerships, Key activities, Value propositions, Customer relationships, Customer segments, Key resources, Channels, Revenue streams, Costs structures of the industry.

Looking into the existing business model, it clearly depicts the nature as one which is transactional (through the analysis of operational information). Excluding for the point of customer relationship, which is brief and limited to its own space, there is no other link to a relationship based business process in the current business model of the CDSS industry.

Waghmare and Golhar (2017) emphasizes how the continuous process of value creation is the key for a competitive and successful business organization.

<p><b>KEY PARTNERSHIPS</b></p> <p>Authorized Brand Sales and Service Partnership</p> <p>Financial Partnerships for Payment and Promotional Schemes</p>	<p><b>KEY ACTIVITIES</b></p> <p>In-Store Promotions</p> <p>Online Promotions</p>	<p><b>VALUE PROPOSITIONS</b></p> <p>Best Offer in the Market</p> <p>Extended Warranty</p>	<p><b>CUSTOMER RELATIONSHIP</b></p> <p>Brand value expressed relationship</p>	<p><b>CUSTOMER SEGMENTS</b></p> <p>Customers of all economic classes</p> <p>Brand Oriented Customers</p>
<p><b>KEY RESOURCES</b></p> <p>Fully fledged state of the showrooms</p> <p>Island-wide showroom network</p> <p>Finance organizational support</p>		<p><b>CHANNELS</b></p> <p>Retail Super Stores (Physical &amp; Online)</p>		
<p><b>COST STRUCTURE</b></p> <p>High investment on marketing branding</p> <p>Low investment on customer engagement &amp; Satisfaction</p>		<p><b>REVENUE STREAMS</b></p> <p>Store Sales   Online Sales</p>		

Figure 5– Existing Business model of the CDSS Industry

However, the current business model of the industry only allows room for transactional based and monetary based value to be created. Since the CDSS industry is in the upper branches of the overall consumer durables industry, operating on a transactional business model and trying to compete takes its toll on the industry as reality is portrayed on the profit and loss statement of accounts, questioning sustainability.

Schule et al (2016) highlights what can be interpreted as the mission statement of any business model, which is to target and improve the interaction point of the customers but that the business model should be in unison for this cause. Relating this to the CDSS industry this is where the business model needs to be formed with the unique links of relationships that exists in the industry and then reform the business model to be a relationship based business model. The effort to do this is justified by Schule et al (2016) afterwards and they state in their work that the dominion of a market segment by any company or the company being in control of the business process (interpretation when the statement is related to the CDSS industry) is as a result of a healthy business model that addresses all aspects and is modified to suite the contemporary requirement. In order to establish a healthy business model it is highly appropriate to identify the causes of value erosion of the existing business model.

### ***2.3.2 Value Erosion***

Based on the existing business model of the CDSS industry, it is essential to identify and analyze the issues that causes value erosion, that are embedded in the existing transactional business model. Chou, Chen and Conley (2015) discusses on various issues that are commonly faced by many industries, such as socio cultural, humanitarian, resource sourcing etc. We understand through the earlier chapter that the CDSS industry also faces many issues such as these. What is important to understand through the work of Chou, Chen and Conley (2015) is that in order to incorporate sustainable value, organizations first need to understand these issues and take measures to resolve it, in order to incorporate

what customers, choose to see as sustainability as a part of the product. For example, in the CDSS industry, this can be the service or warranty policy offered to the customers. The issues are identified and analyzed in the following manner and this process will help to understand the role of sustainability which will be the next course of action. In order to enable a clear understanding of the prevailing issues, the summary on the final conclusions on the closed investigations with regard to the consumer complaints in pointed out in table 3. Further table 4 and table 5 will provide details of the causes determined in the settlements of the concluded investigations. This information is helpful to determine value erosion with regard to quality, communication and customer service.

	2015	2016	2017	2018	2019	2020
Settled with Mutual Understanding	499	972	520	486	745	555
Settled with Legal Actions	139	201	512	407	151	24
Total Settled Complaints	638	1173	1032	893	896	579
Ruled in favour of Consumer	422	976	864	521	765	421
Ruled in favour of Seller	216	197	168	372	131	158

Table 3 – Concluded Investigations of the Consumer Durables Industry  
(Source: Consumer Affairs Authority, Sri Lanka)

<b>Ruled in Favour of Consumer</b>						
	2015	2016	2017	2018	2019	2020
Product Failure	103	398	364	241	112	108
Product Quality	28	99	84	25	119	104
Service Issue	65	278	284	189	184	175
Over Charged	165	179	96	17	56	2
Customer Service	61	22	36	49	294	32

Table 4 – Concluded Investigations of the Causes for Rulings in Favour of the Consumer  
(Source: Consumer Affairs Authority, Sri Lanka)

<b>Ruled in Favour of Seller</b>						
	2015	2016	2017	2018	2019	2020
Out of Warranty	21	32	48	109	15	32
Outside Warranty/Service Clause	149	114	81	145	71	103
User Caused Damages	39	48	29	79	40	11
Other	7	3	10	39	5	12

Table 5 – Concluded Investigations of the Causes for Rulings in Favour of the Consumer  
(Source: Consumer Affairs Authority, Sri Lanka)

### **a) Transaction Oriented Financial Policy**

The scope of the study of this research majorly points and discusses on the non-financial aspects of a business environment, however without the consideration of the financial implications and the influence of it, the concept of sustainability will not be achieved. To keep things in the right directive it is wise to understand the core message that Malshe and Agarwal (2015) surfaces, which is the fact that an organizations financial policy in terms of equity, debt and investments is indeed what will influence the strategic decisions made on a non-financial perspective. Understanding this helps in the process of developing a new business model which is relationship oriented as the financial policies will be the source of fuel for the relationship-oriented functionalities that will be in place in the business model.

In the process of formulating the financial policy for an organization, it is always the budgeted figure of income and expenses that attracts the attention of the strategic decision makers and is finally led to evaluate the final figure indicated as the probable net profit so that investors get their desired return and finances are available for the sustainability of the organization. The expenses sector of a budget is thoroughly scrutinized at all times, which is the right thing to do but, many a times issues arise when expenses for long term success is cut down as the investment is a higher figure for current budgetary considerations. This usually happens when organizations cut down on investments for research and development, employing permanent experienced and/or professionals, communicating value through marketing, engaging in service procedures of high standards and offering of recognized products of high quality (White, 2010), this fact is evident in the organization policies and financial data depicted in the annual reports of the main organizations involved in the CDSS industry (Abans PLC, 2019., Singer Sri Lanka, 2019., Softlogic PLC, 2019) . These decisions as discussed earlier are the major roots of value erosion and in the CDSS industry this is vastly visible as the strategic decisions have been made to

please year to year profit expectations and not long term goals. Compromising on essential factors mentioned above may ensure that a desired profit is generated for the current financial year, but this profit doesn't ensure sustainability as the repercussion of the compromise will result in the customers defecting, potential customer base reducing due to negative word of mouth (due to causes highlighted in table 1 and 2) and even further reducing the value of the organizations brand name recognition, pushing them away from the status of being a CDSS in the industry.

Organizations with limited financial resources due to reduced cash flow, less investors or due to the risk of bankruptcy tend to have a higher rate of issues occurring in their business processes. These issues range from lack of adequate stock to cater customers to mishaps in logistics and these issues are common to any organization with financial issues across all industries (Malshe and Agarwal, 2015). In the CDSS industry when the financial resource is cut low the first thing that could be noticed is the lack of products from high valued brands and the most demanded products to trade, as they don't have the financial capacity to purchase the same from the principle suppliers to include in the product portfolios (BuyAbans.lk, 2019., SingerSL.com, 2019., MySoftlogic.lk, 2019). The lack of these products makes customers turn away from the stores due to the limited number of options and even have a negative run of word of mouth, spreading the opinion that options are limited in the particular stores. The further damage occurs when these organizations become more desperate to have the revenue flowing in, and discount the existing products further and cutting down profit margins, further narrowing the possibility of sustainability.

#### **b) Harmful Incentive Policies**

Value of a certain entity is always a motivator (Fry, 2008) towards reaching it or rejecting it, and incentives are a kind of value that organizations offer internally to staff and externally to customers as a motivational strategy. All the organizations of the CDSS industry currently operated on a transactional business model where monetary incentives



are offered to the store managers based on the profits generated by their relevant stores. These managers are the individuals who make day to day decisions for the store located in a particular geographical area and they have to their discretion to promote any product or service offered. This being said many issues that have been identified, leads to the discovery of store managers being over driven to gain financial incentives that they have taken advantage of the customers situation, leading into overcharging faults and customer service issues (refer table 2 and table 4), due to the customers either financial status or desperation and offered them what will benefit the store manager and not the customers, where the customers have later on realized that they have been taken on a journey leading to negative financial investment (ex: a customer walks in with the desperation to buy a normal television and as they don't have a financial constraint they are pushed to go for a smart television for a higher price stating various benefits but only for the customer to identify at the point of use, that most of these benefits come at an additional cost of subscription etc.).

There is also the other side of the situation, where there are instances where financial leverage is offered to the managers to decide on providing incentives to customers to obtain their favor. However, some scenarios arise where the managers become over ambitious about this financial leverage, that they go beyond to offer incentives that will not balance the value equation giving and getting and will result in the firm not having the desired outcome of it, and as Malshe and Agarwal (2015) points out, this situation will result in a negative outcome for the shareholders/investors of the organization.

### **c) Compromising on Quality of the Trade**

The quality of the trade relies on the quality of the product and the services provided. The impact of the competition from small scale stores, offering lower prices and extended warranty has gained the attention of the majority of the customers, and the immediate value received in the form of a price benefit and a higher security for the product has

created a major demand for the same in the market driving the customers bargaining power upwards due to the competition (Kaunyangi, 2014). The build quality of the product has the ability to define a brand or the industry and provide value accordingly (Murphy and Shleifer, 1997; Chen and Juvenal, 2014) and products with better quality often carries a higher price due to the value of the investment (Fajgelbaum, Grossman and Helpman, 2009). In a price driven market and in the operation with a transactional business model, the focus is on reaching financial targets offering products with a lower price to meet the demand of the market. Quality of the product is the compromise made (evident in data on prevailing issues) in order to meet the price offerings in the market to be on par with the competition (refer table 2 and table 4).

Providing services for products is a major concern in the CDSS industry, especially with the offering of extended warranty to meet the market demand. While providing services is a point where the author believes the CDSS industry can benchmark (Choudhary *et al*, 2011), customers often turn around with complaints that they don't get the desired pre-sales services (support at the point of purchase) and/or the after sales services (repair, warranty and maintenance support) from the vendors of the CDSS industry and that the premium price that they pay is a waste of their investment. At the mean time in their defence the vendors of the CDSS industry points out that even though customers state that they have paid for the required services, it is only a marginal value over the competition and that for prices offered to compete in the price war, it is difficult to maintain a large resource pool to manage all services conveniently, failing to provide effective after sales services risks the retention and satisfaction of customers (Ashfaq, 2019).

Offering extended warranty, helps to obtain the customers attention, when facing off the competition in the market but the repercussions of it resulting in warranty servicing cost (Murthy and Jack, 2003), which creates a loss of financial value to the organizations as well as service queues and inconvenience due to the extensive breakdowns that occur

during the extended warranty period as it surpasses the recommended warranty period recommended by the suppliers, resulting major consumer complaints that remain unresolved or resulting in a legal ruling hurting the organization or the customer (refer table 2 and table 3). This is evidently a wrong move by the organizations of the CDSS industry is to drive service through sales, rather than making service the strategical approach.

#### **d) Gap in Communication**

Communication is the key factor that decided the nature of a relationship, especially on the productivity of a business relationship (Markovic and Salamzadeh, 2018). Pertaining to the CDSS industry, communication occurs in stores, service centres and help desks and through the advertising process. The communication that occurs in stores, service centres and help desks are critical points of engagement as it has a direct emotional impact on the buyer-seller relationship, most of the customer service complaints being rules in favour of the consumers is a clear indication of this fact (refer table 2 and table 4). The lack of dedicated support for the customers, low literacy of sales personnel, attitude and efficiency of services provided, reduces the respect of the relationship and its effectiveness (Markovic and Salamzadeh, 2018).

The effective and wide spread ways to for organizations to communicate with customers is through advertising. While its discussed how organizations have failed to communicate value, a counterpart can debate that advertising is one of the biggest industries as a result of the high financial values that organizations invest on it. Therefore, in order to clarify the doubt and to be more precise on what the issue is, it is the effective utilization of advertising that has failed to communicate value to customers, which results in both buyers and sellers losing the benefits of effective communication (Hargie, 2016).

The CDSS industry is very popular for such mistakes in the Sri Lankan community as most of organizations of the CDSS industry tries to create a demand for the products by creating

a hype or by going on an advertising war with each other. Therefore, all what customers see are discounted prices or attractive specifications of products. In one of the earliest seminary studies on advertising by Krugman (1965) it is discussed how the inception of television advertising enlightened the community in that era by pointing out simple attributes that are of essential value to them, in order for them to visit the store and obtain something of value but currently advertising has developed far beyond this era but have also deviated to be vague in terms of communicating true value, evident in customer complaints being ruled in favour of the seller as ‘outside the warranty/service clause’ (refer table 5) as a clear point of vague communication being misinterpreted by the customers.

It is from this point it self that the proper values required from the industry such as the professionalism of pre and post-sales, quality of products and services, effective customer relationship and efficient warranty and aftersales services and values required by the industry such as customer satisfaction, customer loyalty is made blind to the organizations of the industry as well as their customers.

#### **e) Drawbacks from the Current Setting of the Country**

Bourdeau (1997) brings out an important fact of pre-existing conditions such as degenerate, social equity and underdevelopment not being integrated in the definitions considered for sustainability. These conditions are critically important to the CDSS industry, as the sensitivity towards prices and warranty offerings for the requirement of a longer sense of security for products, are as a result of the economic standing and the purchasing power of a country still being in the developing category. Therefore, in the formulation of a new business model these conditions will also need to be considered and factored in, to make the sustainability hoped to be extracted more realistic.

## 2.4 Developing an Industry Related Framework on Value

Post to the understanding of sustainability in relation to the CDSS industry and the causes for value erosion, existing frameworks will be analysed, that are in line with the theme of the research. As the research is grounded on **Value and Sustainability**, the three frameworks Value Alignment Framework by Kumare and Reinartz (2016), Sustainable Value Framework by Hart and Milstein (2003) and Creating Sustainable Value Through Service Offerings by Chou, Chen and Conley (2015) will be analysed, and through which a hybrid frame work will be formed, integrating vital elements that would bridge gaps leading towards the conceptualization of a new business model for the CDSS industry.

### 2.4.1 Value Alignment Framework by Kumar and Reinartz

The Value Alignment Framework presented by Kumar and Reinartz (2016) is a valuable framework for any industry, as its functionality looks into the products and services of an organization which is of value to the customer on one end and on the other end looks into customer relationship oriented marketing activities, which derives the firms intended value, then aligns the firms desired value and the customers perceived value, parallel to the inclusion of pricing to add monetary value to the mix.

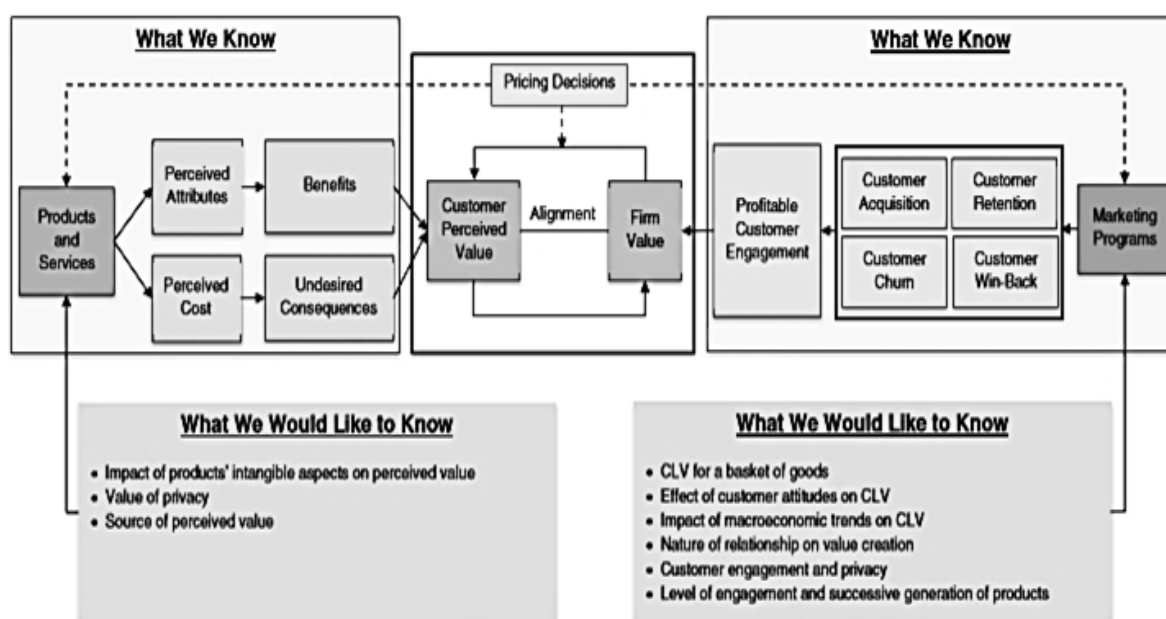


Figure 6 – Value Alignment Framework (Kumar and Reinartz, 2016)

The Value Alignment Framework gives a guidance on how to prioritize the core values of both the buyer and seller, and how to balance these two in a scale, while keeping the monetary factor parallel so that the business relationship equally influenced by the transactional traits of monetary value. Importance of adopting this framework, is due to the fact that, value alignment will trigger CDSS industry to put forward the customer's perceived value instead of what is been prioritized in the industry currently, which is the pricing factor. Further make the price factor an equal influencer in the table of value and not as the driving factor.

### 2.4.2 Sustainable Value Framework by Hart and Milstein

Sustainable Value Framework by Hart and Milstein (2003) is based on the discussion of navigating sustainable value in the paradigm of time in present and future context. This framework of Hart and Milstein pushes the organization to look at the external and internal picture of the current situation and manipulate operations in order to deliver the desired value in the future.

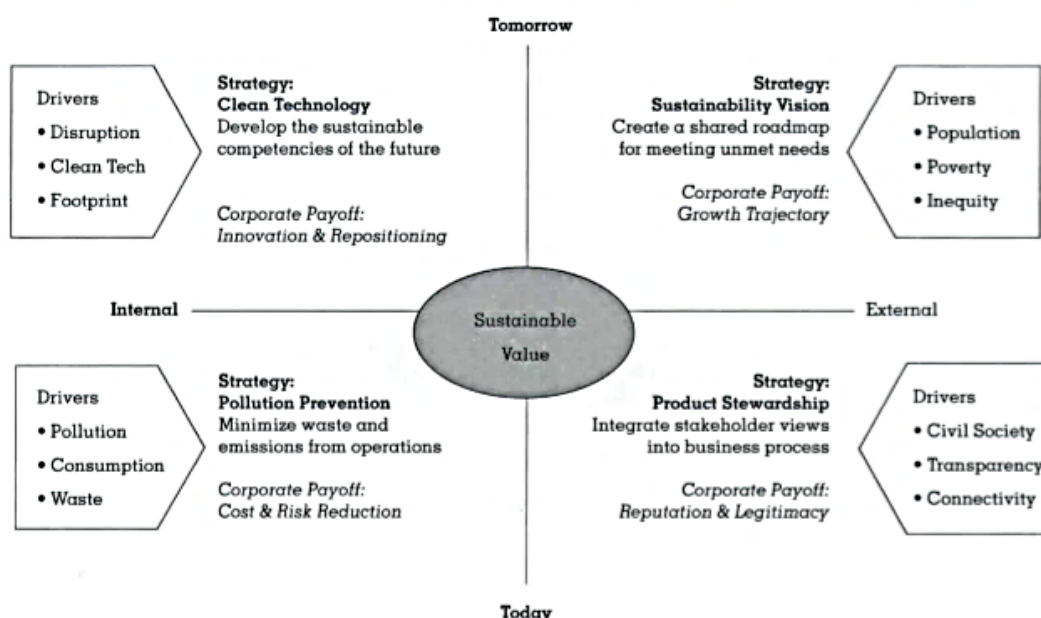


Figure 7 – Sustainable Value Framework (Hart and Milstein, 2003)

This framework gives a clear idea how to integrate the analysis of the external and internal strategies of the current term of the CDSS industry and to refine the strategies of the future by identifying the required actions to fill in the gap to reach sustainable value.

### ***2.4.3 Creating Sustainable Value Through Service Offerings by Chou, Chen and Conley***

Chou, Chen and Conley (2015) in their seminary work on sustainable value and service offerings, identifies the environment, economy and society as the sustainability’s vital components and then moves on to create a critical connection between sustainable value and service offerings. This connection, if identified and implemented in a proper manner will help any industry across the globe to influence all organizations, of any industry compete on non-financial attributes and enrich the quality of the trade, benefiting both the customers and the industry.

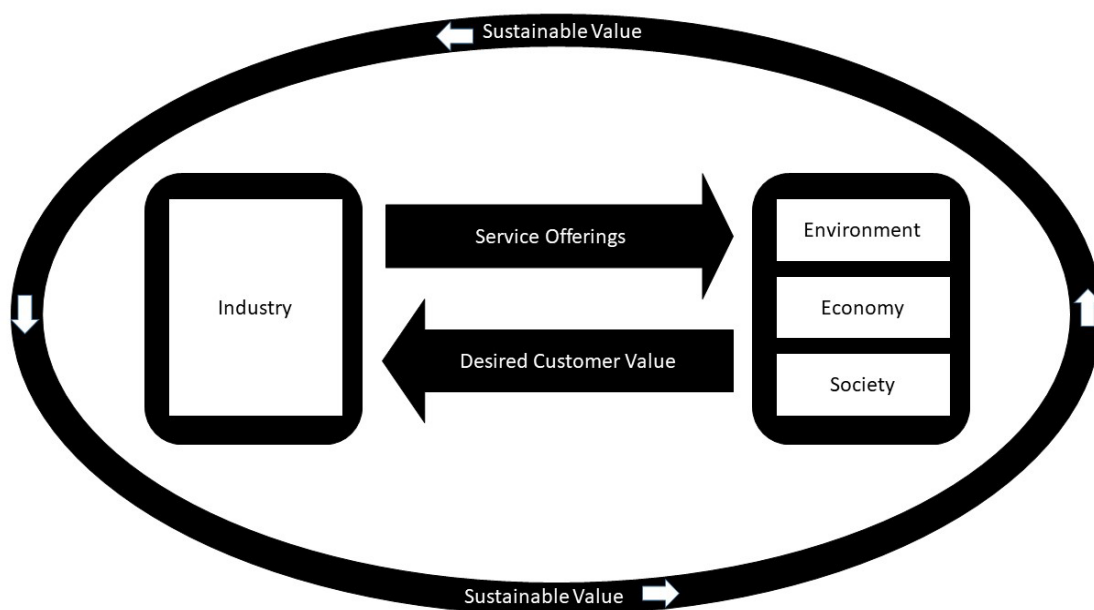


Figure 8 – Relationship of Sustainable Value and Service Offerings

The relationship between sustainable value and service offerings, is a key point for the CDSS industry to be encouraged to look into a longer lasting solution to the survivability instinct, that to base itself on a transactional foundation of monetary factors, compromising on the essential values which is harmful to the sustainability of the industry as well as the customers. Service offerings will deliver quality in-terms of pre and post sales interactions

and will cater the customers to suite and meet their perceived value and will benefit the organization with an emotional trigger, generating loyalty and revenue, and creating competitive advantage and will generate sustainable value to the whole buyer-seller eco system without transactional traits being the core or major manipulator of the system.

#### ***2.4.4 Conceptualization and Recognition of the New Business Model***

Through the analysis of the Sustainable Value Framework, Value Alignment Framework and the relationship between sustainable value and service offerings, critical factors were extracted, that will function as the fundamental aspects in the suitable new business model.

These factors are as follows;

- Prioritize the core values of both the buyer and seller, and how to balance these two in a scale, with the necessary modifications and additions made to the value spectrum of each party, creating the environment for sustainable value to be created in the buyer-seller eco system
- Analyzing the current term internal and external strategies of the CDSS industry and to refine the strategies of the future, catering the value spectrum of both the buyers and sellers, by identifying the required actions to fill in the gap to reach sustainable value.
- Achieve competitive advantage through service offerings and deliver high quality pre and post sales interactions generating value to the buyers (customers) and receiving desired value from the customers back through an emotional trigger creating an environment of sustainable value. An inclusion to this point is made considering the industry's requirements, which is the fact of ensuring the delivery of product quality (Chen and Juvenal, 2014) and establishing clear communication (Hargie, 2016) which are essential factors that defines the value of the industry and also ensures that buyers aren't inconvenienced. This will enable the sellers to retain the trust of buyers with regard to the reliability of products traded.



Carrying forward the above factors to form a hybrid framework on value for the industry (figure 9) will lead towards the conceptualize a new business model, that will push and direct towards the deviation from the existing transactional business model of the CDSS industry to influence a relationship based business model. The reason being that a relationship based business model will have all the factors mentioned above and will generate the need of sustainable value, and achieve the creation and delivery of sustainable value to the buyer-seller eco system of the CDSS industry.

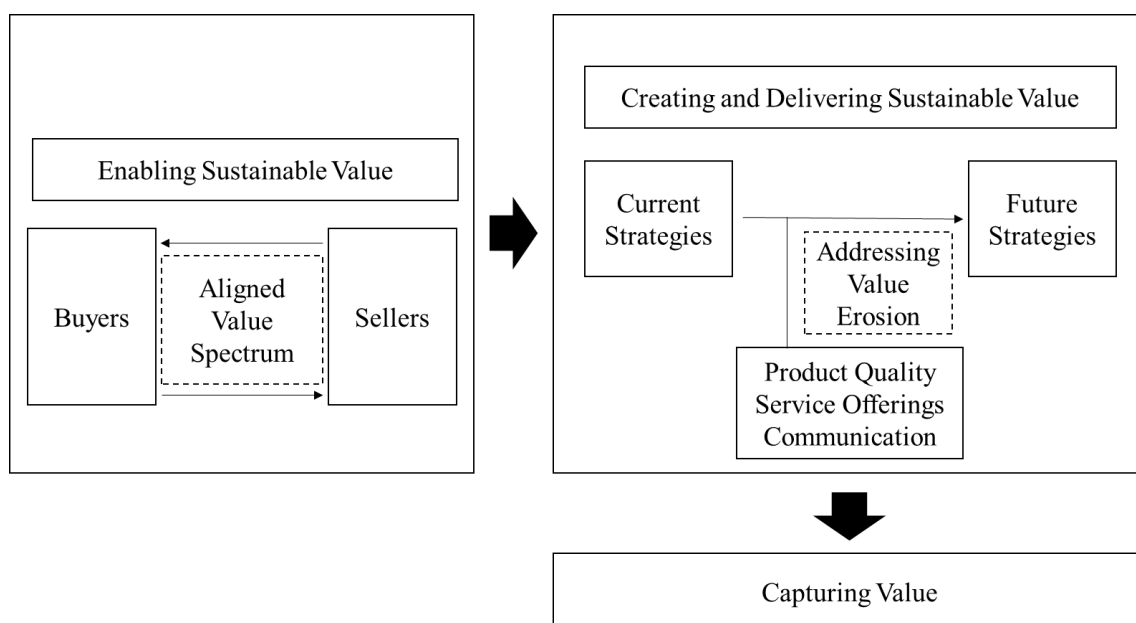


Figure 9 - Hybrid Framework on Value for the CDSS Industry

### 2.5 Alignment of Perceived Value

The proposition to offer value through a relationship based strategy is due to the fact that it will understand the need of the customer accurately, and pass the correct judgement on perceived value. Citing from the Progressive Grocer (1984), Sinha and DeSarbo (1998) brings out their definition of value, which is to price a product or service justifying its quality.

Accordingly, in any industry, especially in the CDSS industry a transactional business model will not enable to identify what a customer defines as perceived value, as it can be one or a combination of quantity, quality, benefits or price of a product or service. This

kind of perceived value can be understood and delivered only through a relationship based business model as it will enable a better relationship between the buyer and seller, to source accurate information to generate and deliver value.

The subject of perceived value plays a vital part in the transformation of a business model. Understanding the perceived value of the customer and aligning it with the perceived value of the organization, leads towards the formulation of a strategy to co-create value for both the customers, resulting in the occurrence of sustainable value. Tokarczyk and Hansen (2006) in their study of the forest products industry, prominently discusses how firms endure and prosper through proper understating and matching the expected wants and needs of customers.

Sinha and DeSarbo (1998) in their study on perceived customer value, highlights that in the marketing field, value marketing has emerged as a core belief among the practitioners, making offering value a hot trend rather than a calculated strategy. As discussed earlier, providing value has now become a part of every industry, and it has driven all industries to seek the desires of the customers, creating a market mania on perceived value (Sinha and DeSarbo, 1998., Kumar and Reinartz, 2016). In relation to the CDSS industry the situation remains the same, however the issue lies in the inaccurate judgement of the perceived value and observing the customer from a distance and assuming that the price is what they are concerned about and continuously offering transactional value, which has not been successful in most cases.

Elaborating further on their study on perceived value, Sinha and DeSarbo (1998) brings out the wide availability of literature when it comes to customer preference and scanner data which is more supportive when it comes to a transactional business model, but only a few literatures on perceived value, which is important when it comes to the construction of a relationship based business model.

Therefore, in the process of sourcing literature and data on perceived value it is useful to look into the two parameters of perceived value brought forth to us by Sinha and DeSarbo (1998), which are that perceived value is;

- An exchange of price and quality
- A combination of benefits, quality, price and sacrifice

In order to re-establish value to the CDSS industry, it is important to understand the perceived value in the mindsets of the customers of the industry. As the customer segments vary and their preferences to perceived value differ according to each segment, understanding the customer segments will be done along with the understanding of perceived value, prior to the mapping of value and navigation of paths towards building the strategy to re-establish value.

### ***2.5.1 Perceived Value of Customer Segments***

Vijaykumar et al (2012) discusses on the subject of service based economy, where attention is moves away from the mass market and focuses on the individual customers and moves into satisfying the personalized needs of them. Furthermore, they elaborate the concept of service to be one that satisfies a customer's needs through a series of activities. However, a debatable fact is whether it is practical to look into individual customer needs. This is where the author believes it is important to identify customer segments. Because through the identification of customer segments strategies can be formulated for each segment that could be carried out to suite the customer needs. Identifying the customer segments however serves two purposes, firstly to identify the purchasing patterns to evaluate the influence of it on the business model, then to utilize the information into formulating strategies in the development or in the modification of the business model.

Accordingly, as per the current study in the scope of the CDSS industry it is important to identify various types of customers that exists in the market. They are identified as per

their purchasing patterns. Management study guide (MSG) highlights five types of customers such as; Loyal customers, Discount customers, Impulse Customers, Need Based customers and Wandering customers (Managementstudyguide.com, 2019).

Elaborating further to understand these customer segments, Loyal customers are those who continuously purchase from the same store purely based on the satisfaction they received through their previous purchases. These customers look forward for courteous attention from the store they visit to purchase products. Discount customers on the other hand are the opposite of this. They don't take into consideration the outlook or the courtesy or the attention paid to them as they consider the price. They are customers who continuously visit various stores in search of discounts on products and once they are offered a discount they seek for or as long as they are offered the lowest price they tend to make the purchase. Impulse customers can be identified as a customer segment that is a hybrid of the loyal and the discount customer traits. They are driven emotionally and when the need arises and they visit a store to purchase a product, if the store agents treat with a high level of courtesy or if the store has attractive discounts or prices offered, according to the emotions that arises at that particular moment and without any preference, an impulse customer will make the purchase.

The next customer segment who are Need Based customers, in the domain of the CDSS industry can be identified as Brand Conscious customers (Brashear et al. 2009). Brand Conscious customers have the need to purchase only products of highly reputed international brands and some even extend to purchase products of a particular brand with high recognition. Their drive to be Brand Conscious is due to factors such as prestige, quality and reliability. The final customer segment are the wandering customers. These customers, even though they have the need to purchase a particular product, they are not actually not sure of what they need to buy. This leads them to wander around the market, walking into stores and looking into many options. They are highly susceptible for

marketing strategies and are often customers who makes a purchase of a product which doesn't suit their requirement at the end of the day.

The reason for the author to consider the identification customer segments at this stage of the research is important, as discussed earlier is due to the fact that the population of each customer segment that is involved in the industry, influences and shapes the business model of it (Strategizer AG, 2018). Furthermore, if correctly understood, a focused business model can also influence customers to shift segments. For example, an accurate business model that delivers precise information of a product in an industry, can influence a wandering customer to shift into being a Brand Conscious or a Loyal customer.

Therefore, this critical relationship between the business model of the industry and the customer segments in it, will be a key factor that will be discussed further as the author seeks the need for a relationship oriented business model and the strategy to formulate one that will suit the CDSS industry to address the gap in it. However, while adopting certain aspects of the customer segmentation presented by MSG, the following customer segments are recognized as the suitable categorization in relation to the CDSS industry.

#### **a) Brand Oriented Customers**

It is very fascinating to notice a special customer segment remain dedicatedly on the spectrum of brand consciousness, under the segment of brand oriented customers.

Discussing how brands have influenced the mindset of these customers, Tokarczyk and Hansen (2006) highlights this as a “psychological phenomenon” as this is a specific need that arises in the mindset of customers amidst the other general needs. Furthermore, Tokarczyk and Hansen (2006) points out how the interactions with between these brand conscious customers and these brands conveys a specific meaning to them, influencing their attitudes, perception, behavior and belief towards the particular brand. For example, in the CDSS industry, when it comes to the visual entertainment segment, the brands Samsung and LG are in the elite category. The customers who are brand conscious for

these brands can be seen by an outsider as people paying premium amount just for the brand name while other similar substitutes remain. However, these brand conscious customers have a deeper relationship with the brand and has a sense of satisfaction and something similar to a purposeful journey with the product of that brand as they will explore the uniqueness of that brand and take pride in it.

#### **b) Impulse Oriented Customers**

In the process of analyzing impulse oriented customers, who are quite unique, looking into the origins and the specifics behind this orientation, brings out the fact that they are triggered via a specific method of purchasing of attributes of value of a product that they are sensitive (relating to the CDSS industry of Sri Lanka the price and/or warranty offering), and the impulse is satisfied once they are in ownership of this product value. This segment of customers began to spread during the industrial evolution that took place in the 19<sup>th</sup> century (Tripathi, 2014). A product value is an image developed to attract customers, creating attraction to the fact of who is bought by and how it is bought, which creates a sense of ownership to the customers to meet their satisfaction needs (Tripathi, 2014). This attraction is the impulse that leads to these customers to engage with a product that serves the fact they are sensitive in nature and is strongly driven to make purchases that fulfil these needs.

#### **c) Lifestyle Oriented Customers**

The lifestyle of a community as a whole or in a person as an individual, decides the pattern of life. The lifestyle of the community alone will not always decide the lifestyle of an individual in the community, as the individual in the community may have his/her own preferred lifestyle which leads to the various decisions made in life that comes through their personal research on satisfying their needs. The matter of lifestyle impacts the CDSS industry in a way that can't be simply explained. This fact of lifestyle is one of the main

reasons that CDSS industry together with many other industries are prompted to have a wide range of products and services.

Scolderer, Brunso and Grunett (2002, p.551) defines lifestyle as the “system of individual differences in the habitual use of declarative and procedural knowledge structures that intervene between abstract goal states (personal values) and situation-specific product perceptions and behaviors”. As stated in the above definition the complexity of the fact of lifestyle lies in the intervention between personal values and perception towards a product based on the situation. For example, the author would like to present the situation of an individual purchasing a mobile phone, the desire would be for a product A, the trend in his community would be for product B, but due to an emergent need (sudden failure of the current mobile phone) and the current financial situation may lead the individual to product C.

Understanding how a consumer behaves will deliver the insight to any seller to successfully design the business strategy to attract the consumers towards them. Scolderer, Brunso and Grunett (2002) surfaces the fact that lifestyle of individuals attracted many researchers in the field of marketing in their process of formulating the blueprint towards identifying the consumers’ behavior. While RISC, CCA, and other instruments were used by some researchers to measure lifestyle of consumers, others critically criticized the fact of pursuing the fact of lifestyle due to the lack of theoretical background.

### ***2.5.2 Value Mapping and Alignment***

Value mapping is closely associated with customer segmentation. Value mapping methodology is an interesting concept that is discussed in the work of Sinha and DeSarbo (1998) as it helps to strategically estimate the positioning of a value of product (in terms of industry related value) in relation to the customer segmentation and perceived value. This is a useful tool when it comes to the CDSS industry as the understanding of the value brought in from each available value attribute that can be allocated as per the customer

segment, which will be in line with the perceived value parameters depicting the value spectrum of the customers.

This process of value mapping will help identify the collective value spectrum of the customers of the industry and help to modify it, and also modify the organizational value spectrum and align them to enable sustainable value in the industry, which will be the base plan in terms of formulating a relationship based business model. This will be associated with the relationship marketing process built through the customer relationship and customer engagement procedures of the same.

## **2.6 Fundamentals of Re-Establishing Value**

The two main paths that are to be navigated through in order to re-establish value in a relationship based business model are Customer Relationship and Customer Engagement, that could address the financial oriented strategies and bridge the prevailing tension between the buyer and seller through prevailing and unresolved issues (refer table 1). Through the proper navigation on the paths of establishing brand value, customer relationship and customer engagement, the relationship based business model will be able to re-establish value to the CDSS industry, where value can be delivered to and extracted from the customers simultaneously.

### ***2.6.1 Establishing Brand Value***

The CDSS industry, mainly due to its vast physical presence relies heavily on one of its key identifiers, which is the brand value. The brand value in the CDSS industry isn't limited to the market name of a product but is extended to the retailing organization and its services. In the topic of branding, a rich history on how the concept of establishing a brand came into existence and how it evolved, is clearly presented in the study of Tokarczyk and Hansen (2006). In any industry or in any concept it is vital to understand where it comes from and its core purpose. This is due to the fact that without a clear understanding of a concept it cannot be successfully adopted by a firm or industry. Therefore, analyzing the



work of Tokarczyk and Hansen (2006), the following can be identified in the scope of establishing a brand;

- Create a strong recognition of the organization and/or products and/or services.
- Elevate the customer's perceived value of the organization and/or products and/or services.
- Provide a competitive advantage in the market.

The recent developments of the commercial world tend to have a shift in the scope of the brand value, and this shift is towards the service value of a brand (Solem and Pedersen, 2016). CDSS being an industry which will have no productivity generated of its products, if not for the services rendered pre and post the sales process, this shift is a clear indicator of the need for a more suitable business model than a transactional business model, which would focus more on providing the desired level of pre and post sales services.

### ***2.6.2 Customer Relationship with Regard to the CDSS Industry***

Many articles and statements of business reviews in recent times carries forward a common idea, which is the point of customers moving to the competition after a small time period and all major investments made to acquire the customers not generating the desired return on investment. Vijaykumar et al (2012) citing Vandermerwe (2000) proposes as a solution to this issue, the establishment of a long term relationship with the customers by locking them into the organization, by taking advantage of favourability they show towards the organization as a result of an investment made to offer more value to the customers and attract them. Bagozzi (1995) enlightens that relationships are formed for a multiple of reasons and these reasons the author trusts are as per the different agendas of buyer and the seller of the relationship. These agendas can be dependent and independent of each other based on the situation.

### **a) Understanding the Buyer-Seller Eco System**

The research conducted by the author revolves around one key relationship, which is between the buyer and the seller. It is for the ecosystem that surrounds this relationship, that the author intends to develop a model to create sustainable value. Ganesan (1994) highlights sustainable competitive advantage as the core strategy for a long term buyer and seller relationship. In the process of relating this to the CDSS industry, while acknowledging this statement it is important to identify how organizations achieve competitive advantage in the CDSS industry. The need to identify this is due to that fact that in the CDSS industry, similarly to most organizations overlook the fact of achieving competitive advantage and sustaining it, when formulating strategies to strengthen the buyer-seller relationship.

### **b) Creating Confidence in the Minds of Customers**

A relationship with a customer will have many stages. At the point of engaging however in most cases cannot be a deciding point on how the relationship will progress. This depends on the need of the customer, the value of the investment as well as strategy utilized by the organization to approach the customer. While understanding that customers do remain where value is best offered, a point to note is that in the current market everyone is trying to offer more value. In a situation such as this, the best course of action is to create confidence in the customers by managing risky and uncertain situations (Vijaykumar et al, 2012).

### **c) Influence of Gaining the Trust of Customers**

Trust is a primary fact for any relationship (Muthuraman, 2006) and it establishes the base line for two parties to engage in a reliable conversation. Discussing about trust in a long term relationship, Ganesan (1994) states that a trustful long term relationship will ensure lower transactional cost between the buyer and seller. This is an interesting fact as the

value erosion has occurred in the CDSS industry due to compromises done to products and services to reduce the cost component.

However, understanding the nature of the CDSS industry and the other industries this statement from Ganesan doesn't hold by its defined purpose and value, but can be interpreted in another way, which the author would like to present. It is the fact that the trust in a relationship between buyer and seller will help the justification of the offered cost for the seller and not compromise on the product or lose profit margins, and in the same manner buyers will also benefit by having the ability to experience products and services to the highest satisfaction of their investment as the sellers will honour their end and offer the best products and services. This is actually the interpretation of maintaining the quality of trade, through maintaining the quality of the products and the pre and post sales services to benefit both buyers and sellers (Choudhary *et al*, 2011).

#### **d) Importance of a Customer Retention Policy**

While discussing on acquiring new customers and regaining lost customers, it is important to understand that the objective of both intentions is to retain them as customers afterwards or else the investment to acquire or regain them would be in vain. This said, it is not a simple task to for an organization retain customers in a rapidly evolving industry such as the CDSS industry, and the development of a relationship based business model to enable this will require an organization to be careful and creative in the formulation of its strategy (Chakiso, 2015).

#### **2.6.3 Customer Engagement with Regard to the CDSS Industry**

Customer engagement being one of the most widely discussed academic topics, it causes the involvement of subjects and object, in practical terms customers and the products and services (Solem and Pedersen, 2016). Customer engagement is one of the most important relationships that needs to be established in an industry, due to the fact that if the customer doesn't engage with the product or service offered by the organization there is no room for

value to be delivered or extracted. Therefore Tripathi (2014) brings out how organizations work tirelessly, while attraction and preference is obtained, to ensure that a product or service remains involved, associated and interesting to the customers. This is a crucial task as pointed out by Tripathi (2014), citing Shevlin (2006), a customer engaging with a product is physical, psychological and emotional investment made from the customers perspective, which makes customer engagement critical as well as sensitive.

Continuing the discussion on customer engagement due to its sensitivity, the emotional connection that triggers this sensitivity is when the strategy used and the investment by an organization to ensure that the customer engages with their product or service, is felt by the customers, and this triggers an emotional connection in the minds of the customers as they feel that the organization has taken an emotional approach to invest in their interest and formulate strategies to meet their needs (Tripathi, 2014).

Bringing in the global statistics to emphasize the proof of concept on customer engagement, Tripathi (2014) points out that organizations who focus on customer engagement has an 8% return on investment beyond the accepted industry standards, while organizations who don't focus face heavy loses. The return on investment in relation to the CDSS industry, through customer engagement will be due to the following dimensions (Tripathi, 2014) of it that keeps the revenue generation active through a high velocity of the following;

- Product involvement

The comparisons done by customers in the CDSS industry among the ample alternatives and the substitutes available, most of the time influences customers to change the product from time to time. Customer engagement enables the customers to bond with the product or service and not shift to another.

- Purchase frequency

Customer engagement strategies influence loyalty in customers, who tend to desire for the emotional satisfaction received through the engagement, continues to purchase more frequently.

- Frequency of Service Interactions

Accurate customer engagement strategies provide a high level service policy for the customers, enabling frequent interactions with the customers. The technical knowhow and the professionalism shown, helps to overcome technical short comings that are usual occurrences in the CDSS industry.

- Word of Mouth

Positive word of mouth that is triggered due to the satisfaction of customer engagement always helps as a reference for the acquisition of lost or new customers and also to securely retain the customers who at times temporarily shift to the wandering segment of the CDSS industry.

#### **a) Customer Engagement and Empowerment**

Discussing further on customer engagement and empowerment, customers who are in the internet domain (online) emerges to be the most strongly empowered (Morrongiello, N'Goala and Kreziak, 2017) out of the overall customer population, in most of the commercial industries as their comments have become a norm of credible review of the product. For example, many of the products in the CDSS industry have their own reviews on YouTube or Facebook, and due to the availability of multiple reviews of the same product, the customers have a clear view point on the pros and cons of that particular product or among products of the similar range to make a decision. However there are two categories of online users, active and passive but the majority are passive users who

wander around and look at what's going on but avoids to voice their opinion in the reviews (Morrongiello, N'Goala and Kreziak, 2017). The downside of this is the fact that the minority of the online users have taken control of a very strong tool that influence the psychological state of decision making in the modern era, where as there is a high chance of the online opinion being more informative, if the majority takes part in the reviews.

#### **b) Importance of Pre and Post Sales Service**

In the scope of customer engagement, Walton (2017) brings out how customer service has evolved over the years from just a process of billing and repairing and maintaining services and products into personalized service offerings to relate more to the customers and keep them engaged. Looking into the CDSS industry, as in the perspective of any industry is the pre and post sales service perspective. The development of in store demonstration platforms, sample product observations, online portals for the customers to manage their own accounts (ex: online bill payments etc) and also having various special offer packages to different categories (ex: students, teachers, government employees), and categorizing loyalty according to the buyers purchasing value to offer extended value additions are the recognized pre sales services, that can serve as customer satisfaction measures arranged based on timely demands (Choudhary *et al*, 2011). However, the issues arise in trying provide these personalized customer services, while competing within the industry, trying to enhance the personalization with more value additions, compromising on the main product which is the core need of the customers.

In the view of after sales service, it is the key area where the customer satisfaction and the success of customer retention is based (Ashfaq, 2009) as the main intention of customers purchasing a product is to have the ability to utilize the product to achieve the desired outcome of it, and not face unnecessary inconveniences that would halt the intention of the purchase made. Further, understanding the importance of after sales service is not fruitful unless steps are taken towards establishing a quality after sales service process, which is

effective and efficient to meet the expectations of the customers (Choudhary *et al*, 2011; Hussain, Bhatti and Jilani, 2011)

### **c) Commercial Buyer-Seller Relationship and Customer Engagement**

Citing Anderson and Weitz (1992), Ganesan (1994) points out another buyer-seller relationship which is between the supplier and channel partners, which is tagged as a commitment. This particular long term relationship between buyer and seller exist in the form of a commitment due to the fact that both parties should have a mutual level of input in the relationship and work towards achieving the primary goal which is to meet the customer needs. This is an important fact to be considered in the view of managing product specific (functionality/ brand/ service) buyers, communicating brand value (Solem and Pedersen, 2016), and in the overall mission of creating and delivering value to the customers to increase profitability and also customer engagement levels, which is the method of extracting value from the customers.

#### ***2.6.4 Development of the Strategy***

The building of a relationship based business model is dependent on the strategy of the organization and particularly on the strategic approach to customer engagement and customer relationship.

The topic of customer engagement is critical in the analysis process and in the strategy development and deployment process of organization. While customers have always been a key element in any commercial eco system, currently customers tend to have the strongest say, as we are in the era of 'Empowered Customers' as highlighted by Morrongiello, N'Goala and Kreziak (2017). The main reason for social media and gossip columns to have become very popular these days is because of this, as commercial organizations are desperate for the consumer opinions and information that travels in the grapevine, that they invest in advertising and promotions on social media and gossip column/blogs to keep them up and running.

Taking an overall view on the concept of empowered customers in the modern era, it is a very straight forward point that the customers hold the power to control the behavior of brands and companies and furthermore be the judge and jury, to reward or punish the firms with their testimonials and reviews on products and services. In order to achieve customer engagement targets in order to build a relationship based business model the organizations need to formulate appropriate strategies for it. Tripathi (2014) points out the four main pillars that these strategies need to be based on, which are confidence, integrity, pride and passion. Formulating the strategies based on these four pillars will ensure that the customer engagement occurs and serves its purpose to the organization.

The strategy in relationship marketing is the quality of the relationship. Whether it be from a person to person aspect or organization to organization aspect there are common factors that are related to the quality of the relationship, and these are trust, commitment and relationship satisfaction. Elaborating further on the three factors mentioned above, Palmatier et al (2006, p.139) defines Trust as “confidence in an exchange of partner’s reliability and integrity”, commitment as “an enduring desire to maintain a valued relationship” and relationship satisfaction as “customer’s affection or emotional state toward a relationship”. Palmatier et al (2006) highlights these factors as a collective of many seminal works on the subject and introduces these factors together with relationship quality as mediators

#### **a) Utilizing Servitization to Build Customer Relationship**

Addressing the decrease in demand can be addressed by including additional services and adding more value into the product or service offering. This is also known the Servitisation strategy (Vijaykumar et al, 2012). However, there are ample examples of the Servitisation strategy taking an organization downhill simply due to the misuse of it caused by the desperation of the decrease in demand. In order to avoid negative outcomes, Servitisation strategy being one that is very useful to increase demand should be utilized in such a



manner where it is executed in a periodical manner (in stages), after evaluating its previous applications.

### **b) Regaining Lost (Defected) Customers**

In a professional environment, the ability to mend and maintain a relationship that has been lost (defected) takes a very effective and efficient measure on customer relationship strategy. Citing Stauss and Friege (1999) and Tokman, Davis, and Lemon (2007) in their study Kumar, Bhagwat and Xi (2015) brings out the understanding that customers defect either due to a price related or service related or due to matters related to both areas, factor in their dealings with an organization. Many industries in the modern era takes a great interest in formulating strategies to regain lost or defected customers. The understanding is that this is because it is easier to mend a relationship than create a new one and also it helps to lower the risk of negative testimonies or word of mouth. However, in comparison to other industries, the organizations of the CDSS industry has shown very little interest on the aspect of regaining lost customers as all their strategies have been to deploy promotional activities to improve their business in general, as clear strategies defined on the on the annual reports of the organizations in the CDSS industry does not carry this thought process (Abans PLC, 2019., Singer Sri Lanka, 2019., Softlogic PLC, 2019., Metropolitan Group, 2019). Justifying the current course of the industry the author refers to a statement by Kumar, Bhagwat and Xi (2015) that irrespective of all measures there are some customers who will defect. The author would like to make a counter argument that in the process of changing the business model for the CDSS industry from transaction based to relationship based, it cannot be done without the approach/strategy to regain lost customers.

A strong argument on regaining lost customers, is that it will not be a worthy investment (Kumar, Bhagwat and Xi, 2015), mainly due to the reasons that is cannot be guaranteed that they will generate the profits desired in comparison to the investment made to win

them back and due to the doubt of reliability, whether these customers will remain or defect yet again. Formulating a strategy to regain lost customers and to make an investment to do so is a strategic level decision that is routed from the top management of an organization. Also, the process of regaining lost customers is to facilitate the co-creation of value benefiting both the organization and the customers. Therefore, the advisable and more suitable course of action is to ensure that a proper data is analysed, so that the correct audience of lost customers are targeted for this initiative. The conceptual framework presented by Kumar, Bhagwat and Xi (2015) in the process of establishing proper grounds of formulating a strategy to regain lost customers, points toward four main areas. These are understanding the behavior and events of the customers first lifetime, organizations intended investment, customers probable second lifetime behavior, probable mutual benefits of the second lifetime relationship. These four areas cover the essential areas that needs to be analyzed in the process of formulating a strategy to regain customers, as it enables the organization to see an illustration of probabilities and it reduces the risk of investment in the event the organization doesn't favour the probable outcome of the second lifetime relationship.

### **c) Achieving Efficiency and Effectiveness of Sustainability**

As change becomes critical, Tokarczyk and Hansen (2006) brings out how it will enforce the firms in the industry to toil hard in improving its efficiency and effectiveness and develop strategies that highlights their competitive advantages and core competencies to achieve sustainability. Further, Tokarczyk and Hansen (2006) that industries should work harder to achieve sustainable competitive advantage, where no matter how strong the competition deploys its strategies, the industry that has sustainable competitive advantage will perform in an above average level to the satisfaction of all its stakeholders. Chou, Chen and Conley (2015) brings out how many organizations hold sustainability as their vision but fail to integrate it in their offering to the customers.

The issue that is evident in the CDSS industry with regard to this perspective is the fact that even though sustainability is a core in the vision, it is always in the vendor's context and on immediate strategies how the organizations could survive. In operating so, they have failed to address the customer's context in the equation of sustainability. Therefore, as clearly pointed out by Chou, Chen and Conley (2015), the customer's context and the value proposition that the industry or firm offers are different to each other, and both these factors need to be considered in compiling the ideal offer for the customers in order to make it a sustainable offer. Failing to do so will make the investment done for a product offering in vain, and also create a distance with the customer as the customers will feel their issues not addressed in the product and/or service offering.

#### **d) Utilizing Scarcity Appeal Technique in Relation to the CDSS Industry**

Soni and Koshy (2016) brings out a marketing technique that adds value to a product or service without adding anything to it. This technique is referred to as the scarcity appeal, where the product is either limited or released with restrictions to the market. Creating a scarcity appeal for a product especially draws in customers with a need of uniqueness (NFU) such as the brand value conscious customers of the CDSS industry. Soni and Koshy (2016) continues to state that even though customer with NFU reacts to the scarcity appeal it is a domain that needs further studying. This is a realistic point as the scarcity appeal presents itself to be a useful technique but it doesn't discuss as to what level of a maturity the product should be in to deploy this strategy as deploying this to a product that doesn't have any appeal will not be successful.

#### ***2.6.5 Communicating Value Through Relationship Marketing***

Since the mid 90's Relationship Marketing is a concept that has been growing in the business community both practically and academically. Palmatier et al (2006) points out that relationship marketing has impacted positively in some and negatively in other businesses. The author's view on this statement is that negative outcomes must have

outweighed the positive outcomes in the era it came into discussion that relationship marketing didn't bloom until the last decade. However, an important fact is brought out by Palmatier et al (2006) that relationship marketing results are moderated by the relationship marketing strategy and the author would like to carry forward this as a key statement to defend the concept of relationship marketing as results of it may not be due to the failure of the concept but due to the poor strategy utilized to practice relationship marketing.

There are several definitions that gives a clear definition of relationship marketing, out of which two stands out as most suitable for the current research.

“All marketing activities directed toward establishing, developing, and maintaining successful relational exchanges” - Morgan and Hunt (1994, p.22)

“Relationship marketing is a philosophy of doing business, strategic orientation that focuses on keeping and improving current customers rather than acquiring new customers” – Mudie and Pirrie (2006, p.228)

The definition by Morgan and Hunt (1994) brings out the fact that relationship marketing creates a successful and interactive journey between the customer and the organization which will in turn result in both parties mutually benefiting from the marketing activities. The definition of Mudie and Pirrie (2006) points out that relationship marketing is the course of action taken to enhance the relationship with the existing customers for both parties to benefit from the relationship, rather than to explore the acquisition of new customers. While these two definitions tread on slightly different circles, it is however clear to understand that both definitions points towards plan of actions in the marketing parameter towards enhancing the relationship between the customer and the organization, for both parties to mutually benefit from the relationship.

While both these definitions are relevant to the CDSS industry it is also important to understand that with regard to the comment on focusing the relationship marketing on the existing customers rather than new customers by Mudie and Pirrie (2006), Muthuramn et al

(2006) brings out the fact that by focusing on the existing customers, it pushes firms to pay more attention on the relationship with the customers which will be more effective than pursuing new customers and trying to build new relationships. However, it is to the discretion of each organization of the CDSS industry, to decide whether to work on the existing customers or to reach out to new customers with the same relationship marketing strategy based on the capacity and long term plan.

Sheth and Parvatiyar (1995) highlight that relationship based processes tends to refine marketing strategies than transactional processes. This leads on to the concept of relationship marketing. In a relationship based marketing environment, buyers and sellers engage in a more understanding of the message communicated and also cooperates with each other to serve their needs.

In this manner it leads on to a relationship between the customers and the organization, which is more dependant of each other's mutual understanding and liberated both parties from being attached to physical factors in a business relationship. CDSS industry has a higher need than other industries to be liberated from the physical attachments so that they can look into various avenues of sustainability, and also for the organizations of the CDSS industry to be free from any strong holds of principle suppliers do to the customers dependency and attachment to particular physical products and attributes.

#### **a) Purpose of Communicating Value Through Relationship Marketing**

Kumar and Reinartz (2016) highlights the importance of communicating value as a whole. They positively state that doing so will drive profitability, loyalty and satisfaction towards the organization as well as the customer. Relating this to the CDSS industry and the intention of the author in doing this research, the communication of value is the element that represents the binding agent in the chemistry of creating and delivering value to the customers and extracting value from them. The communication of value is a very sensitive point in this process and it should be on point where it needs to be presented to the

customers in a realistic perspective without any exaggeration that might lead to doubt or miscommunication of value. Further it is critical not to create doubt or to miscommunicate as it will be unethical and far more damaging to the organizations reputation and business process leading to the lack of trust in the minds of the customers.

In an industry such as CDSS, customers have many options from various branded and unbranded products. Many customers look towards differentiation from one brand to another to see through which they could enrich the quality of life, and this is indeed the point of brand value (Whelan and Wohlfeil, 2006). Furthermore, citing Brown et al (2003), Whelan and Wohlfeil (2006) brings out how important it is for a customer to know the story behind the brand, as this will help the customer to relate themselves with the brand and also have more trust on the brand through the communication of its innovativeness and other value. This is a critical aspect as the experience of value is the cause that will propel or repel the customers from a product or service (Solem and Pedersen, 2016).

Further to this principle brands such as HP and Samsung and also its reseller partners should gather data not only of their own history but of the success stories of their consumers. The reason being that these consumers will bring into the table personal experiences and the emotions to back their stories which communicated the brand value of the product (Whelan and Wohlfeil, 2006). This is indeed a very important fact in the CDSS industry as people often after a product launch or a marketing campaign carry a doubt in their minds whether the products is as good as it is presented, and at this point having a reference from a pilot or prior consumer will help the new customers to reassure themselves, and procure the product due to its brand value as customers more often prefer to have an associated familiarity in the selection process (Solem and Pederson, 2016).

#### **b) Communication with Customers**

In the realm of service offerings, through the supportive citation of Clark et al (2009), Chou, Chen and Conley (2015) takes our attention and focuses on a critical factor that will

be influential to reach the exact mark where the author is trying to reach through this research. This critical factor is about the communication with the customers. Their article emphasizes how the proper methods of interaction with the customers, being closer and more frequent and following the customers will help them understand the customers more, so that what the customers are concerned and have expectations about can be delivered precisely to them as sustainable value. In the modern era, communication with customers are made quite convenient with the addition of social media marketing coming in as a strong advertising tool, giving the reach to the customers who are unavailable for physical interactions.

Currently social media and physical interactions at stores are carried out in the CDSS industry, but the drawback lies where these interactions are widely used to communicate transactional values that leaves customers evaluating the best price offer, rather than any other value attributes.

The communication that occurs in a physical sense plays a major part in the minds of the customers, as there is a personal impact on the customer in this interactive form of communication. The customer service representatives, sales personnel and technical personnel who engage with the customers in the front lines, carry the key responsibility to deliver an impression that ensures satisfaction to the customers, and it is the organizations responsibility to ensure human resource is strategically positioned to achieve this (Choudhary *et al*, 2011). Further, as the organizations work on the matter of positioning the human resource accurately, an important fact to be aware of is that, being technically correct to position a person at the point of engagement isn't sufficient and the personnel placed at each point should have the courtesy and the ability to understand and respect the customer, where the customer will also in turn respect the personal, establishing a vital factor that is essential for successful communication to occur (Markovic and Salamzadeh, 2018).

The hyped and trending concept of social media in the lives of all people, empowers social media to be a major part in marketing in the current era makes a more powerful marketing tool (Su, Lin and Chan, 2015) than the traditional advertising platforms. While organizations should take accurate steps to ensure vague and misleading information is not communicated to customers, social media creates the room for more argumentative and clear information, with the benefit of even enabling introvertive people also make their comments has enabled to have more opinions available for those who are interested in the particular topic. However, in relation to the CDSS industry, interactive advertising on social media space has negative impacts as many individuals who post are initiating discussions on the short comings of a product or service, which most of the community believes to be true because it's from a consumer, which corresponds with the damaging side of communication highlighted by Markovic and Salamzadeh (2018).

Due to the lack of interest shown by satisfied customers to make a post on social media on a product or service, companies or manufacturers of the CDSS industry make positive review posts to communicate the positives and the benefits to the community, but since these posts are not from a consumer but from a reseller or a manufacturer, it is considered as biased or 'exaggerated' by the community. Therefore, as an overall estimation, the word of mouth communicated through social media for the CDSS industry is unhealthy.

### **c) Cultivating the Impact and Influence of 'Word of Mouth'**

The word of mouth is a powerful tool which is solely in the hands of the customers in any industry. Su, Lin and Chan (2015, p. 432) defines word of mouth as "informal interpersonal communication that transmits the evaluation of brands, products, and services to other consumers through transmitters". Current customers who are experiencing the services of an organization may have very less impact from the word of mouth of a fellow customer, as their current experience trumps the word of a fellow customer. However, whether it is good or bad, the word of mouth of customers has the power to influence



decision making (Su, Lin and Chan, 2015) of prospective new customers or lost customers who are targeted to be regained by an organization.

Relatively to other sources of information that customers acquire, word of mouth is considered to be credible (Su, Lin and Chan, 2015), simply because human nature is to value personal experience over facts. Though the author makes a strong comment on the influence of the word of mouth, there isn't sufficient factual studies done on the impact of word of mouth in the decision-making process. Su, Lin and Chan (2015) states that word of mouth creates an urge to pursue information on the matter on a personal level but the practical aspect of the impact of word of mouth in the CDSS industry is, due to the fact of high financial value involved compared to the economy of the country, a majority of consumers prefer word of mouth than to personally experience trial and error of a product. This is the reality of the influencing consumers to make high risks decisions, states Su, Lin and Chan (2015), through the citation of the research done by Cermark, and Prince (1994) and Hogan, Lemon and Libai (2004).

Hartshorn and Wheeler (2002) discusses on the fact of sustainable development being a challenge to firms with traditional management. It is quite an interesting fact that is highlighted in the work of Hartshorn and Wheeler (2002) as they point out how methodical and strong traditionally managed organizations are in their theoretical operations (text book actions) but they find it challenging to adapt proactively to the contemporary changes in their industries. The CDSS industry too have many organizations who have been very strong in their theoretical proceedings related to the industry's operation, such as creating financial plans, bringing in the latest technology etc, but has found it a challenge to be proactive and respond to the trends of the industry, which has brought down their performance even though they have a clear operational plan.

#### **d) Influence of E-Commerce Towards Relationship Marketing**

With the advancements of the internet and its multiple applications, prominently the fact of it becoming the primary instrument of communication (Panda and Swar, 2014) online shopping and online marketing have become a part of many organizations. However, in relation to the CDSS industry, these two concepts have impacted in different ways. Online marketing is a valuable tool for the CDSS industry in the same way it benefits many other industries as it enables the retailers to communicate effectively, the values and benefits of purchasing their products and services to the potential consumers, in order to influence their decision making process to be favourable towards the retailers. However, when it comes to the fact of online shopping it gives great convenience for the potential consumers (Panda and Swar, 2014) as its simply a click away from the device in hand after the potential customers review the product they are interested in. For the CDSS industry this is a critical factor as it applies pressure on the management to decide on the physical existence of the store as the community engages on a virtual platform.

Further the categorization of a retailer in the CDSS industry due to its large format physical existence is debatable due to the level of penetration they can achieve on the virtual (online) platform, as there are other retailers categorized as online stores already existing in the virtual space with the dominant presence. Therefore, weighing the pros and cons of the two concepts of online marketing and online shopping, in relation to the existing business model of the CDSS industry takes two different forms. Online marketing tends to be a positive attribute while online shopping tends to be a risky or a threatening alternative.

#### **e) Creating Awareness of Brand Value**

Hoeffler and Keller (2002) discusses about the fact of brand awareness generating more sales as its core benefit. And continues to state that the power of a brand stretches as far as what has been heard by the customers. Taking these points into consideration the author

would like to boldly state that brand awareness is an area that the CDSS industry needs to invest and focus on. The main reason for the author to make this statement is due to the fact that brand value awareness will educate the customers on the importance of buying branded products beyond its reputed value of prestige. Accordingly, customers will get to know the build quality, the reliability, warranty and thus the value for their investment. This is a key point of customer engagement in the CDSS industry where value is created, delivered to and extracted from customers simultaneously.

## **2.7 Creating, Delivering and Capturing Value**

Once the fundamentals of re-establishing value for the industry is understood, the next step the final phase of the process is to create, deliver and capture value based on the strategic ambitions of the industry, which will accomplish the objectives of the research.

### ***2.7.1 Strategic Ambitions***

The strategic ambitions of an organization or industry operates as the basic thought process on which the business model operation is built upon, a clear understanding is provided by Tellis (2009) in the study on China, how strategic ambitions operate towards the transformation of a system. Therefore, understanding the overall objective of the research, the strategic ambitions would be under the themes of influencing positive financial and market share growth of the organization, establishing quality of the trade and the enhanced strategies towards customer engagement and satisfaction.

### ***2.7.2 Creating Value***

The ultimate goal of this research is to establish the measures in which to create and deliver value, with a value co-creation cycle occurring between the buyer (customer) and seller (organization) of the CDSS industry in order to achieve sustainable value. Accordingly the first step will be to create value.

### **a) Quality of the Business Operations**

Discussing key aspects of an industry, there is one aspect that comes across all industries which is quality. Compromising on quality has not done any good to the industry but result in customer grievances (refer table 2), however improving on quality has been richly beneficial for many and is a critical value attribute. Quality is such a strong attribute that it has been responsible for the transformation of industries, economic growth of countries, profitability of organizations, a strong desire of customers and a point of competition among organizations (Golden, Mitra and Moorman, 2012). Quality has become a dominant factor across the globe that it has its own eco system built with management systems and software, awards ceremonies and certifications. These are in place to encourage organizations to improve and maintain quality of products and services and to ensure customers are satisfied with the products and services received by them.

Discussing further on the aspect of quality, it is debated that quality is not only dependent on the product or service aspect but on what the customers perceive as quality as well (Golden, Mitra and Moorman, 2012). It is at this point that the matter of understanding the perceived value of customers becomes useful for the organizations to clear this doubt. The perceived quality in the minds of the customers is one of the attributes in what they see as perceived value as a whole. Therefore, understating the perceived value will give clarity into perceived quality, which in return will help the organizations to refine products and services to match the customer's perceived quality.

### **b) Unique Offerings of Technological Advancements**

Tokarczyk and Hansen (2006) highlights that technological advancements have changed industries into great heights. While some rebel it has impacted the situation in the market negatively, the real scenario is that it has closed old doors to open new ones but a majority of the community takes comfort in rejecting change rather than accepting and adopting it by exploring new paths and achieving success.

The changes in the industry has indeed in one aspect strengthened the competition as well, who are equipped with substitutes or alternatives, but it empowers the existing organizations to benchmark on their unique offering (in the scope of the CDSS industry – the value additions/service/reliability) and/or diversify to having a separate segment on the available alternatives and substitutes (in the scope of the CDSS industry – listing products of options of unbranded or lower prices with different product offerings – refer figure 4).

### **c) Improving on Service Offerings**

Service offerings is important to obtain the favour of the buyers in a sustainable manner. Service offerings are catered in the pre-as well as the post sales stage. Gaiardelli *et al* (2014) how service offerings through extended services without proper planning results in higher costs, which is not suitable for sustainability. The improvement on service offerings that can be made in the CDSS industry is to make the services more efficient.

At the point of catering the customer at the pre-sales stage, offering the customers the desired information and guidance for product purchasing and at the post-sales stage, helping the customer through to an efficient rectification of any inquiries or issues, is the correct approach with a proper service culture (Gaiardelli *et al*, 2014). Improving on service offerings will help avoid most of the customer service issues and further support to have better ways to resolve issues in the CDSS industry.

### **2.7.3 Delivery of Value**

Elaborating further on the matter Kumar and Reinartz (2016) points out that this value process or the actions set is the core purpose of business as it is meant to create and deliver value to customers in the form of benefits, quality, quantity, and price and at the same time extract value from the customers through loyalty, word of mouth recommendation and profitability and also extract value from lost customers in the form of information as to why they are no longer customers in order to learn from the mistakes and improve any

downside in the organizational process to ensure negative elements are eliminated from the business process.

Muthuraman et al (2006) shares the fact that value delivery is a tough task, as the value expected to deliver at the formulation of the organization may not be the actual value that will be delivered at the point of implementation, which will result in harmful repercussions. Therefore, the delivery of value should be at all times considered as a sensitive subject.

#### **a) Customer Satisfaction**

Highlighting a bold statement made by a former Vice President of Motorola, White (2010) states that it was declared that customer satisfaction is the core of the economic system of country, thereafter the world. Satisfaction being a more emotional component and not a physical component is subject to change as per the perspective of each individual.

However, understanding this statement and the behavior of the of the general community it clear that customer satisfaction is the most critical element in any business relationship or else the relationship would not exist.

Customer satisfaction occurs when the expectations of customers is met by the products and/or services offered by an organization (Tripathi, 2014). Therefore, relating this to this research context, customer satisfaction occurs when the delivery of the customer's perceived value occurs. Tripathi (2014) highlights how customer satisfaction, in the context of customer empowerment in most cases is the most effective and cost friendly and credible source of marketing, which has now made customer satisfaction a key goal (a KPI factor in the modern context) in a marketer's job role.

It is never an easy task to satisfy customers as their expectations are in most cases complex. Even though many tag lines or slogans such as 'customer is king' remains at the tip of the mouth of many strategic teams, it's a totally different story to make an

organization work towards meeting this level of delivering satisfaction to customers. Therefore, an organization must initially evaluate the needs of the customers, the investments made and how they are going to meet the customer's needs (creation and delivery of value). Further, in the same thought process organizations must work on how to recover and also make profits of the investment through the acquisition, retention, positive references and loyalty of customers (Tripathi, 2014)

### **b) Customer Loyalty**

In order to be competitive in a market or industry it is essential for the organization to have a strong relationship with the customers (Chakiso, 2015). This relationship is more stable and long lasting when the customers are loyal towards the organization, as this establishes a mutual understanding of a higher level between the organization and the customers. It is also an established point of view that proper customer relationship measures lead towards customer loyalty as the mutual understanding discussed above results in a bond between the customer and the organization.

Customer loyalty is an important consideration in the development of a new business model for the CDSS industry as it will bring in more stability to the model which will be based on relationship. Organizations needs to keep in mind that the mechanism of loyalty in relation to customers will generate proper outcomes, only if the organizations share the value back to the customers in adequate measures in return to the loyalty shown by the customers towards the organization. Moreover, the organizations should have an effective system to reward value more to the customers who express more loyalty to encourage customers to show their loyalty (Muthuramn et al, 2006)

The loyalty of consumers is one of the key values that could be reaped by an organization in the process of obtaining value and is one of the main points which the author emphasizes on throughout this research. Loyal customers not only are repetitive buyers but they also stand witness favoring the product, service and/or organization. Loyalty

programs conducted by organizations is a form of delivering additional value to its loyal customers. Sheth and Parvatiyar (1995) brings out a different and interesting angle on the point of customers engaging into a loyalty relationship, which is that customers' favour to reduce choices in this manner.

Bagozzi (1995) commentary on this statement by Sheth and Parvatiyar (1995), debates whether the reduction of choices through loyalty is something what the customers opt for or whether they are been driven into this decision by the sellers' end and continues to argue that the actual reason isn't evident. In relation to the CDSS industry, the author's interpretation of this statement is that customers would like to reduce their choices to make the decision making process much quicker considering the vast number of choices available for a particular option, and also from the CDSS retailers point it is to be able to round up the choices available for the customers, in the intention of pushing the products that they want to be moved into the market, for example offering higher discounts and loyalty points for outgoing year 32 inch Television prior to the arrival of the new model.

#### ***2.7.4 Capturing Value***

Most of the modern practices of marketing or business strategies as a whole directly takes a route where it depicts that the organization (seller) and the consumer (buyer) as two independent entities, where mostly the consumers get the opportunity to entertain themselves through the value created by the organization in the form of products or other benefits (Schau, Muniz and Arnould, 2009).

Understanding the work of Schau, Miz and Arnoud (2009) it highlights the matter of co-creation of value simultaneously from the consumer's end to the organization in the form of financial remuneration, loyalty etc. This is the main argument that the author brings forward in through the intention of combining the original theories. It is also the author's firm debate that through this process of co-creation of value, the organization and the consumer is no longer independent but dependent of each other, where the consumers will



directly influence the organization to extract the value desired by them and the organization will in return extract the value it desires from the consumers as financial remuneration or loyalty etc as described earlier, this result that the organization benefits as a result of the co-creation process can be identified as the capturing of value.

#### **a) Emotional Triggers Towards Capturing Value**

In the journey of discovering the essential facts towards the successful transition of a business model from a transactional perspective to a relationship based model, the whole concept of just give and take of mostly monetary oriented factors change to a more emotion oriented bond that enables the business model to be oriented and based on the relationship of the organization and its customers. In the study of emotions with regard to the business paradigm, White (2010) surfaces that emotions can act as customer satisfaction, loyalty and behaviour predictors that will provide valuable insight to the organizations when developing strategies for business operations.

Study and understanding of emotions of course follow on a more psychological field of study and might not always be a proven source of data for predictions to be carried forward as data for strategic decision making. However, knowing how to trigger specific emotions that will result in customer satisfaction, loyalty and behavior will undoubtedly be a valuable tool in the strategic arsenal of an organization.

Continuing the evaluation of the validity of use of emotions in the business planning process and its appropriate application to the strategic design, it is important to consider the point of extracting data derived from emotions, only then can that data be utilized for the strategic design and to determine investment and effort willing to be utilized to extract this data (information). The reason being some organizations tend to extract information pre-experience (ex: via stimulated situation) and other organizations extract information post-experience. There are pros and cons in both situations where simulated situations will have the risk of the customer response being different once the actual scenario is set in,

while post experience will have the risk of the organization actually utilizing a considerable investment to extract information that may well be not useful. Therefore, as pointed out by White (2010) without a proper context or outcome understanding customers feeling (emotions) has little value.

What can emotions actually measure or predict? This is a question that seems to have an obvious answer, which is their feelings towards a subject or object has a more complex explanation with regard to the current study. Further to information on the study of what emotions can predict, White (2010) elaborates on how studies were done on multiple areas such as the process customers go through after purchasing a product, how satisfaction judgements are formed, evaluation of service quality and on behavioral intention predictions. These studies are deemed important to the commercial world as organizations are pursuing after the knowledge on the feelings of their relevant customer segment by frequent online and traditional survey methods. Even though these studies haven't produced exact results, citing Dube and Menon (2000), White (2010) highlights, what is for certain is that positive emotions influence satisfaction positively and negative emotions influence satisfaction negatively, however the author would state that the vice versa of this statement is more appropriate and realistic.

In the scope of formulating a relationship based business model, it is an essential fact to understand that the ability of an organization being able to understand the emotional response or the feeling of the customer, is the fact that will establish a steady relationship. And these emotions arise pre and post-sale in the CDSS industry. If this fact is not considered, then the relationship between the customer and the organization will fail after the engagement. During the sales process of a product the pre sales expectations created and the delivered expectations should match for the customers to be satisfied and have positive emotions that will enable the relationship to sustain and will also create further value to both the organization and he customers. This being said in relation to the CDSS

industry, the quality of the products and the quality of the service post sale makes a major impact (Choudhary *et al*, 2011; Hussain, Bhatti and Jilani, 2011) on this emotion triggered environment and thus a relationship based business model will establish sustainable value to buyer and to the seller through the emotional response received in different forms.

## **2.8 Summary**

This chapter focuses on exploring, understanding and reviewing literature which is essential to the research in hand. The problem background of the research was studied leading to the need of addressing value erosion. Sustainability was discussed and understood in relation to the CDSS industry and the existing business model was reviewed with the support of empirical evidence and literature to navigate a path to the establishment of a new business model. Motivational factors that drives each relevant customer segment along with their perceived value was explored through literature in order to understand the key points to align value, enabling the creation of sustainable value, which leads to the formulation of strategies through customer relationship and engagement, which will facilitate to create and deliver value to the buyer-seller eco system and also empower the process of value capture through a relationship based business model, to achieve the objectives of the research.

## CHAPTER 3 - RESEARCH METHODOLOGY

### 3.1 Introduction

This chapter will elaborate on the specifics of how the research is conducted. Therefore, the research philosophy selected, the research approach taken, the research design and method, and the fundamentals for these will be discussed. Further the action plan, the data collection process (instruments and analysis tools), limitations and the ethical considerations will be discussed in specifics and in detail to enlighten how the research process goes through to meet the expectations of conducting the research.

Research on a business-related subject is not an easy scope to navigate, due to the vast areas that it branches out to, such as disciplines of applied, social, humanitarian sciences etc. This branching out is a result of the industry evolving, and in order to conduct a research on a field that has evolved to a great extent, it is important that the method of research too evolves to meet the task (Hirschman, 1985). As much as the ability to evolve is important for a research, the ability to lead the research with a clear vision is important especially in the formulation of the methodology. The leadership vision of the research should be able to connect all the parties (internal and external stakeholders) and have a sound research information forum so that the research will deliver the desired competitive edge for the industry and/or organization (Berry, 2010).

The topic on which the research is conducted on is based on the transformation of the business model of the CDSS industry from being transactional oriented to be relationship oriented, in order to achieve sustainable value, in simpler terms to make the bond that exist between the buyer and seller that is attached on a mere direct monetary give and take form, to a more sensitive and meaningful form that will generate stable and long lasting value.

However, unlike measuring importance of a transaction with digits and scales, measuring the importance of a relationship takes a more personal and sensitive approach which

should be able to depict rational and practical implications which leads to the delivery of the sustainable value desired by the organizations of the CDSS industry.

In this process one may debate that whatever the terms are, that the end results will be in the form of financial value, this being true in one extent, it is the downfall of the industry's value, which is caused by a financial oriented system, that is being attempted by the author to rebuild through a more stable approach to build a firm foundation, than making the buyer-seller bond just a transaction.

In order to obtain the necessary findings of this research, the author needs to look deeper than the logistical and financial statistics of the CDSS industry and excavate details of more emotional responsive and relationship oriented nature. This directs the research to have a sensitive approach which is qualitative nature, where values more sustainable could be excavated from the two main stakeholders of the CDSS industry, the buyer and seller.

The reason being that in the objective of finding the mechanism to create and deliver sustainable value to the buyer and seller eco system of the CDSS industry, only the stakeholders that hold a key stake of the industry could provide from their perspective the defined value parameters and expectations.

The handling of the research and the process as to how it will be carried off will be planned following Saunders Research Onion framework as depicted below (figure 10), in accordance with the research with regard to the CDSS industry, initiating from the outer layer of research philosophy, all the way down to the core of data collection techniques and procedures, which will guide the research to be comprehensive to generate a fruitful outcome.

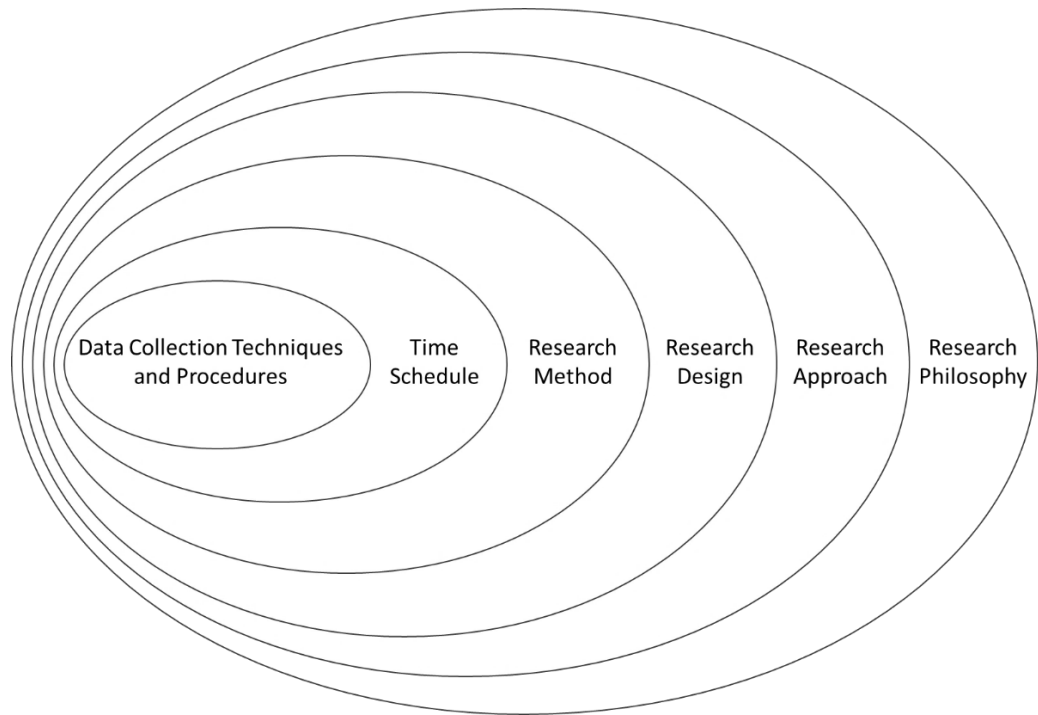


Figure 10 – Saunders Research Onion Depiction for the Research

### 3.2 Research Philosophy

In order to achieve the objective of the research the proper philosophy needs to be selected. Saunders (2009) points out the complexity of the matter as scholars of the business field too have debated on how to select the correct philosophy but the correct way to navigate is to be able to select the research philosophy that will enable to view the research in the correct way to see it.

The way in which a research is conducted and how the data is to be collected, interpreted and utilized, is referred to as the research philosophy (Saunders, 2009), further on a more direct understanding of the knowledge, truth and reality perceived by the researcher is the philosophy of a research (Ryan, 2018). Developing knowledge is the core purpose of any research and the core purpose of conducting this particular research is to develop the knowledge of understanding true sustainable value, of the CDSS industry and how it operates in the life cycle of the industry.

Assumptions play a major role in any research and these assumptions are recognized as Ontological, Epistemological and Axiological assumptions or accordingly known as the

assumptions regarding realities, human knowledge and the extent of the influence of value (Burrell and Morgan, 1979., Saunders, 2009). These assumptions play a critical role in deciding the philosophy of the research as the parameter of each research will shape the philosophy.

There are few types of research philosophies that are utilized based on the method of the assumptions are made, such as Positivism, Interpretivism, Critical Realism, Critical Theory, Pragmatism and Postmodernism.

Positivism a philosophy mostly found in quantitative researches. It is a progress of observations made to understand the reality and where researchers will pursue to establish the fact that can be proven are considered truth. Further, this philosophy directs that knowledge should be independent from the researchers biased beliefs and values and remain objective (Ryan, 2018; Zukauskas, Vveinhardt and Andriukaitienė, 2018).

Agreeing with this fact Singh (2019) states that Positivism is the scientific method, where large samples are used in quantitative studies in order to advocate them.

Critical Realism is a philosophy mostly associated with social scientific research, and critical realism is widely utilized to confront social occurrences and help the researchers provide practical policy recommendations as suggestions to address the matter (Fletcher, 2016).

Critical Theory is a philosophy that has a few similar attributes associated with Critical Realism such as social, economic and power structures. However, Critical Theory's philosophical nature is to analyze the past to evaluate the future and work with modified subjectivity on social, economic, political and power structures (Ryan, 2018).

Further certain theorist believe that critical realism is the only way forward in a research as its not naïve and is self-evident.

Pragmatism in general is utilized in the community as a way of acting or addressing a matter and resolving it in a practical manner (Ormerod, 2006). Depending on the practical

results of the research, pragmatism enables the researcher to freely choose the procedures, techniques and methods that will help reach the aim of the research (Zukauskas, Vveinhardt and Andriukaitienė, 2018). Pragmatism can be referred to as a philosophy that is related to mixed method research. This philosophy sets aside the research method and focuses more on the research questions and on the significances of the research (Singh, 2019). Further pragmatism functions across the belief that experiences in the past and the beliefs that have come as a result that cannot be separated from human actions (Kaushik and Walsh, 2019).

Postmodernism is associated with aesthetic and political studies and is philosophy that exists objecting modernism. Further, it rejects the individuality principle and focuses on a common principle that is shared by the whole community allowing the boundaries to open up giving space for theories and concepts to be rebuilt (Farhangpour and Abdolsalami, 2016). Post modernism engages cultural existences and criticizes on existing context and beliefs to move ahead to a different platform of beliefs and context.

The research philosophy selected for this research, conducted on understanding the establishment of sustainable value through a relationship oriented business model is Interpretivism. Saunders (2009) highlights that richer and new understanding are achievable through an interpretivist research and also interpret different social paradigms. Contributing to this factor Ryan (2018) and Singh (2019) brings out the fact that Interpretivism philosophy considers the point of view of each participant in order to explore and understand their perception, in order to come into terms why certain situations take place. This will empower the current research to be looked upon as the CDSS industry through the view of different people in the organization's social context, and to understand the different value perspectives, which has been the core objective of this research, so that the formulation of sustainable value can be successfully achieved.



### 3.3 Research Approach

The research approach can be identified as the form in which the research will be handled, especially in the processing and interpretation of information. Elaborating further, the research approach provides the plan or blue print to conduct the research in an optimum manner (Grover, 2015; Mohajan, 2017). The three main research approaches that are widely used are the Deductive approach, Inductive approach and Abductive approach (figure 11). These three approaches are hard contrasting opposites to each other as the deductive approach is based on the testing of academically established fundamental theories, the inductive approach is based on the acquisition of data in order to formulate a framework or theory (Schader, 2002., Saunder, 2009) and abductive approach tends to explain puzzling situations.

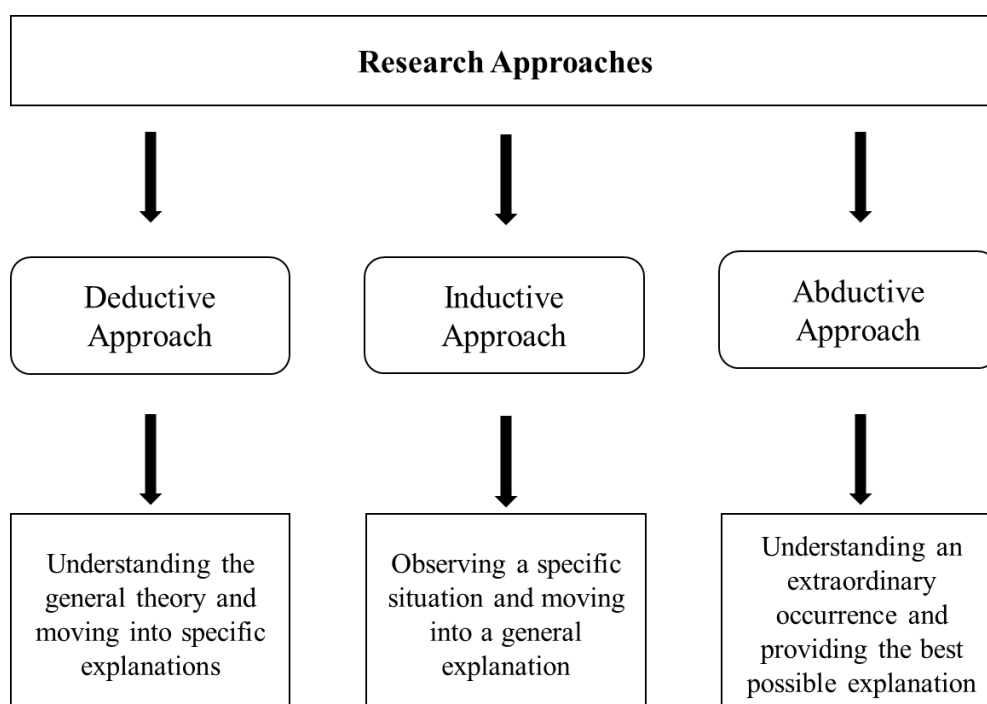


Figure 11 – Research Approaches

Elaborating further on these three approaches, inductive approach builds models, concepts and themes by reading and analyzing the data, which are likely to be guided by specific objectives for evaluation, the deductive approach looks into hypotheses, previous assumptions, theories identified and tests them through the analysis of data, and due to the

preconceptions in the collection and analysis of data, evolving themes and concepts are subjected to be reframed and/or obscured (Thomas, 2006), This being said, the abductive approach takes into account a phenomenon, puzzling and surprising in nature and fact, and which cannot be explained using current theory, and then uses the full power of the research to explain the phenomenon.

The research approach selected in order to conduct this research, on understanding of the establishment of sustainable value through a relationship oriented business model, is the inductive approach as the data will be gathered from the relevant internal and external stakeholders of the industry, in the perspective of value and then develop a conceptual framework together with the modification of theory, to establish a framework to successfully create and deliver sustainable value to the buyer and seller co-existence of the industry. The inductive approaches' purpose is to serve as a systematic approach to analyze data to reach the desired objectives by enabling dominant, significant or frequent themes emerge from the data derived through the research without structured methodologies retraining them (Thomas, 2006).

The inductive research undertaken depends heavily on the observations, experience and feelings of the stakeholders involved, and these will deliver the information data required to determine each aspect of value. This attribute of the inductive approach empowers the research to draw the necessary conclusions to solve the problem at hand (Smart *et al*, 2012). The reason why the inductive approach will be able to deliver the solution for this research is due to the fact that, in order to build or deliver sustainable value component, the observations should be clearly captured, experiences accurately recorded and feelings sensibly interpreted to confidently and accurately deduce the problem (Saunders, 2009), also the inductive approach fits into the perceived reality of the concerned parties of the research (Grogory and Muntermann, 2011), so that the solution formulated will effectively address the concerned matters.

### **3.4 Research Design and Method**

A structure is essential in the building or formulation of an entity may it be physical like and airplane, psychological like a mind map or theoretical such as a research. This structure of the research, which binds all its entities together in a way that the empirical research addresses the research problems, is referred to as the research design (Akthar, 2016.).

The research design will be the plan as to how the investigation of the research is done, the data is collected and how it will cover all the bases that will be required to have a full proof research. There are various types of research designs that are commonly used in commercial and social science researches. These are exploratory, grounded theory, case study, phenomenology, cohort, ethnography, experimental and descriptive.

- **Exploratory**

Exploratory research design is a purposeful, adventurous, systematically pre-planned navigation to discover the unknown cause of a phenomenon, and steer to a clear and critical understanding of it (Stebbins, 2011)

- **Grounded Theory**

Grounded theory is a sociological inquiry done with the involvement of participants, and a series of data collection, in order to conduct an investigation regard to an interaction, process or action (Strydom, 2013) in order to form a general theory related to it (Creswell, 2014).

The data collected in this process is analyzed systematically to enable the emergent of new theory or theories with regard to the interested sociological inquiry (Astalin, 2013).

- **Case Study**

A case study research design is a critical analysis of a particular selected problem within its actual context, understanding and factoring in the dynamics of its phenomenon (Teegavarapu and Summers 2008). Further to this, Astalin (2013) states that a holistic study of systems, people, projects, institutions and policies through a single or multiple of methods is referred to as a case study analysis.

- **Phenomenology**

Phenomenology is an analysis of a real world situation or phenomenon and explaining it descriptively towards establishment of understanding of it to clarify any confusion or misunderstanding (Astalin, 2013). Individuals who have experienced and lived the said phenomenon, will be the participants of the research and their testimony will be taken as the descriptive information (Creswell, 2014)

- **Cohort**

Cohort research design refers to the periodical study of a group of people based on the definition of a study, where the selection of the group of people is made by a common denominator (Setia, 2016)

- **Ethnography**

Ethnography is a qualitative design that scientifically studies human societies through the inquiry of the origins of the human being's social relationships (Astalin, 2013) in order to provide a descriptive analysis of the cultural practices and setting of the studied human society.

- **Experimental**

The experimental design analyses the relationship between variables, the cause and effect of one variable with respect to the other (Ross and Morrison, 2003)

- **Descriptive**

Descriptive research design is an analysis of a phenomenon with the objective of describing it accurately and systematically towards the understanding of the situation (Helen, 1993).

Evaluating the purpose and outcome of all the research designs mentioned above, Exploratory research design was selected to conduct the current research at hand. The reason being, that exploratory research design is based on the fact of investigating a matter and drawing conclusions in an unknown or uncertain issue or situation (Mzoughi *et al*, 2017), elaborating on this matter, the exploratory research design cultivates the appropriate problem, creating the opportunity for an appropriate investigation to be carried out and then for a suitable development of a theory (Akhtar 2016) as its core purpose. Therefore, since the current research at hand is about treading new waters of developing a new business model to meet sustainable value, exploratory research design, best suits the need.

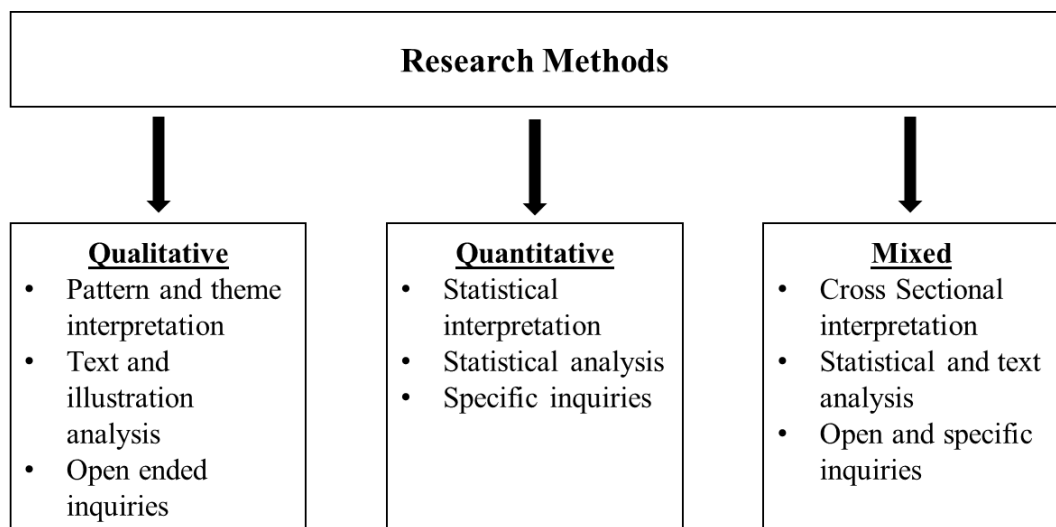


Figure 12 - Research Method (Creswell, 2014)

Moving on to the purpose of having a research method, is to decide the way in which the information data related to the research could be collected and analyzed. There are three methods that are mainly associated with a research and these are Qualitative, Quantitative and Mixed Methods (figure 12).

Qualitative research method is oriented on interpretive descriptive information that explore cultural behavior, experiences and the point of view in a particular phenomenon.

Quantitative research method is oriented on interpretive statistical information that looks into functionality of variables in a particular phenomenon (Elkatawneh, 2016) and Mixed Methods research method is a pursue of a mix of both qualitative and quantitative information oriented.

Qualitative research method can be used in both inductive and deductive approaches of a research and is the ideal method to identify the cause and effect of a phenomenon (Pratt, 2009), and also in an inductive aspect to guide theory into new directions (Bansel *et al*, 2018). Qualitative research methods can bring out the issues and potential problems (Bengston (1982), however most importantly Axelrod (1975) points out that qualitative research methods' core purpose is to understand the descriptive information data given by people so that significant discoveries could be made. Qualitative research takes the route of creating its own themes, and collect the data and analyze in a manner that these themes emerge from the research without being influenced or weighed down from existing theory (Elkatawneh, 2016).

Therefore, since the research undertaken is based on the observations, experiences and feelings of the internal and external stakeholders of the organizations in the CDSS industry (the perspective of buyers and sellers), the research aims to provide a modification into existing theory by the themes it will enable to surface, through the outcome of the data collected. Due to this nature, the data collection requires to be of the qualitative nature, therefore an exploratory qualitative research method is used for this research.

### **3.5 Action Plan of the Research**

The action plan for the research undertaken is developed based on the fundamentals of researched discussed earlier in this chapter. The initial step is for the author is to engage in a broad observation process of the current state of the industry. This observation process will enable to identify the areas that gets highlighted and falls into the category of the research problem. Afterwards supporting factual evidence with information data, will be collected through relevant agencies and the public records of the organizations, which leads to the formation of the research questions that will need to be addressed in order to achieve the desired outcome of the research. The formation of the research questions will provide the scope of the research and the type of data that needs to be collected.

The importance of identifying the scope of the data that needs to be collected, is that it helps to decide on the population for the research and thus the samples thereafter. Another key point of identifying the scope of the research and the type of data is to help the researcher to decide on the research instruments that needs to be utilized for the data collection, and once the instruments are decided then the data collection process will be initiated.

And at the same time assumptions that will be encountered in the research process will be identified and proper steps will be taken to sort out the assumptions through resolutions that will address these assumptions and eliminate them from the research process.

However, prior to initiating the data collection process through the decided instruments, the instruments will be properly organized, in the scope of the research at hand the instruments decided being focus groups and in-depth interviews, these will be properly planned in a way the questions are systematically organized, and that these are conducted in a proper ethical and effective manner, that the data extracted will be genuine and ready to the analyzed.

Modifications to the data collections will be done in order to meet the current situation of the world, with the pandemic (Covid-19) occurring, and once the data collection is done, the data will be processed through the data analysis tool in order to have data ready to be interpreted.

The data analysis tool will be decided at the point of understanding the type of data that will be extracted for the research, and once the data is interpreted, along with the theoretical understanding of literature modification of theory, the conceptual model for the relationship oriented business process will be formulated in order to generate the desired outcome of the research.

### **3.6 Assumptions and Resolutions**

The nature of the research is due to encounter the assumptions presented below of during its different stages and the steps taken as resolutions, as to how each assumption will be addressed and eliminated in the most appropriate manner to ensure a successful research process without harming the research is listed below.

#### **Assumption 1:**

The customers selected will ensure the representation all the capital cities of all districts. The customers selected from the capital cities generating the majority of sales for the CDSS industry and are able to provide a sound knowledge of data required to obtain the customer (buyer) perspective of value.

#### **Resolution:**

The participants will be given a straight forward inquiry sheet in order to compile their customer profile, which will enable the discovery of the representing city and the purchasing experience of the industry



**Assumption 2:**

The employees selected from the organizations will provide accurate insight into the value perspective of the organizations of the CDSS industry and will provide necessary information without false pretences.

**Resolution:**

Employees will be selected based on relative and suitable criteria, with respect to their experience and job role to enable the selected participants are an ensure fit to the research.

**Assumption 3:**

The CDSS industry's operations and environments remains with no or minimum change during the period of study of the research, keeping the data acquired viable.

**Resolution:**

The industry's operation during the research time period will be monitored and unavoidable extraordinary situations such as island wide curfew due to violence or pandemic situation will be isolated from the research process.

### **3.7 Data Collection**

Data collection is a critical part of any research as the data collected will shape the final outcome of the research. The research in hand is of a qualitative nature and thus qualitative data collection instruments will be utilized in the data collection process. The two instruments selected for this research on understanding the establishment of sustainable value through a relationship oriented business model are focus group studies and in-depth interviews. Both these instruments will generate qualitative data, which will be recorded and will be subjected to be interpreted by a qualitative data analysis tool, NVIVO of which more information will be discussed late in the chapter.

#### ***3.7.1 Observation Process***

The research is done on understanding the establishment of sustainable value through a relationship oriented business model, and observations are made pertaining to this scope. The observations made are on the nature of behavior of the customers of the CDSS industry and how the CDSS industry interacts with its customers. To put this into more practical terms is it grasp the outer appearance of the functionality of the CDSS industry. The observation process with regard to the research commenced at the point of understanding the industry and looking into finding a research problem for the research. The observation process was the key to finding the problem background, when it was related to factual evidence, and it delivered the research questions that shaped the nature of the data collection process, such as the determination of the population, instruments and analysis method.

The behavior of the CDSS industry is the same at an average estimation around the country and the observation was based on the western province of the country, where all social economic classes and cultures enrich the demographics, and will give a clear illustration of what the problem background is and the research questions related to it. These research questions helped to understand the population for the research, who will be the customers

and the organizations in the superstore industry of Sri Lanka. The research questions derived are:

1. How can the creation of sustainable value to the stakeholders, bring back balance to the CDSS industry by dissolving uncertainty?
2. How a customer-oriented business model for market leadership, transform the CDSS industry from a transaction based to a relationship based architecture?

### ***3.7.2 Population***

The population of the research refers to the segment of the geographical population relevant for the research, who falls into the selected criteria (eligibility criteria) for data collection (Majid, 2018). The population selected should have the knowledge and the capacity, to provide the necessary data required to answer the research questions, therefore an inclusion criterion will be drafted upon to make the correct selection of population. The research on understanding the establishment of sustainable value through a relationship oriented business model is based on the buyer-seller coexistence and therefore there are two populations with regard to this research, they are the buyers (customers) and the sellers (organizations in the super store category) of the industry.

#### **a) Population 1: Buyers – Customers**

The consumers of the super store industry are a vast number and most of the population of the country are customers of at least one of the major organizations of the superstore industry. Doubt may arise whether the lower income class category of the population can be considered as customers of the CDSS industry, but on the contrary due to the financial stability and coverage of the CDSS industry's organizations, customers are allowed to make purchases through payment plans with very less requirements of collateral security or credit history.

However in order to filter the population and to get more accurate information, the customers will be sourced and categorized as per a prefilled inquiry sheet, formulated to provide an insight into their engagement with the industry in order to decide whether they are in the qualified (inclusion) category,

**b) Population 2: Sellers - Organizations in the super store category**

Out of the five main organizations in the CDSS industry of Sri Lanka, in order to obtain the relevant information of the research at hand, the employees of the CDSS industry will be selected as the main population from the seller's point of view. Since the employee base is considerably a high number and as their roles differ, in order to obtain information with regard to the value perspective and also with experience and knowledge on themselves, management category employees with roles in the CDSS organization in the leadership, marketing and or sales front will be inclusion criteria for the selected population of the research.

**3.7.3 Sample Design**

Sample design can be recognized as the function of selecting size out of the qualified population, specifically the selected from inclusion criteria, for data collection or a reflection of the population with particular characteristics. Martinez-Mesa *et al* (2016) points out to sampling as a subset or a finite proportion extracted from the populations. The question of selecting the sample size depends on the instruments used for data collection and comparing it against the population selected for the research. Since data collection will be done through in-depth interviews and focus group studies due to the nature of the research, the larger population being the customers will be a bigger sample directed to the focus group studies and the smaller population being the employees of the CDSS organizations will be directed to the in-depth interviews with a smaller sampling size.

### **a) Sample 1: Customers**

The sales records of all the organizations of the CDSS industry as per the annual reports of the recent financial years, shows that nearly 70-80% of the sales generated in a financial year, throughout the last decade has been from the capital cities of each of the 25 districts in Sri Lanka, therefore customers will be selected from these capital cities. Since most of the consumer data is protected due to ethical standards of organizations, a convenience sampling method was used to overcome this limitation (Taherdoost, 2016) and source participants for the focus groups, through professional industry relationships.

Through the use of the prefilled inquiry sheet data, which carried the information required for the inclusion criteria, fifty (50) customers with three or more purchases of the average value of LKR 60,000 for each purchase will be sourced and selected for the focus group study and two focus group sessions will be conducted, covering all the districts in a manner that the focus group sessions will be nourished with equally weighed information, without excessive data from particular geographic location. The selection of fifty customers, two from each district is to attempt to obtain a general opinion, and the average value of purchase selected as LKR 60,000 is to mark the acquisition of a significant purchase of a product that will carry the necessary attributes, which are the of a need of pre-sales inquiry, quality, warranty and after sales service, which needs to be inquired other than for the price factor in the research.

### **b) Sample 2: Employees**

Obtaining data on the organizational perspective requires, important and accurate information pertaining to the research, especially on the background to the business model formulation and execution, due to this reason purposive sampling (Taherdoost, 2016) was used to obtaining the participants for the in-depth interviews. Respectively the selected personnel responsible for strategizing, communicating, delivering and extracting value from the customers. Two (2) employees each of the five main organizations in the CDSS

industry, handling one or more of the above-mentioned job roles and with an experience of 5 years or more, totalling to ten (10) individuals will be selected for the in-depth interviews. The selection of these two employees from each organization will be carefully done in a manner that they cover the entire value cycle of each organization.

#### ***3.7.4 Focus Group Study***

Focus groups are used in multiple types of researches such as Counselling, Social Research, Healthcare and Market Research etc. Focus groups are conducted with the intention of gathering the collective opinion of many, to understand the background of a particular matter, situation or occurrence. Adding to this Buyers and Wilcox (1991, p.64) citing Zeller (1986) with regard to focus groups states that it “has the potential of providing a methodology of exploration which allows participants to express their concerns within a context that is useful to the scientific community” bringing out a vital attribute of focus groups which will support the research. However, the main question deciding the focus group sessions is to decide how many focus groups should be conducted and the number of participants required for each (Morgan, 1988). Therefore, the focus group study of this research will be done with the selected customers (as mentioned earlier in the chapter), and will be conducted in two sessions with twenty-five participants in each session.

The two sessions will be planned in a way that one session covers the Northern, North-Central, Eastern, Central and Uva Provinces and the other session covers the North-Western, Western, Southern and Sabaragamuwa Provinces of the country. The participants of each session will be participants of consent, who are fully aware of the data collection process, through written information and consent form and with the ability to remain anonymous. The study will be conducted in a neutral and non-coercive and stressful forum. As the data collection of the research takes place in an unprecedented situation of the Covid-19 pandemic in 2020, a modification to the traditional method of a face to face

focus group study is made and the focus group study will be done on an online video conferencing software platform.

### ***3.7.5 In-depth Interviews***

An in-depth interview gives the opportunity to obtain information from the participants in a deeper essence, which will allow the researcher explore the area of study more precisely and also uncover vital unexpected information as well, through the responses of the participants (Windsong, 2018). However, interviews also carry the risk of being overwhelming with information (McCormack, 2004), that could confuse the researcher so the plan needs to be precise.

The in-depth interviews of this research will be done with the selected employees (as mentioned earlier in the chapter), and will be conducted in ten separate sessions with one participant in each session. The participants of each session will be participants of consent, who are fully aware of the data collection process, through written information and consent form and with the ability to remain anonymous. The study will be conducted in a neutral and non-coercive and stressful forum. As the data collection of the research takes place in an unprecedented situation of the Covid-19 pandemic in 2020, a modification to the traditional method of a face to face focus in-depth interview is made and the in-depth interviews will be done on an online video conferencing software platform.

### ***3.7.6 Construction of Interviews and Focus Group Sessions***

The author has mentioned previously that the data extracted from the interviews and the focus group sessions carries the key weight in shaping the outcome of the research.

Therefore, the construction of the questions for the interviews and the topics/questions of the focus group sessions, is the most critical point of the data collection process and if they aren't planned properly, then the information cultivated will be inaccurate and vague and not useful towards the construct of the research.

Furthermore, the design of the interviews and the focus groups should be in a form, where the participants understand and can provide feedback/answers on a comfortable setting where responses are easy to flow in. This will empower the research to achieve the in-depth understanding and the clarity of the collective behavior and responses provided by the participants throughout the focus group sessions (Karen *et al*, 2014).

In the construction of the interviews, as it is a one on one discussion, it is highly important to keep the flow of the discussion in an interesting and focuses direction, without duplicating the discussion while keeping the questions open ended. Structuring of the interview to achieve the necessary information extraction within the limited time period is the key strategy, and thus the interviews will be constructed in a manner that the questions and answers will be intimately connected to the core of the research problem.

The important fact to keep in mind is to ensure that the theoretical underpinnings and the observations, the understanding of the problem background, and the direction of the research is clear to the researcher, and that the formulation of interview questions and focus group sessions are grounded on this foundation.

### ***3.7.7 Modified Platform for Data Collection***

The data collection process is impacted by a social and environmental limitation (discussed later in the chapter) due to the Covid-19 pandemic, and therefore traditional face to face interviews and focus group sessions needed to be conducted virtually. Therefore, the online video conferencing tool Zoom, was utilized to conduct the interviews and the focus group sessions and as modified platform for data collection. Due to the ease of use, reliability and functionalities of clear recording of sessions, Zoom was selected as the most suitable software for this modified platform.



### ***3.7.8 Data Recording and Interpretation***

The data for the research will be collected through the focus group sessions and the in-depth interviews conducted, as mentioned earlier in this chapter. All the data will be recorded, through the online software used for the sessions with the participant's consent and the data will be transcribed in detail to be interpreted. Once all the information is transcribed, then firstly the transcribed data will be studied thoroughly. The purpose of studying the transcribed data is to identify the critical information in it, that will be specific markers for analysis as well as the information that are similar, related and contrasting, that upon completion, proper line of sight is available to be interpreted/processed through the data analysis tool, which is NVIVO version 12.

### ***3.7.9 NVIVO 12***

Over the last three decades, due to the weight of content and the need of accuracy of qualitative research, qualitative data analysis software has been effectively used by researchers (Paulus *et al*, 2017). One of the widely known software, Nvivo is recognized as a software that can effectively analyze qualitative data, including audio and visual content (Rich and Patashnick, 2002). Nvivo is also recommended to have the ability to enhance quality of the research (Bazeley, 2002), which made Nvivo the most suitable option for the research in hand.

Furthermore, data collected in a qualitative data collection method always result in a wide array of information and a large proportion content. Combing through this data can be strenuous, confusing and also lead to the misinterpretation or bypass of critical information without the use of the proper analysis tool, and this research on the CDSS similarly will generate a high volume of information to be filtered, and Nvivo having the functionality and capacity to sort the data as per the defined headings and parameters, Nvivo will serve as the most suitable data analysis tool for the research.

### **3.8 Limitations Affecting the Research**

Limitations are a common occurrence in the process of a research. Limitations of a research can be either harmful or beneficial in the research process (Cox *et al*, 2005).

These limitations are independent of the ethical constraints (discussed later in the chapter) of a research. The limitations of this research, conducted on the CDSS industry can be identified as related to organizational data, participant acquisition and environmental and social limitations.

These limitations at a glance initially looked negative towards the outcome of the research, however after closely looking into the limitations, the author realized that these limitations were not exactly what could be defined as negative but limitation that directed the research to be navigated through a different path than it was initially planned, which was rather an evolutionary step for the research. Therefore, situations were better understood and adapted without harming the research, and certain processes (such as the data collection process) was modified to meet the primary objectives of the research.

The limitations with regard to the organizational data is due to the fact of its sensitivity. The sales records, growth and product information can be easily sourced through the annual reports, market analysis reports and websites of the organization as the organizations of the CDSS industry have a large footprint. However, the research is with regard to the value and financial and statistical data doesn't suffice and records of the quality of the products, pre and post sales service strategy and delivery and client satisfaction records are required, and organizations are not keen to share this sensitive data and the data with regard to this aspect had to be sources by online reviews and limitedly available public data and through the information derived through the interviews and the focus group sessions of data collected process.

Participant acquisition also had a limitation where organizations could not give out customer information or push any participation requests through their data base due to the

privacy compliances. Therefore the convenient access to automatically filtered data as to customers who fall into the qualified data category wasn't available and the author had to reach participants through professional contacts by sharing the pre requisites and then filter the probable participant list and acquire the relevant and required participants for the focus group sessions.

The environmental and social limitation of the research took an unexpected turn due to the Covid-19 pandemic that came out at the stage of data collection, where social distancing practices required the traditional face to face process of interviews and the focus group sessions required to be done in a modified matter in order to ensure the safety of all participants and as it was the most socially responsible way to conduct the data collection process. Therefore, an online video conferencing platform was used in the data collection process, where the same environment could be created virtually with a few modifications to meet the requirements of the research.

### **3.9 Ethical Considerations**

Ethical considerations are part of any research process by default, however the challenge is to carefully access data required for the research understanding the ethical considerations (Bishop, 2015). Ethical considerations are a major part of the research process of this research, on understanding the establishment of sustainable value through a relationship oriented business model.

The major reason behind this is the fact that when it comes to obtaining information from the organizations point of view, it is of a high risk for the employees who are willing participants, as their anonymity is of utmost importance, as they would not want to be held accountable in a way to risk their career in the event of a misinterpretation of data.

Additionally, another organizational aspect is that the organizations will also be kept anonymous, when it comes to the data extracted (ex: not mentioning which strategic data is from a particular company) as this will violate the privacy of the organization.

Due to the limitations mentions above with the occurrence of the Covid-19 pandemic, and with the data collection being done through a video conferencing software platform, all the participants were advised to ensure that at the point of participating in the virtual forum, that they participate in an environment that feels very safe. Further, if any participant feels that visually appearing in the conference was not comfortable, the participant was given the freedom of joining only with audio.

All the participants of the focus group sessions and of the in-depth interviews will be given a detailed information sheet which will highlight the purpose of the research, nature of the data collected through them and the importance of the data collected. The participants will also be given a clear guideline and as to how the sessions will be conducted in a virtual environment and what is required from their end (software installation and login in to the meeting room). The participants will also clearly be given a consent form with all the

above information, with the option of declaring their consent to participate and for the data to be recorded so that the research is done in a clear and transparent manner.

The anonymity of the organizations will be protected due to the sensitivity of the data, even though the author would be aware of which organization the participants of the in-depth interviews are expressing their views about, the organizations will be referred to in given codes as all the information may not be favourable to the organization, and each organizations operational data is their own privilege data, that will not be signed off for public preview.

Moreover, the data collected through the focus groups will be kept anonymous, as independent opinions will be expressed with regard to particular organizations, which will be helpful for a constructive data collection process but will not be ethical to be namely mentioned, as it has the potential to cause prejudice towards particular organizations.

Furthermore, as the data collected is very sensitive and due to the fact that the data recordings will be of visual and/or audio format, all the data is to be stored in the authors storage devices with password protection and with the author only having the privilege of accessing the raw data.

All these measures are put in place so that the research will provide a positive outcome to the CDSS industry and reduce the risk of any harm to an image, process or career of any organization or individual involved in the scope of this research.

### **3.10 Summary**

This chapter navigates through the methodology of the research. The selection of interpretivism as the philosophy of the research as it intends to inquire on a social paradigm, and the inductive approach and an exploratory design due to the inquisitive nature of the research is justified. Qualitative research method was selected as the data collected is descriptive and not statistical. Further, focus groups and in-depth interviews will be utilized as the instruments for data collection. NVIVO 12 was justified as the suitable tool for the data analysis. Further the limitations and the ethical concerns of the research was also discussed in this chapter.

## CHAPTER 4 – FINDINGS

### 4.1 Introduction

The research is conducted for the CDSS Industry of Sri Lanka, in order to understand the current operation, processes and progress of the industry that functions under a transaction based business model, and identify the areas of value erosion and the causes for this, in order to compile a comprehensive solution based on a relationship oriented business model, that will create and deliver sustainable value to the buyer-seller eco system of the CDSS industry.

In the pursuit of this aim of the research, it was determined in chapter 3 that a qualitative research of exploratory design and inductive approach, was the ideal method to conduct the research and since there are two sides (sellers and buyers) to the research that needs to be inquired prior to understanding the complete situation, interviews were conducted to obtain information from the industry's organizations (sellers) perspective and focus group sessions were conducted to obtain the industry's customers (buyers) perspective. With the usage of NVIVO 12, the data collected from the interviews and the focus groups were coded and analyzed.

The interview guide was designed to obtain an overall understanding of the sellers perspective of the industry by navigating the questions under the six themes, which are the strategic decision making process, super store functionality, customer management, challenges of the industry, value management and introduction of a relationship based business model. As shown in the code matrix in table 6, these themes were taken as the parent codes for the analysis of the interviews. Super Store Functionality (n=82), Customer Management (n=66) and Value Management (n=60) had the most significant number of references. These themes were selected, through a pre planned mind map (figure 13) of how the information collected will support the research, with clear intentions of obtaining an understanding on the fundamentals of decisions made, and the source of information to

make decisions in the organizations, to understand the core purpose, products, logistics and management of super stores. In addition the nature of customer engagement and satisfaction, competition within and from the wider spectrum of the industry, perceived value of the organization, current situation of value and reasons for it, and recommendations to improve from the industry’s operational perspective. And finally to understand the positives and challenges of implementing a relationship based business model and the recommendations of to implement it from the industry perspective.

	Interview 1	Interview 2	Interview 3	Interview 4	Interview 5	Interview 6	Interview 7	Interview 8	Interview 9	Interview 10
Strategic Decision Making Process	4	4	3	3	3	3	3	3	3	3
Super Store Functionality	9	9	8	8	8	10	8	7	7	8
Customer Management	11	6	6	8	7	6	5	8	6	7
Challenges Of The Industry	4	3	3	4	4	4	3	5	2	3
Value Management	8	5	6	4	6	5	6	6	8	4
Introducing A Relationship Based Business Model	3	3	3	3	3	2	3	3	2	2

Table 6 Code Matrix – Navigation of Sellers Perspective of the CDSS Industry



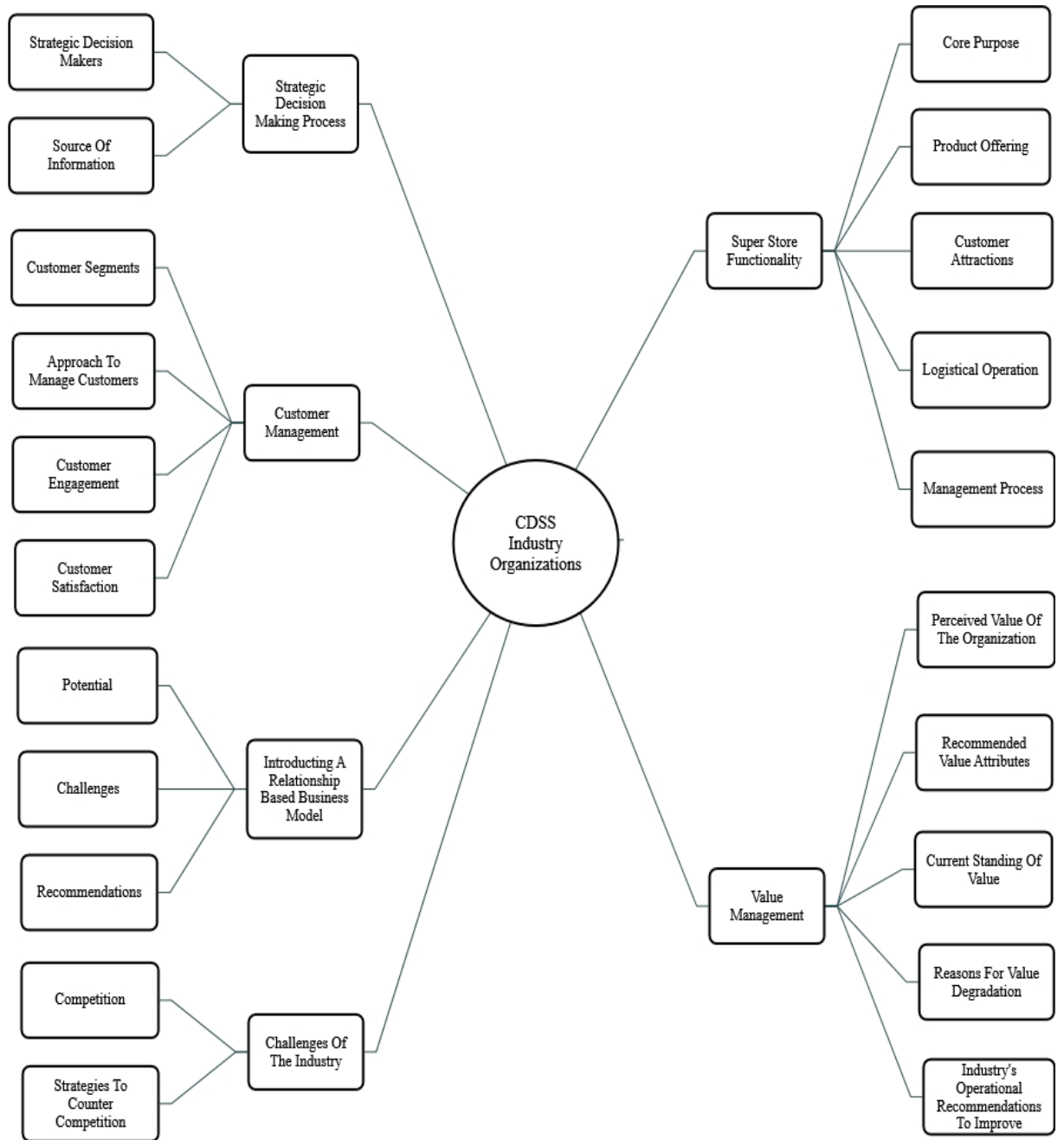


Figure 13 – Mind Map for Information Navigation Intention of Interviews

The focus group sessions were designed with a similar objective of obtaining the buyers perspective of the industry and the session was conducted under four themes which are, super store engagement, small store engagement, background of purchasing, value perspective and resolving issues. As arranged in the code matrix in table 7, these themes were taken as the parent codes for the analysis of the focus group. The pre planned mind map (figure 14) of these themes are to serve as the inlet for information to understand the purpose, outcome, pros and cons of engaging with super stores, attractions and negative

experiences of engaging with small scale stores, understanding the background of a purchase made (the motivational factors), perceived value, expectations and recommendations to improve value.

	Focus Groups Session 1	Focus Groups Session 2
Super Store Engagement	19	17
Small Store Engagement	9	9
Background Of Purchasing	11	12
Value Perspective	11	9

Table 7 – Code Matrix - Navigation of Customers Perspective of the CDSS Industry

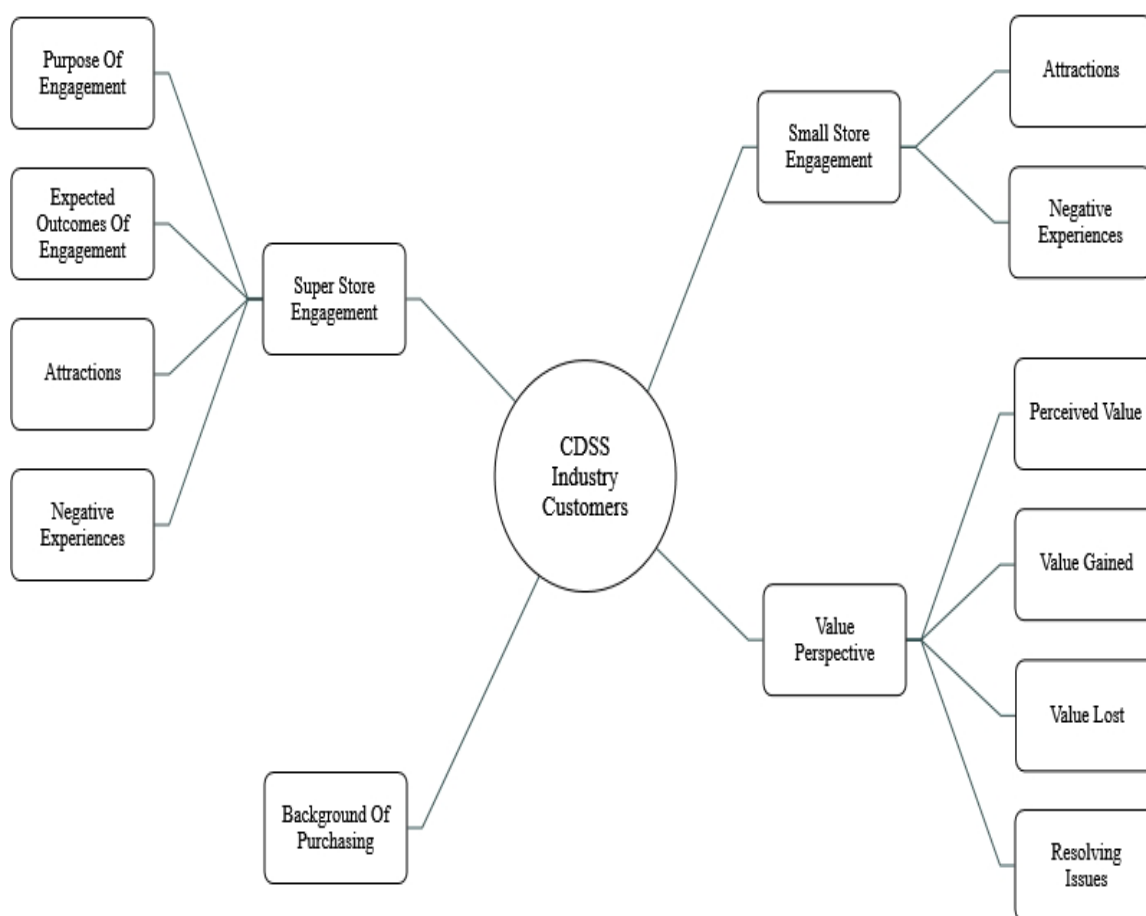


Figure 14 - Mind Map for Information Navigation Intention of Focus Groups

Utilizing the information collected from the interviews and the focus group session, this chapter will aim to understand and present, the perspective of the two main counter parts of the research the sellers and the buyers. Firstly taking the sellers perspective, the information extracted will be studied along the scope of the research and present the mentatily and background of decision making of the superstores, the operational perspective of super stores, the impact and the consequences of competition statretgies, judgement of value in the operational perspective and the readiness to accept a relationship based business model. Secondly taking the buyers perspective, the experience with the industry, the attraction and influences to engage with stores, the perceived value and the actual value received and the ways to bridge the gap of the relationship with super stores will be presented.

## 4.2 Sellers Perspective of The CDSS Industry

### 4.2.1 Fundamentals of the Strategic Decision Making Process

The strategic decision making process is the brain activity of the organization and thus is a key point to be understood from the sellers perspective of the CDSS Industry. Two child codes were created for the parent code ‘ Strategic Decision Making Process’ (table 8) with the intention of understanding two critical points of the research, which is to identify the basis on which the strategic decisions are made and the sources of information considered.

	Interview 1	Interview 2	Interview 3	Interview 4	Interview 5	Interview 6	Interview 7	Interview 8	Interview 9	Interview 10
Decision Makers	1	1	1	1	1	1	1	1	1	1
Importance of Sales & Marketing Management Information	2	2	1	1	1	1	1	1	1	1
Importance of Operational Information	1	1	1	1	1	1	1	1	1	1

Table 8 – Code Matrix – Strategic Decision Making Process

This area to be understood derived from the literature (see section 2.2.) to understand how the strategic decision that shapes the business model will direct the operational plan. With the references made it was clear that all the major organizations of the CDSS industry take strategic decisions are made with the involvement of information from across the operation and that operational level, specially the sales end information is considered. This is an important understanding for the future journey of the research, as the sales end is the linking interface of the buyer-seller eco system that is discussed in the research, and since the strategic decisions are made with the involvement of the information from the main linking interface, the incidents that take place at this interface carries a strong influence on the overall shape of the organization.

Therefore with the bottom-up information flow and top-down management process it is clear that decisions currently done in a responsive manner (figure 15) will require to be

done in a proactive manner to reduce the influence of the bottup up information flow and use it rather as precautionary flow of information and steer the organizations in a targeted path.

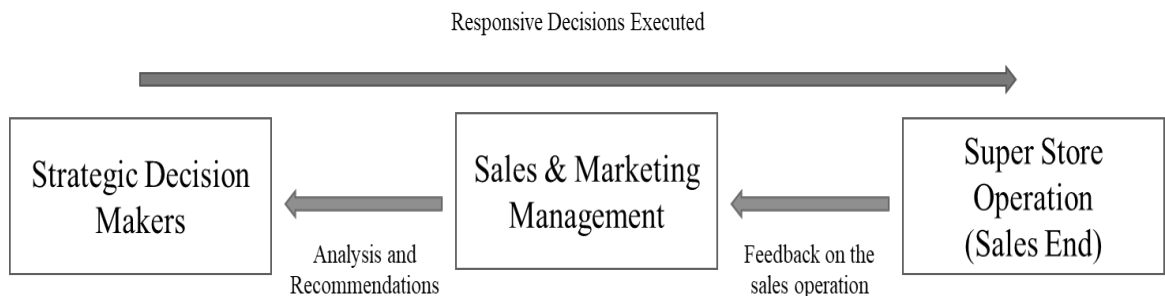


Figure 15 – Current Strategic Decision Making Process of the CDSS Industry

#### ***4.2.2 Super Store Functionalty***

Super stores are the primary physical entity that is discussed in the research. The super store functionality as the parent code, brings to the analysis seven child codes that are essential in the functionality of the super stores (table 9). As per the matrix query done for the parent code ‘Super Store Functionatilty’ the most amount of references made (n=42) in the interviews were with regard to the management process of the super stores. Further there were more than one reference made for the core purpose of the super stores.

The inquiry into the super store functionaly in the research is to understand the core purpose of the super stores being established, the management process of handling each physical entity, the types of products offered to customers, features built in to attract customers and the logistics operation of the organizations in the CDSS industry (figure 16). This will also help to determine how the super store functionality will need to be address in the progress of the research.

	Interview 1	Interview 2	Interview 3	Interview 4	Interview 5	Interview 6	Interview 7	Interview 8	Interview 9	Interview 10
Core Purpose of Super Stores	1	1	2	2	1	2	1	1	1	1
Management Process	5	5	3	4	5	5	4	4	3	4
Product Offering	1	1	1	0	0	1	1	0	1	1
Customer Attractions	1	1	1	1	1	1	1	1	1	1
Logistics Operation	1	1	1	1	1	1	1	1	1	1

Table 9 – Code Matrix – Super Store Functionality

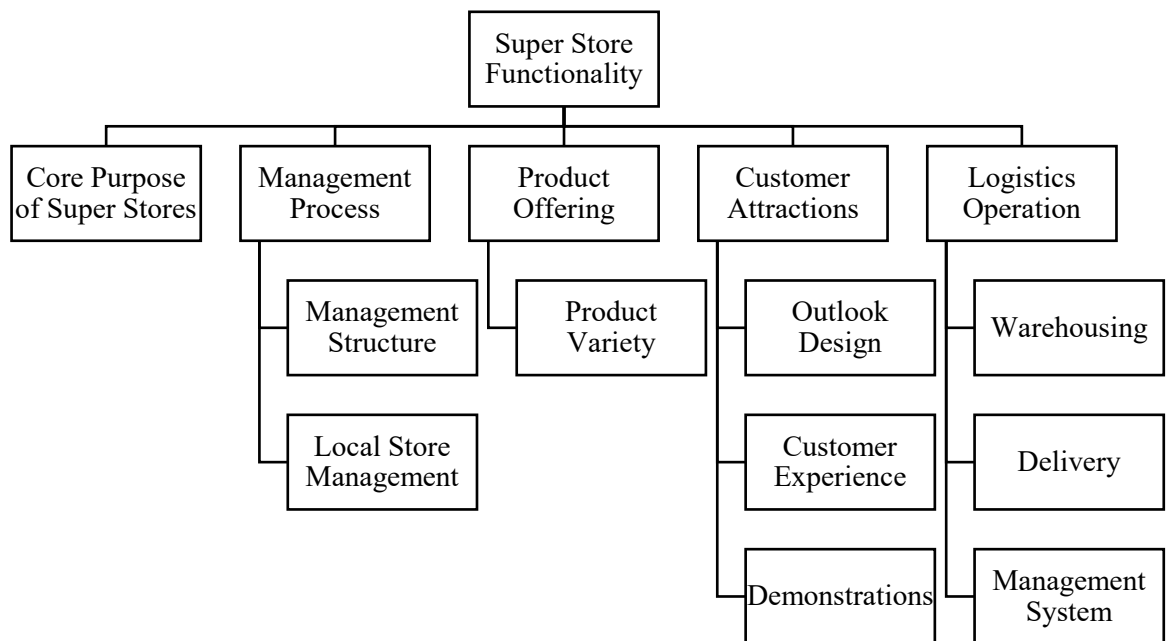


Figure 16 – Super Store Functionality

### **a) Core Purpose of the Super Stores**

The clear understanding based on the overall responses are that the core purpose of the super stores, are to be the face of the organization and to be the physical representation of the organization and thus the industry as the name of the industry itself states. This is a common situation across the CDSS industry. Further there are additional purposes that the super stores serve that are critical in nature. Firstly, the locations they are established are with prime geographical advantages such as being positioned in the central location of each city, with direct presence to potential customers and main roads for logistics management. Secondly the positioning, the construct and outlook of the super stores, gives the social status and builds the image in the minds of people and the attraction reputed brands, who prefer to partner with super store that has a prominent outlook to engage with the customers.

### **b) Management Process**

The inquiry into the management process helped to understand that across the CDSS industry, all the super stores are centrally managed by each respective organization. This is a practical approach as there are a multiple super store of each organization, located across the country, and having a single policy to maintain and manage super stores is the ideal way to handle the operation. Each super store has its own super store manager, who carries out operations as per the instructions of the management and also manages the staff in each respective super store. The primary expectation of these stores are to carry out the operation as directed and generate revenue to the organization.

Looking into the expectations of the central management from the super store operation, other than generating revenue, customer experience is a factor that is stressed upon. This is a good thought process as experiences are influential factors for customers to make decisions, especially in the CDSS industry, where customers visit many super stores for a

requirement to gather information, to compare and decide. Positive experiences will be a competitive advantage for the super stores that practices it.

*“...we do look into delivering a good customer experience when a customer walks in” (Head of Marketing – Interview 1)*

*“...always have people with good communication and skills and product knowledge to give a good experience to the customer who walks in” (Sales Manager – Interview 6)*

*“be responsible in every transaction and to make sure that the customer is given the required support” (Sales Manager – Interview 9)*

The super stores function as the operational arm of the organization, the strategic management takes steps to decide on other aspects of the store such as the outlook, promotions to be carried out and the allocation of stocks for each product category. This is the mechanism in which the leadership of the organization maintains a uniform structure and operation procedure to efficiently manage the super stores across the country.

### **c) Product Offering**

Product offering is a key component of the CDSS industry. For a single product category there are multiple brands and multiple varieties to choose from, at this point it's important not to limit the product offering to a small selection as this will limit the customer engagement of the super store.

*“There are products from popular brands to new brands and there are many options to choose from...” (Sales Manager – Interview 3)*

*“Whoever the customer is we have products of all types and price categories to offer” (Sales Manager – Interview 9)*

From the information gathered, it is clear that all super stores have ensured that there is a product offering from all the product categories in the market, from budgetary to premium priced, limited features to highly upgraded and from emerging brands to highly reputed



brands in the market. This is a strong feature of the industry and it also gives more strength to the term ‘Super Store’ as the product offering is of an all-inclusive nature.

#### **d) Customer Attractions**

Super stores have done a lot of work to obtain the attraction of the customers. Starting from the outlook itself is done with unique themes of each super store organization, ensuring the super store stands out among various other stores in the commercial world. There are two special strategies carried out by super stores to attract customers. One of these are the areas created inside the super stores for customers to experience a product, witness a live demonstration of a product or practically experience how a product works by themselves. Customers will be drawn to this factor as they will be able to understand more about the product through this system.

*“We have demonstration items placed for each category. Customers can actually have an idea before they buy and the ability to have a demonstration is one of the major attractions” (Marketing Division Head– Interview 4)*

*“...we have model areas built for people to experience the product to examine samples of the products so that they can understand more and experience more” (Sales Manager – Interview 9)*

The other strategy is the promotions carried out. Especially the seasonal promotions that are carried out creates curiosity in the minds of the customers, where they have the need to visit the super store and inquire about the seasonal promotions to identify benefits they could obtain.

*“...we have model areas built for people to experience the product to examine samples of the products so that they can understand more and experience more” (Sales Manager – Interview 6)*

*“also the advertising strategy is also design in a way for the customers to come into our stores and explore the products” (Product and Marketing Manager – Interview 8)*

### e) Logistics Operation

Logistics is one of the complex areas of operation across the CDSS industry. Having a strong logistics management process is a critical aspect of the sales process. With the competition in the industry obtaining a customer's attention and convincing a customer to buy a particular product is a major achievement. At this stage, if the stocks aren't available or the necessary stocks is not arranged on time, there is a high chance of losing the sales opportunity as well as disappointing the customer.

Recognizing this situation, super store organizations have taken accurate steps to position ware houses strategically to cover all the regions of the country, and maintain a vehicle fleet for transportation and a management system to monitor and facilitate the complete process. This logistics management process of the CDSS industry is one of the most commendable areas of operation and also a plus point of the industry.

*“Warehouses are located in the country where any super store can get the stocks within 1 working day. There's an inventory management system that manages the logistics movement and stocks and everything is coordinated through this system”*  
(Sales Manager – Interview 3)

*“Because of the wide spread network of the super stores, the warehouses are located in various parts of the country with delivery vehicles located to each so that the stock allocations and stock requests will be fulfilled within 24 hours and we have one system across the organization to manage the logistics operation”*  
(Marketing Manager – Interview 5)

*“...based on the requests stores make and based on the product distribution plans all the delivery vehicles and warehouses carries out the logistics operation around the country with the best effort to fulfill needs before the end of 2 business days”*  
(Sales Manager – Interview 10)

### ***4.2.3 Customer Management of Super Stores***

The next theme that was inquired through the interviews was Customer Management.

Customer management carries a heavy load in the operation of the CDSS industry as the approach to customer management depicts the complete attitude that an organization has towards its customers.

Taking Customer Management as the parent code, the theme was analyzed under four child codes, Customer Segments, Organizational View on Customer Value Expectations, Customer Engagement and Customer Satisfaction (table 10). Customer Engagement (n=21) and Customer Satisfaction (n=22) had the most references under this parent code.

Under the theme of Customer Management, the customer segments that engage and are preferred in the industry will be identified, the organizational view on the customer value expectations recognized to understand the mindset of catering customers, the customer engagement status as to what the issues and strategies experienced and executed will be identified and also comprehend the current approach to customer satisfaction of the organization to have an overall view on the customer management of the CDSS industry (figure 17).

Further the analysis of this theme will also give the research, the ability to make a comparison between the organizational approach to customers and the expectation of the customers (which will be analyzed later in the chapter) that will be supportive to put together an accurate business plan that will align the thought process of both parties and be a suitable proposition that will cater each party successfully.

	Interview 1	Interview 2	Interview 3	Interview 4	Interview 5	Interview 6	Interview 7	Interview 8	Interview 9	Interview 10
Customer Segments	2	1	2	1	1	2	1	1	1	1
Organizational View on Customer's Value Expectation	1	1	1	1	1	1	1	1	1	1
Customer Engagement	3	2	1	3	2	2	1	2	2	2
Customer Satisfaction	4	2	1	2	2	1	2	3	2	3

Table 10 – Code Matrix – Customer Management

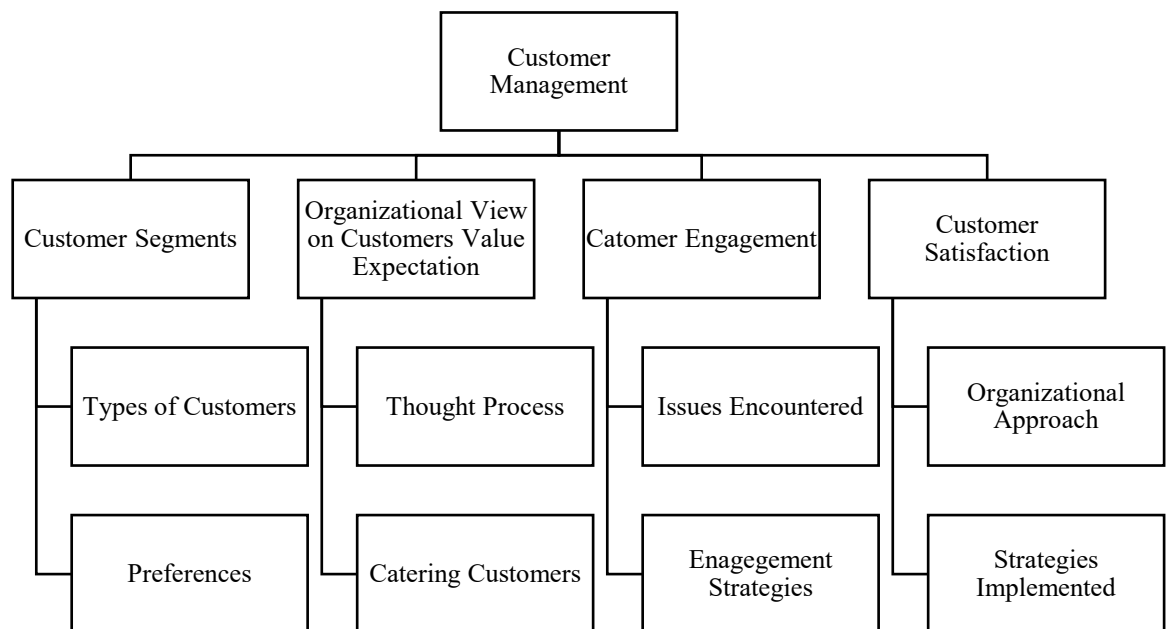


Figure 17 - Customer Management (Organizational Perspective)

**a) Customer Segments**

Understanding customer segments that engage with the industry is a key factor. All the customer segments of the market engage with the CDSS industry. Mainly due to the variety of products that are available and the financial facilities that are available, as these features of super stores enable customers of all brand preferences, technical needs and financial statuses, to purchase products in a convenient manner. However, an important

factor is that brand specific customers are more frequent to engage with the super stores and the ideology is that brand specific customers are easier to cater.

*“...we are happy when customers go for the long standing reputed brands as they are easy to provide after sales service with and as they are very reliable” (Head of Manager – Interview 1)*

*“Super stores carry the big brands and there are many customers who come for these as they’re brand oriented” (Sales Manager – Interview 3)*

*“Brand specific customers frequently come to our stores, but all customer segments buy products from our stores” (Sales Manager – Interview 9)*

### **b) Organizational View on Customer’s Value Expectation**

Understanding the organizational view on customer’s value expectation gave a wider picture of the mentality of the industry, where all super store organizations have one view in common, which is that ‘price’ is a value expectation of the customers. Further from the collective understanding, in the compilation of a list of the organizational view of the customer’s value expectations, while the opinion that customers value price is prominent, brand reputation, quality of the product, product features and the warranty period are recognized as value expectations of the customers in the perspective of the super store organizations.

*“...product with good features for an attractive price” (Head of Sales – Interview 2)*

*“...having an added benefit with their purchase and also a good warranty period.” (Marketing Manager – Interview 7)*

*“...brand value, affordability, convenience and product quality” (Product and Marketing Manager – Interview 8)*

### c) Customer Engagement (Issues and Strategies to Rectify Issues)

Customer engagement at the super stores occur during product inquiry, product demonstration, pre and post sales stages. However, customer engagement in the CDSS industry has been challenging to the organization and to the customers, from the organizational perspective it's mainly in the areas of pricing issues, product issues, service issues, and communication issues.

The pricing issue is caused due to bargains and direct discounts required by customers that are not systematically possible in a normal daily operation of the super stores as they operate under prices that are decided by the central management of the organization and another cause is the pursuit of customers to find the product with the best features for the lowest price, which isn't possible in the CDSS industry, which creates pressure at the point of customer engagement due to the disappointment of customers as their request cannot be fulfilled.

*“Customers are attracted for our products but at times they try to make price offers and look for discounts, as a retail store we need to stick to the prices and follow procedures and because we can't offer such immediate discounts” (Sales Manager – Interview 6)*

*“Another challenge is to find the perfect product according to the customer's mind with all the features and for the lowest price in the market, and this is not practical” (Sales Manager – Interview 10)*

Due to the quality and grade of the products, several products have had service issues across all the organizations of the CDSS industry. Super store front is designed for sales while their service centres handle the service and repair aspect. However, customers tend to reach out to the super store front to have their service and repair requests fulfilled, even though it's a point of sale, because the engagement originated at the super store, the customers demand solutions from the super stores which is a sales point leading into a service issue related challenge.

Misinterpretation of warranty claim procedures and the ignorance to receive product knowledge leads to the issue of miscommunication in the customer engagement process. Avoiding to follow the warranty claim procedure leads to the customers having the wrong conversation with the wrong point of contact, and not having a productive output and the ignorance to receive product knowledge at the point of sale leads to the customers purchasing the wrong product and later on having compatibility issues or having purchase the wrong product.

*“...sometimes customers don't access the service centre for repairs they come to the store and ask the sales team to interfere and get the job done” (Marketing Head – Interview 1)*

*“...customer literacy on the product is a major challenge, because most of the customers either have no clue about the product or they know too much which causes confusion and tension at the point of sale” (Product and Marketing Manager – Interview 8)*

Organizations of the industry have taken numerous steps to rectify the issues faced during the customer engagement process such as provide more information on warranty and after sales service procedures and on the product specifications, also help desks have been established to enable a better line of communication with the customers to provide more information and guide them through the service, repair and warranty claim procedures.

*“Making sure that our warranty and service clauses are clearly printed in the packing as well as the invoice” (Marketing Manager – Interview 5)*

*“All vital product specifications and summarized and advertised along with the product to minimize confusion and for easy understanding” (Product and Marketing Manager – Interview 8)*

*“done a lot of work on setting up a customer help desk and hot line to avoid unnecessary situations at the super stores” (Marketing Division Head – Interview 4)*

#### **d) Customer Satisfaction**

Customer satisfaction is a critical factor of the CDSS industry. Even though there isn't a written guide line currently establish in the organizations to measure and evaluate customer satisfaction or the level of customer satisfaction rendered by the super stores, the top management of all the super store organizations keep a close watch on the customer satisfaction levels with regard to the overall operation as well as of the operation of each super store. Each organization of the industry seeks to ensure that customers are satisfied with the products and services offered and that customer complaints are addressed and resolved. Customer complaints are considered very seriously and is solved with a proper escalation process, where higher management levels get involved if a matter is not resolved in the operational level.

*“...want the customers to be satisfied with our products and services” (Product and Marketing Manager – Interview 8)*

*“...we do look into any customer complaints and ethical issues that arise” (Marketing Head – Interview 1)*

*“...certain issues where there are customer complaints about a service or price issues the top management intervenes and makes the decision” (Head of Sales – Interview 2)*

The organizations in the CDSS industry have deployed a considerable amount of strategies to address the matter of customer satisfaction. According to their opinion of the perceived value of customer's, super store organizations have carried out promotions based on seasonal festivities and on value additions, provided better systems for repayment options for instalment based payments such as credit card payment options and quick process for hire purchases, conducting loyalty programs within the super stores and linked with other global loyalty programs that will give the customer rewards and also setting up help desk



services to support customers with the facilitation of service and repair needs, receive updates on service statuses and also troubleshoot problems.

*“...we have introduced new payment plans to make things more affordable to payout and with the economic standing of the country” (Marketing Manager – Interview 5)*

*“promotions on warranty for the products and also a loyalty program for the customers to earn points through their purchase for future rewards” (Sales Manager – Interview 6)*

*“Most of the famous loyalty programs of airlines and hospitality chains are linked to our super stores and the purchases customers make helps them to redeem and collect rewards for things they look for in these partner companies” (Sales Manager – Interview 9)*

*“The customer help desk being organized is a good step forward as we have been able to sort a few matters without escalating and helping the customer quickly through this and customers are satisfied” (Marketing Division Head – Interview 4)*

#### **4.2.4 Challenges of the Industry**

The CDSS industry faces challenges in two primary areas, challenges from the competition and the challenges from the responsive strategies initiated to encounter the competition strategies (figure 18). Under the theme of ‘Challenges of the Industry’, taking the theme as the parent code, the analysis of the theme was done under the three child codes, competition, strategies to face competition and operational challenges form the new strategies implemented (table 11 – Code Matrix – Challenges of the Industry). Most references (n=23) of the theme was made with regard to competition, where most of the root causes of the industry is identified.

	Interview 1	Interview 2	Interview 3	Interview 4	Interview 5	Interview 6	Interview 7	Interview 8	Interview 9	Interview 10
Competition	2	2	2	2	2	2	2	4	2	2
New Strategies To Face Competition	1	1	1	1	1	2	1	1	0	1
Operational Challenges From New Strategies	1	1	0	1	1	0	0	0	0	0

Table 11 - Code Matrix – Challenges of the Industry

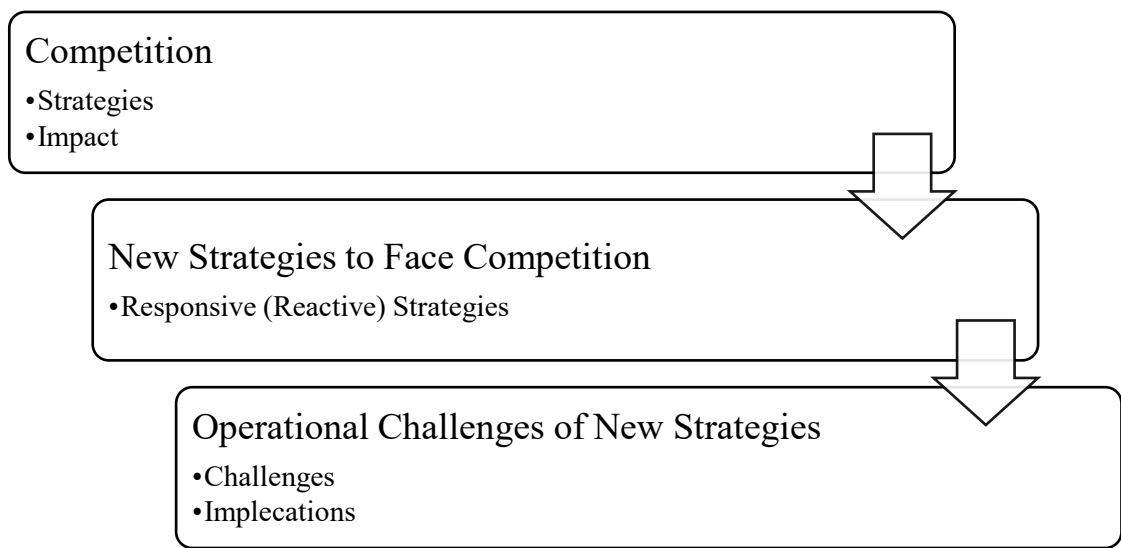


Figure 18 – Navigating the Challenges of the Industry

**a) Competition**

Competition occurs within the CDSS industry, among the super store organization and also in the wider consumer durables industry, the competition from the small scale stores. The competition that existed between the super store organizations, weren't harmful to the industry, it could be recognized as a traditional competition that lies within any industry. However, the competition that is imposed by the small scale stores are challenging the whole CDSS industry, and has pushed the super store organizations to face competition of unhealthy proportions.

The small scale stores identifying the economic state of the country and the need for sense of security for the durability of products, have tapped into the most sensitive areas of the

customer's mindset of price and warranty of products, and executed their strategies.

Formulating a strategy to increase sales is a commendable move but when it's a strategy that will jeopardize the standards and value of the industry, it's an unethical move. The most prominent strategy seen is the price offering. The price range of a product is maintained based on the brand, features functionality and the purpose of the product.

However, small scale stores, together with emergent and/or less reputed brands have used the strategy of lowering the price levels of product categories far lower than the price range maintained for the product categories. The other strategy has been to introduce warranty promotions, that provide longer warranty periods and misguiding warranty terms that are not recommended for a product life cycle.

*"...prices and the after sales service promotions the small stores offer is a big challenge because of the country's economy and the purchasing power of the people they tend to be attracted more to this" (Marketing Head – Interview 1)*

*"These stores have been practicing a very degrading method of reducing prices of products in an unbelievable manner. They are using emerging or brands with low brand value to offer these prices and they are also playing with the warranty, offering long term warranty for products that are unrealistic." (Marketing Division Head – Interview 4)*

*"The small scale stores offer prices and warranty promotions that are far out of the usual industry standards and they do this to get more sales using brands which are not common or new" (Sales Manager – Interview 6)*

*"The small scale stores have influenced the market in a way we're more on a price oriented path and we are also competing on the warranty aspect as well." (Product and Marketing Head – Interview 8)*

*"...small stores bring out a price point which is way below the average market price and brings down the value of products" (Sales Manager – Interview 10)*

These strategies have impacted the CDSS industry heavily, customers loyal to the branded products have deviated to experiment with new brands because of the price factor,

customers expecting super stores to have similar price and warranty offering, and the CDSS industry as a whole have lost a considerable portion of the customer base as the price and warranty offers of the small scale stores are very attractive to the minds of the customers, who are in search of an affordable product with a sense of security through a longer warranty period.

#### **b) New Strategies to Face Competition**

Due to the criticality of the impact of losing customers, the management of the CDSS industry organizations have been pushed to form strategies that will enable them to compete with the current market conditions. The strategies have been formed in a responsive manner to counter the strategies of imposed by the small scale stores and to be on par with the other super stores. In order to meet the price range of a lower price bracket, super stores have reached out and facilitated products with a lower price tag from emerging brands and products with less features from reputed brands. And also taking a risk with managing parts and offering warranty and after sales support in their own structure, super stores have worked to offer extended warranty promotions as well to meet the need of the market and to remain competitive.

*“We have been pushed to explore products of less reputed brands to find products with prices that could meet the pricing levels of the offered by the small stores”  
(Marketing Head – Interview 1)*

*“Management has introduced new products of a lower price range from highly reputed and of emerging brands” (Head of Sales – Interview 2)*

*“Since other organizations are including emerging brands and low end substitutes to meet the price expectations, our management is also sorting out the same options.” (Sales Manager – Interview 3)*

*“We have tried our best to extend warranty by negotiating with suppliers and also brought in a few products that can compete when it comes to the price point these new stores are offering.” (Marketing Manager – Interview 7)*

### **c) Operational Challenges from New Strategies**

Introduction of new strategies to face the competition has come at a price for the CDSS industry as the compromise of cost to offer a lower price always accompany a compromise in an attribute of the product or organization. Therefore, operational challenges such as maintaining product quality and durability standards, after sales service support and resolution time lines, having products with higher standard of features on offer has risen through the implementation of the new strategies bringing the value of the industry down from the level it existed.

#### ***4.2.5 Value Management***

Under the theme of value management, discoveries more sensitive to the research was made through the analysis of the interview data. The theme was studied under the five areas of perceived value, attributes of value recommended, current status of value in the industry, reasons for value degradation and recommendations to help improve the current process.

This pattern of study helped to understand the perceived value of the organizations in the industry, attributes that are recommended by key personnel to be added into the value spectrum of the organizations, understand the current status of value in the industry with areas where value is gained and lost, discover reasons causing the value degradation and obtaining recommendations from the key personnel of the industry as to how they believe the current situation could be improved.

The code matrix for the theme (table 12) points to Current Status of Value in the Industry (n=19), Reasons for Value Degradation (n=15) and Perceived Value (n=12) as the areas of the study of the theme with the most amount of references.

	Interview 1	Interview 2	Interview 3	Interview 4	Interview 5	Interview 6	Interview 7	Interview 8	Interview 9	Interview 10
Perceived Value	2	1	1	2	1	1	1	1	1	1
Attributes of Value Recommended	1	0	1	0	0	1	0	0	1	0
Current Status of Value In The Industry	2	2	2	0	3	1	2	3	2	1
Reasons For Value Degradation	2	1	2	1	1	1	2	1	3	1
Recommendations To Help The Current Status	1	1	1	1	1	1	1	1	1	1

Table 12 – Code Matrix – Value Management

**a) Perceived Value**

The perceived value of the organizations of the CDSS industry helped to understand the seller’s perceived value, which is an important factor as the organizations will conduct its business operations to achieve their perceived value. Later on, in the comparison between the seller’s and buyer’s perceived value, the discoveries made here, will help to compile the proposed recommendations. The current perceived value of the industry is mainly anchored on two attributes, which is financial value and market growth. The organizations of the industry are driven by the financial targets and the market share, which helps to understand that their approach to the business is sales driven, and is oriented on getting the sales done, which portrays the transactional nature of the industry. Having a good employee portfolio and employee satisfaction are emerging values, which is a good sign of the development of non-financial value.

*“...yearly revenue and profit margins and the market share growth” (Marketing Head – Interview 1)*

*“Reaching the financial year target is the most important value” (Head of Sales – Interview 2)*

*“Market share, revenue growth, gross profit margins and Employee Satisfaction”  
(Sales Manager - Interview 3)*

*“Revenue, employee portfolio and market share” (Marketing Manager – Interview  
5)*

*“Net profit growth and product volume and market share growth” (Marketing  
Manager – Interview 7)*

#### **b) Attributes of Value Recommended**

As the interviews were conducted with key personnel in the sales and marketing area of the organizations in the CDSS industry, attributes of value that they recommend were inquired to determine whether in an operational perspective, other areas of value needed to be infused to the perceived value of the organizations of the industry. This led to a few references recommending customer feedback and satisfaction, which is a valuable recommendation as it could help to align the value between the seller and buyer.

#### **c) Current Status of Value in the Industry**

The current status of value of the CDSS industry carries both value gained and value lost, but the value lost has outweighed the value gained significantly. Looking at the value gained, the organizations are achieving sales targets and has a positive growth in the market. Further customers too have had the opportunity to obtain products at an affordable price and an extended warranty period.

However, the quality of the trade has reduced significantly with the introduction of the lower priced products and extended warranty that comes at the compensation of product quality and service standards have put both the organizations and the customers in turmoil. Further, the overall profit margins have dropped as maintenance cost of products have increased. Also, the number of breakdowns has increased, where customers have many service issues that has led to them having trust issues with the organizations.

“But because of breakdowns and warranty issues we have conflicts with customers, customers are losing the trust they keep on the sales front when the product doesn’t function to the highest expectation” (Sales Manager – Interview 3)

“...have had a lot of operational cost trying to repair and service devices of a lower grade and customers also facing a lot of inconvenience trying to get their items fixed.” (Marketing Manager – Interview 5)

#### **d) Reasons for Value Degradation**

There are several reasons as for the value degradation of the industry and is closely linked to the literature on value erosion (see section 2.3.1). The price oriented mentality in the industry, is the root cause for all these reasons. From the point a customer enters into a super store the sales staff is driven to somehow push a product to the customer, irrespective of the fact whether the product suits the customer or not, as the customer is also focused on the price, the customers have become just a sales target which disrupts the key relationship of a buyer and seller in the industry. This results in customers being misled and customers having trust issues.

Another factor is the quality and durability of the products. Newly added products from emerging brands carry a lower price tag as the compensation of product quality and durability. Due to this reason customer are not able to use the product to the capacity expected at the point of purchase and comes across many output issues and service and repair issues with the products.

Furthermore, the issues reflecting on the CDSS industry from the wider consumer durables industry are the practices of the small scale stores that provide longer service and warranty promotions and close down abandoning the customers, who in return have the same trust issues with the super stores of the CDSS industry, prior to making a purchase due to the heave luggage of negative experiences they carry.



*“Main reason for the value to degrade is the price war which makes the customer just a target for sales for any store and the push is to make the sale. Customers too pay attention only to the price and promotional aspect and draw quick conclusions where the purchase is instant.” (Marketing Head – Interview 1)*

*“...because the lower price products are not on par with the quality and functionality of the products of highly reputed brands. Also, many customers face bigger issues from products of the smaller stores with breakdowns and output quality being low and those trust issues they carry forward when they come to our super stores as well. Because of these matters both customers and us are losing value since the last 2 years” (Sales Manager – Interview 3)*

*“...the price war has dropped the quality of the way a sale is done. To be honest our sales teams are also pushed to getting the sale targets achieved. Right now, the sale in a market happens where not the most suitable product for the need but the product that suites the budget of the customer is sold. Because of this, customers get disappointed at times when the customer can't get the proper work done from the product. Then when the customers are disappointed and we lose the trust of the customers and we start making losses” (Sales Manager – Interview 10)*

#### **e) Recommendations to Help the Current Status**

As employees of organizations in the CDSS industry, handling critical areas of the organizations, valuable recommendations were suggested to repair the value degradation that is occurring in the industry. These recommendations are to re-establish healthy trading terms in the industry and to bring back the industry to a state where trade happens to cater the customer's needs, and the customer also purchases the product for the real value of the product. Further, to ensure that products carry real value of brands, quality and service support and carry the trade forward on a better value aspect and not based on a price war.

*“I'm positive that the way forward is to win the trust of our customers and to maintain good quality products to achieve this” (Marketing Head – Interview 1)*

*“...bring back the real essence of the trade where customers valued the quality, brand and the service capacity of a product and a super store to make a purchase.”  
(Marketing Division Head – Interview 4)*

*“If we can put good values to the trade such as the quality and the service values and help the customers to understand and make purchases based on this”  
(Marketing Manager – Interview 5)*

*“The industry needs to bounce back to a healthy trading competition because we cannot hope to always find the cheapest product and survive in the long run. But customers too need to realize and buy a product as an investment and not always follow the price.” (Product and Marketing Manager – Interview 8)*

*“Bringing back the real business sense into the industry is the best thing to do. If we can put aside the pressure of sales for a while and find a proper solution that will help us out” (Sales Manager – Interview 10)*

#### **4.2.6 Introduction of a Relationship Based Business Model**

The final theme studied through the interviews, is the organizational perspective on introducing a relationship based business model. Taking the theme as the parent code, it was studied under the three child codes, Positive Impact on the CDSS industry, Challenges for implementation and Recommendations to Rectify Challenges (table 13 – Code Matrix – Introduction of a Relationship Based Business Model).

The child codes were navigated to understand from the industry’s perspective the positive impact a relationship based business model would have on the industry, the challenges of implementing, and obtain recommendations to implement a relationship based business model along with suggestions to rectify challenges.

	Interview w 1	Interview w 2	Interview w 3	Interview w 4	Interview w 5	Interview w 6	Interview w 7	Interview w 8	Interview w 9	Interview w 10
Positive Impact on the CDSS Industry	1	1	1	1	1	1	1	1	1	1
Challenges for Implementation	1	1	1	1	1	1	1	1	0	0
Recommendations for Implementation and Suggestions to Rectify Challenges	1	1	1	1	1	1	1	1	1	1

Table 13 – Code Matrix – Introduction of a Relationship Based Business Model

**a) Positive Impact on the CDSS Industry**

The understanding from the industry representation through the interviews is that introducing a relationship based business model is a timely and ideal solution, which will uplift the industry by improving the quality of the trade, motivate the sales end to build a good relationship with the customers and achieve sales targets while catering the customer’s correct needs and take the mind off the sales rush, that creates desperation in the industry and bring steadiness to the industry.

*“A relationship based approach will certainly help to make the quality of the trade better for us and the customers” (Marketing Head – Interview 1)*

*“This is an ideal tool for a sales person, building a relationship with the customer can guarantee a long term partnership of getting the sales and working out things in a better way than having the crazy rush we have right now” (Sales Manager – Interview 9)*

*“That will be a dream solution for a sales team. I’m 100% sure all super stores have very good people in the front lines to do sales. They are the people who interact with the customers to make a sale. If a good relationship policy is put into our business method then for sure the sales frustration will also reduce and good things can happen” (Sales Manager – Interview 10)*

## **b) Challenges for Implementation**

Looking at the challenges for the implementation of a relationship based business model, from the industry's perspective, are the readiness for change within the organization, especially in the mindset of the operational staff as it is a major turn from the current way of thinking and operating, investors and the strategic decision maker's willingness to invest in the time factor and look into a proper transition and not stress on pushing sales figures and let the transition process happen efficiently and finally getting through to the customers, whose majority is in the pursuit of prices and promotions.

Building the proper trust and relationship with the customers, and having a proper policy in the organization is a challenge, as an error can easily lead to the relationship component moving away and transactional nature coming back into environment.

*"...relationship based model is a major move for us from the usual sales process and we need the management to help us with the transition process to help with the process" (Head of Sales – Interview 2)*

*"Challenge is the time, we need time to come out of the mess we're in and time to reconcile and make the customer understand the new approach." (Sales Manager – Interview 3)*

*"It will certainly take time to put things in place and make it work, so our investors and top management should be ready to consider that time as an investment." (Marketing Division Head – Interview 4)*

*"the challenge is to find a method to communicate with the customer and get the right information across and to rebuild the lost trust between the customers and the industry. Also a proper strategy should be followed in a way that there won't be any loop holes in the plan where unhealthy trading will come back or will be able to survive in the industry." (Marketing Manager – 7)*

### **c) Recommendations for Implementation and Suggestions to Rectify Challenges**

Organizational perspective as recommendations for the implementation of a relationship based business model, are to formulate strategies and to establish a clear line of communication with the customers that will productively communicate to the customers the sustainable value attributes of products and services, that will help form a proper mindset in the customers. which will help the customers make decisions, not based on the impulse and trend but based on more sustainable aspects. Further, a strong recommendation is to formulate the strategy, to bring in a relationship based business model by brainstorming across all the areas of the super store operation, so that weaknesses will be identified and addressed, and more effective and efficient steps that will help the organization function in the optimal level with the relationship based business could be set in motion.

“...find a way to effectively communicate to the customers the importance of the brand value, what it carries and also communicate after sales policies in a clear way without any miscommunication.” (Sales Manager – Interview 3)

“Provide training on effective communication, make our promotional campaigns more direct and transparent, help people to understand the benefits of buying products of good quality” (Sales Manager – Interview 6)

“Start work on the relationship based model and initiate communication in a way other super stores will also see the good side of it and not to offend another super store because all super stores should engage in this to enhance the industry” (Product and Marketing Manager – Interview 8)

“...make a plan to reach the customer and engage with the customer in a level where they understand the correct point of making the sale” (Sales Manager – Interview 9)

“Have a real feedback session with the employees in the front line, specially the sales teams and the service teams. Get to know from them issues they face and honestly know what we do wrong as well. And then fix the problems” (Sales Manager – Interview 10)

### 4.3 Buyer’s Perspective of the CDSS Industry

#### 4.3.1 Super Store Engagement

The first theme analyzed through the focus groups, is the Super Store Engagement. The theme is analyzed under the areas of, Purpose of Engagement, Attractions of the Super Stores, Negative Experiences with Super Stores and Customer’s Recommendations to Improve the Operation (figure 19). Most referenced area under the theme was with regard to the attractions of the super stores, while other areas had five or more references (table 14)

	Focus Groups Session 1	Focus Groups Session 2
Purpose of Engagement	4	3
Attractions of the Super Stores	6	4
Negative Experiences with Super Stores	3	5

Table 14 – Code Matrix – Super Store Engagement

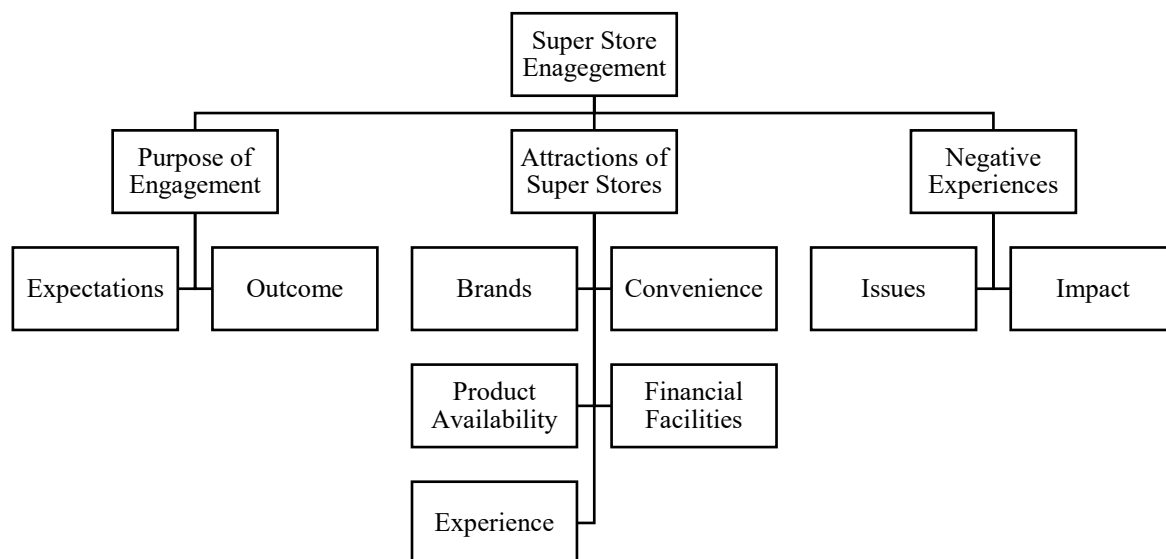


Figure 19 – Super Store Engagement

### **a) Purpose of Engagement**

Customers have several purposes of engaging with super stores. Mainly they engage to buy essential consumer durables for the household, to explore new technology that is introduced to the market, and to explore the potential opportunities to benefit from seasonal promotions. While purchasing goods remain a purpose, it is evident that inquiring into technological information and promotions are prominent purposes of engagement for customers.

### **b) Attractions of the Super Stores**

The attractions of the super stores is an important attribute of the super stores. The variety and brands, including the highly reputed brands being available is a major attraction. The locations where the super stores are positioned is an attraction of convenience to the customers as they are easily located in all the major cities. The financial options for repayment methods, is a valuable attribute that attracts many customers in the current economy as repayment through credit cards and higher purchase schemes are helpful to ease the financial burden of making a purchase. The availability of stocks draws in customers, as they can be sure to get the product from the super store immediately or within a short time frame without having to go from time to time and inquire about the product availability. Finally, the ability to experience the product functionality and observe sample units of products is an attraction as customers get to understand a product before buying it.

*“...really value the brands they carry, looking at all these stores, they have the top brands of the world and that’s a good offering” (Focus Group 1 - Participant 1)*

*“I have lived in a few different areas and all the cities I go to have these super stores located and it’s very convenient for me” (Focus Group1 - Participant 24)*

*“I haven’t personally used hire purchase facility that super stores offer but I’m sure this is the most helpful for the low income families who don’t have credit card facilities to buy essential items.” (Focus Group 2 - Participant 25)*

*“...when I go to these stores I can always be sure to get the product and go home because for me I have never had issues with them not having stocks” (Focus Group 2 - Participant 8)*

*“Super stores give the option of looking at a sample of a product before buying it, or even some product demonstrations are there” (Focus Group 1 - Participant 2)*

### **c) Negative Experiences with Super Stores**

The negative experiences that customers have with super stores, creates a rift in the relationship and also delivers a bad experience to the customer. A critical issue is the fact that when the customers are in need of necessary support in a store to help them make a purchase, customers are pushed to purchase a product rather than helping them to make a decision, with all the information and to cater the actual need. Another issue arises when the customers are welcomed and supported well during sales inquiry but when a customer walks in for an after sales support inquiry, they are quickly dismissed and diverted to the service centres. And another major issue is the communication in store and through advertisements, which has caused major concern of technical literacy of stores and the misleading information of promotional advertisements.

*“I strongly believe the staff should try more on helping us to find a product and understand what the features are, we don't know many things about certain products. I have had the issue of sales staff coming and trying to push us to buy the first product itself that we see more than helping us.” (Focus Group 1 - Participant 5)*

*“One thing I want to really see is the same enthusiasm in the store staff to support me when I come with an issue in a product I have purchased, they simply direct me to the repair center or in a hurry try to just get away from the situation. But when I go to buy a product I'm greeted warmly and treated very well.” (Focus Group 2 - Participant 14)*

*“Communication is something I feel they should improve, being big stores and carrying big brands if they can't communicate properly it's pointless. I have gone*



*to buy a product and when I ask for information, I feel I need to repeat myself because the answer I get isn't relevant.” (Focus Group 2 - Participant 16)*

*“I have visited the store to buy a product through a promotion and when reach the store and take a look at the terms and conditions I can't access the promotion. I believe they should make things clear in their advertising and communication” (Focus Group 1 - Participant 21)*

### 4.3.2 Small Store Engagement

The customer's engagement with small stores as a theme, was analyzed under the two areas of, attractions and negative experiences with regard to small stores (figure 20). The reason for the theme to be taken as a parent code and the Attraction of Small Stores and Negative Experiences with Small Stores as child codes (table 15), is to understand how the attraction of small stores have claimed a market share from the super stores, and the negative experiences with the small stores reflect negatively on the wider consumer durables industry affecting the super stores as well. Both these factors causing value degradation to the CDSS industry is the reason for the selection of the analysis of this theme.

	Focus Groups Session 1	Focus Group Session 2
Attraction of Small Stores	6	5
Negative Experiences with Small Stores	3	4

Table 15 – Code Matrix – Small Store Engagement

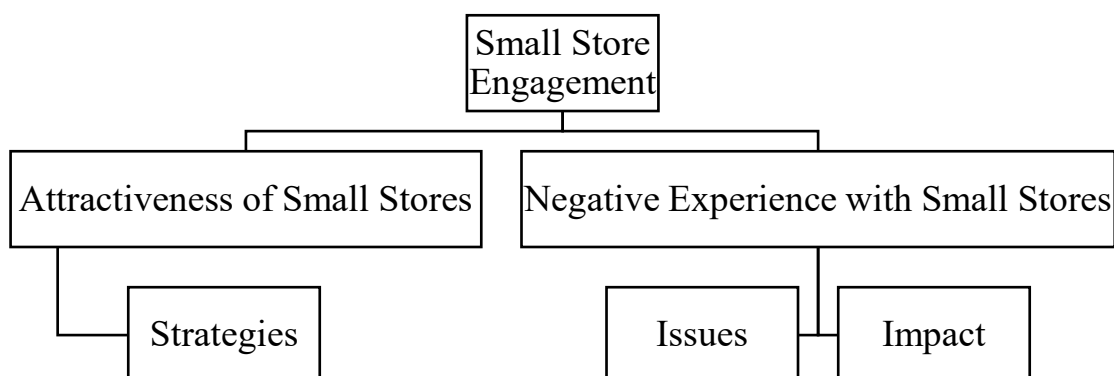


Figure 20 - Small Store Engagement

### **a) Attraction of Small Stores**

The attractions of the small stores are the price factor and the warranty promotions. The customers strongly believe that the prices offered by the small stores are the lowest and the most affordable in the market. Also the warranty period offered is a satisfying point for the customers. Further, these attractions are considered good reasons to explore and experience products from small stores.

*“Smaller stores have good prices that are the same across all products and it’s an affordable option than super stores.” (Focus Group 2 - Participant 15)*

*“...smaller stores carry a good warranty period for the common household durables” (Focus Group 1- Participant 7)*

*“These stores may be new and small but they are a good choice at times. Specially they give customers attractive offers and it’s a mistake not to explore it” (Focus Group 1 - Participant 25)*

### **b) Negative Experiences with Small Stores**

Customers have several negative experiences with small stores. The small stores offer better price options for product categories. However, when the product is of a higher value even offering the lowest price means yet a considerable amount. With the economic status customers prefer to pay-out products of higher financial value over a period of time, through instalments but small stores don’t have the financial facilities to support this preference. In addition, the customer’s do not have the opportunity to see a sample or experience a product before purchasing from small stores to see whether the product is suitable for them or not. The reliability of the small stores is considered less as some of small stores do not operate for a long time, leaving customers who bought products from them stranded, when it comes to after sales services, due to this factor customer’s doubt the super store reliability as well.

*“Small stores have the lowest price most of the time but they are cash prices”  
(Focus Group 1 - Participant 10)*

*...smaller stores where everything is a sealed product and there’s no option to see a sample before buying” (Focus Group 1 - Participant 2)*

*“Small stores don’t exist for a long time, it’s a bad experience when you don’t have the company you bought the product from exist anymore. Super stores are more established. But you never know what if they also close down?” (Focus Group 2 - Participant 14)*

### 4.3.3 Background of Purchasing

Understanding the background of purchasing from a customer’s helps to understand the thought process of the customers to make a purchase in the CDSS industry. Taking the theme Background of Purchasing as the parent code, the theme was analyzed under common motivational factors considered to make a purchase, taken as child codes for the analysis (figure 21). The most referenced areas were price and brand of products (table 16). Each factor is studied to understand the criticality it plays in the minds of customers to make a purchase.

	Focus Groups Session 1	Focus Groups Session 2
Price and Promotions	6	3
Brand	3	4
Product Quality	1	1
Product Availability	2	0
Warranty and After Sales Support	1	1
Personal Research	1	3

Table 16 – Code Matrix – Background of Purchasing

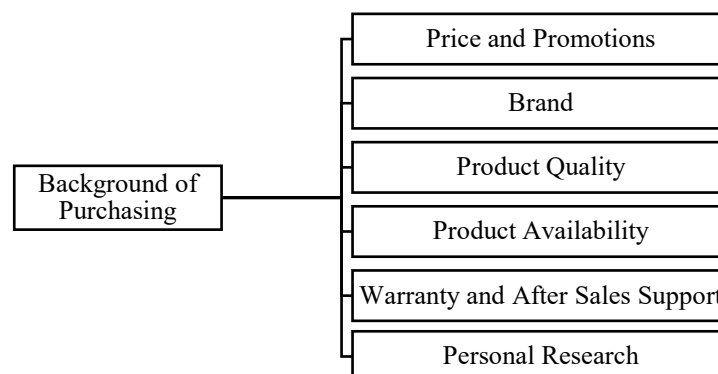


Figure 21 – Background of Purchasing

Firstly, looking at the price and promotion factors as they are in, this research has had many references pointing to the fact that customers look for the price in making a purchase. The understanding from the references made is that price is a factor that is looked upon to make a purchase, as the country is in a developing state, the price factor is a sensitive topic and any offers with low prices for products is easily attractive.

Brand is a major attribute for a large customer segment who are loyal to products. Brand loyalty has emerged due to the quality, performance and durability of the products, and the brand loyalty has increased the brand reputation which has motivated more customers whose nature is to buy products of reputed brands. Therefore, an overall understanding is that brand value is a strong motivation for a particular segment of customers to make a purchase.

Product quality and product availability is searched for in the market, by a selected portion of the customer of the industry but the weightage of the references show that the product quality is currently not a critical factor pursued by the customers.

Warranty and after sales service are critical for the industry. Customers look for a good warranty period and after sales support system to ensure that the product that they acquire has the necessary support to be repaired and serviced for the optimal usage, during the lifetime of the product. Therefore, there is a proportion of customers who purchase based on the warranty and after sales support capacity of the store.

“Buying from a store with a good after sales support system is the choice I will go for now when I buy an item” (Focus Group 2 – Participant 4)

The personal research of the customers is a strong reason for purchasing. An important fact to understand is that, customers who do their research on a product and set their mind on a product, they will not deviate from the product and will only purchase that particular product, as they have trust issues or bad experiences in the past.

“I learnt a valuable lesson that I need to compare products of different stores and brands before buying a product. I want to physically see and compare..... without trusting what a person or store advertises I want to go and do my own checking and buy” (Focus Group 1 - Participant 20)

#### 4.3.4 Value Perspective

The study of the theme Value Perspective is to understand from the customer’s perspective of the value status of the CDSS industry. The theme was taken as the parent code and analyzed under the child codes, Perceived Value, Value Gained, Value Lost and Resolving Issues (table 17).

Through the areas studied as the child codes, the perceived value of the customers, areas value was gained by the customers, issues and impact on customers where value was lost and customer’s expectations and recommendations on resolving current issues in the CDSS industry will be identified and understood (figure 22). The most referenced area of the theme was on the Value Lost (n=20) which has significantly more references than the other areas, highlighting a critical aspect of the research.

	Focus Groups Session 1	Focus Groups Session 2
Perceived Value	4	3
Value Gained	3	1
Value Lost	11	9
Resolving Issues	4	5

Table 17 – Code Matrix – Value Perspective

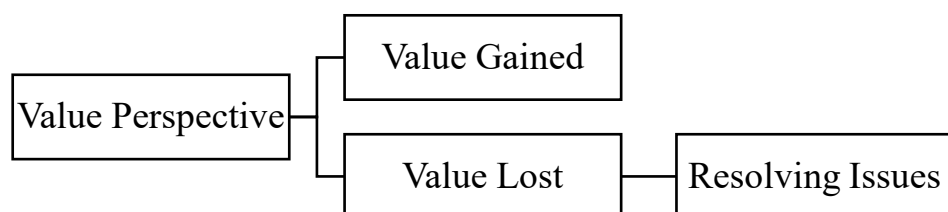


Figure 22 – Value Perspective

### **a) Perceived Value**

The customer's perceived value identified are, the price of the product, the quality of the product, brand value of the product, durability of the product, product features, support rendered at the point of sales, promotions of value additions and the after sales service support. A closer look at the perceived value of customers, it is clear that as a collective, customers look for a reliable product that justifies the financial investment made with a good pre and post-sales support.

### **b) Value Gained**

The customers have gained value in several areas of the industry. Firstly, customers have gained value from the purchase of products from reputed brands, where they have been able to utilize them to the optimum level during the lifetime of the product. And the warranty received by the super stores for higher value products is of a good time period. The range of products available in the super stores have helped customers who properly compare and buy to make the right choice.

*“For me and my family the products from the reputed brands have lasted and functioned well and it has been a good investment” (Focus Group 1 - Participant 5)*

*“...super stores carry a good warranty period for bigger electronic items” (Focus Group 1 - Participant 7)*

*“Super stores have many options to choose from, I mean the range of products are really helpful to compare and make a selection” (Focus Group 2 - Participant 21)*

### **c) Value Lost**

The customer's perspective provides a vivid picture of many instances value has been lost and the impact it has had on them as buyers, this area is linked to another aspect of value erosion discussed in the literature chapter (see section 2.3.1). Firstly, the experience with new brands and small stores that enter the market have resulted in customers considering it

as a waste of money as the brands haven't proven to be productive and durable and the new stores haven't rendered a proper after sales support to the customer and have resulted in costing customers financially. Relating to this issue is the fact of buying the lowest price product and having issues with them as they are faulty.

*"I have learnt a few lessons going in for new stores and brands, warranty says it's for a long period but when I go for a repair they say it's not covered under the warranty, they say it's a software warranty and not hardware and I end up paying for the repair." (Focus Group 1 - Participant 11)*

*"I have experimented with new brands and the value is only there for a few months the most and it breaks down and I'm forever stuck at service centers" (Focus Group 2 - participant 7)*

*"...because I wanted to make a good choice to manage the money situation I went ahead and bought the item with the lowest price, and this also from different stores but I have regretted it more than once because my product gave me a lot of trouble like breaking down easily or the quality being low." (Focus Group 2 - Participant 12)*

Another issue faced is the inaccurate communication during advertising and by the sales staff in store. Advertisements have misled customers to visit the stores expecting for a particular price offer or promotion, where in reality that advertisement is to lure the customer in with false pretences to the store. Sales staff have pursued to make a sale than help customers select the correct product and has provided incorrect information leading customers to make a purchase of a product that doesn't deliver the output required.

*"There are some misleading advertisements I have come across from all types of stores, mainly when the advertising goes as 'starting from' and they show a really good price and when I visit to see the store then either there's no product with stocks for that price or the product advertised for the lowest price is good for nothing" (Focus Group 2 - Participant 10)*

*“Because I have bought for the best price that was offered or trusting a wide range of possibilities explained by the sales person and ended up buying a product that didn’t give me the good result I wanted” (Focus Group 1 - Participant 20)*

Finally, the warranty information has had issues with clarity, where warranty clauses aren’t clearly explained to the customer, where the customer realizes issues in the warranty when it’s taken to the service centre for repairs. In addition, the time period taken for service and repairs have led to customers wasting time at service centres and being stranded without a product for many days.

*“I can bluntly say I have been tricked by the warranty clauses of stores. Especially small stores that advertise 5 years’ warranty and then later on in the small print in the terms and conditions it says 3 years’ warranty and additional 2 years’ service warranty” (Focus Group 1 - Participant 21)*

*“I have had several after sales service issues from the faults that came up with a TV I bought, it was in the warranty period but it took a long time to get it repaired and I had to visit the service centre many times also to get it done” (Focus Group 1 - Participant 2)*

#### **d) Resolving Issues**

There are some interesting recommendations that were expressed from the customer’s perspective to resolve issues, that are creating a loss of value to them. Communication is the point that is stressed the most. Customers expect a dedicated support at the store when they visit to inquire about a product and also receive accurate and correct information about the product to make the correct choice and clear information on service proceedings. Further, advertisements are recommended to have the real scenario explained so that customers will know the reason for the visit and not be disappointed of being misled.

*“I see the need for communication to improve. Specially the printed information in guiding to get the necessary service support. Also serve centers and call centers should be more helpful and not confusing.” (Focus Group 2 - Participant 3)*



*“If a proper and dedicated sales person comes and helps through the process, I mean helping to understand and select the most suitable product, then that’s the perfect situation.” (Focus Group 1 - Participant 20)*

*“I think communication is very important, if the advertisement shows a big benefit and the actual purchase is not that beneficial then it’s disappointing” (Focus Group 1 - Participant 23)*

Form the customer’s perspective it is also recommended to have a good quality product and a well-planned after sales support mechanism in place, so that issues will be resolved in a more convenient manner.

#### **4.4 Summary**

The finding’s chapter brings forth the analysis and understanding for the empirical data with regard to the research, that was obtained through the interviews and focus groups conducted with the involvement of individuals representing the seller’s and buyer’s perspective of the industry. The thought process and the information flow along with the nature of the strategic decision making process, the functionality and the management, the approach to customer management, the challenges of the industry inclusive of the issues and impacts of competition, the value gained, lost and recommendations to rectify the situation, the positive outcomes and challenges and recommendations to implement a relationship based business model, from the perspective of the sellers of the CDSS industry was comprehended through the interviews conducted.

The reasons to engage, attractions and the expected outcomes of the engagement with super stores, the attractions and negative experiences with the small stores, the thought process behind making a purchase and the areas value was gained and lost, together with the expectations and recommendations to improve operations of the supers stores from the buyers of the CDSS industry was comprehended through the focus group sessions.

Key findings through the empirical data led to the discovery of perceived value of both perspectives, the seller's and the buyer's and the exact areas of value degradation. The recommendations to improve the current status from both perspectives were gathered, including the seller's perspective of implementing a relationship based business model which is the core of the research. The seller's and buyer's perspective that was segregated and understood will be related to each other in Chapter 5 – Discussion in order to formulate the recommended business model for the CDSS industry.

## CHAPTER 5 – DISCUSSION

### 5.1 Introduction

The findings that derived as a result of analysing the data, that was collected through the interviews and the focus group sessions were presented, representing the perspectives of the sellers and buyers (the critical stake holders of the research) in Chapter 4 with the understanding of how they enlighten key areas of the research. In this chapter, the literature reviewed in Chapter 2 and the findings of Chapter 4 will be discussed in relation to the research, and also new themes that emerges through the course of the research will be discussed in order to direct the research to a generate a progressive outcome.

The findings chapter discussed critical themes that are significant to the CDSS industry from the two perspectives of the sellers and buyers. The seller's perspective provided insight on the fundamentals of the strategic decision making process, the functionality and operational background, the management of customers, challenges faced, current value perspective and the practicality of implementing a relationship based business model with regard to the super store operation of the CDSS industry. The buyer's perspective provided insight on the engagement with super stores, engagement with small stores, the background of making a purchase and value perspective of the buyers of the CDSS industry.

The navigation of the chapter will be done with respect to the buyer and the seller perspectives, which will be related to each other in order to identify areas that needs to be address and aligned to address the research questions and which will achieve the research objectives of developing a relationship based business model to stabilize the industry and to create and deliver sustainable value to the buyer-seller eco system of the CDSS industry (figure 23).

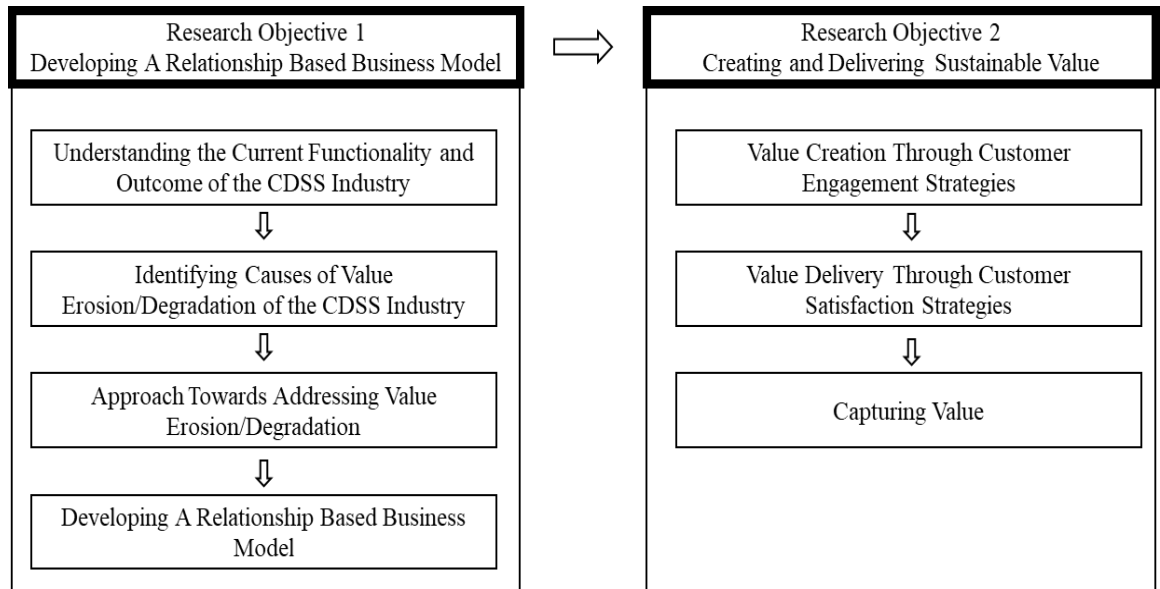


Figure 23 – Achieving Research Objectives

## 5.2 Understanding the Current Functionality and Outcome of the CDSS Industry

The current functionality and outcome of the CDSS industry is studied relating the current business model of the CDSS industry, the impact competition has on it and the outcome of the engagement with customers (figure 24). In order to proceed, it is critical to understand the strategic decision making process and the foundation on which the business model is build, so that it will help to identify the value erosion/degradation that occurs and needs to be addressed in the course of the research, as it engages with the customers and the competition.

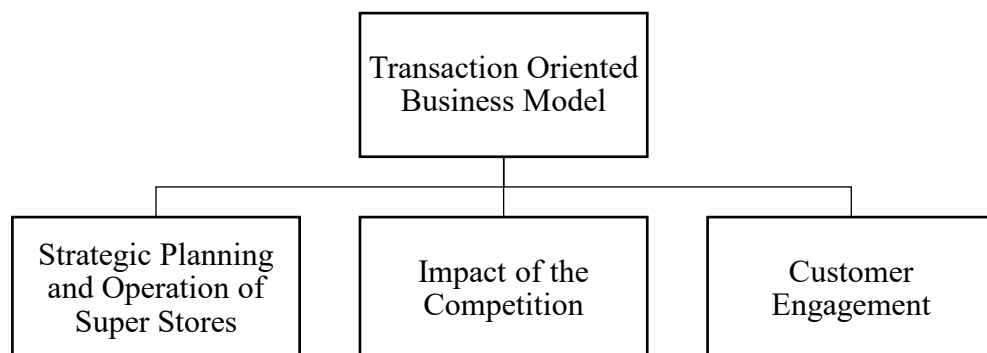


Figure 24 – Critical Areas of the Current Business Model

### ***5.2.1 Strategic Planning and Operation of Super Stores***

Through the insight received from the findings chapter it is evident that the strategic management level (the board of directors and the heads of departments) are primarily involved in the strategic decision making process, of the organizations involved in the CDSS industry. This strategic decision making process directly shapes the business model of the company and decides its orientation. The information from the operational level, which is the sales end at the super stores is taken into consideration by the decision makers, as the reports on sales, products and market behaviour are compiled based on this information.

Understanding the operational reports and studying the behaviour of the market, the current decision making process can be recognized as responsive (reactive) in nature, as it seeks to address matters that arise from the industry and responds accordingly. Further, Kortmann and Piller's (2016) explains, the strategic decision making process decides the nature of the business model, and evidently the current business model of the CDSS industry is formed in a responsive nature.

Moving on to the operation of the super stores, all of the organizations, have a wide spread network of superstores located around the country. The findings point out that the core purpose of the super stores is to function as the face of the organization that carries forward its reputation, and the geographical positioning of each super store is to have a prominent presence in the business hubs and the urban areas, and also to portray the strength of the super store organization to attract reputed and prominent brands to partner with the super stores as their authorized agent. Therefore, a highly organized and centrally managed operation is carried out by super store organizations. This management process includes positioning a manager for each super store to carry out the directives placed by the strategic management, to achieve the strategic expectations and to fulfil organizational

goals (Maleka, 2014), to handle daily operations and to manage the human resource under each super store.

The super stores also carry a wide range of products under each product category, allowing the customers to choose from a wide variety. This complex inventory of the super store operation is backed up by a strong logistics support system, that ensures that all super stores are provided with the necessary inventory to carry out operations and is able to supply the required products to the customers without a delay. These attributes can be identified as the competitive advantage that a business model is to provide for an organization (Peters, Blohm and Leimeister, 2015)

The directives given to each super store works as the operating system for each super store, that carries the guidelines and rules and regulation of the nature in which to operate. The primary expectation of the super stores is to achieve the organizational goals (Maleka, 2014) of defined financial targets, and much focus is given to this factor along with the achievement of revenue targets, net profit expectations and the acquisition of market share. While these attributes are clearly defined in the annual plan and the timely vision of the super store organizations, even though it is expected, clear targets with regard to attributes of customer engagement and satisfaction has not been set.

Further, as evident in the findings chapter, all decisions made from the strategic management in response to the operational management is focused on finding solutions to the sales process of the super stores and to provide a responsive solution to adapt to the market response of the operation leads to the clear structure of the business model that helps to analyze and understand the nature of it (Peters, Blohm and Leimeister, 2015), which in relation to the CDSS industry is responsive in nature and is a transaction oriented business model.

### ***5.2.2 Impact of Competition***

The competition of the CDSS industry occurs in two forms, the competition among the super stores and the competition of the wider consumer durables industry which is imposed by the small scale stores. The competition among the super store organizations has been a competition on healthy terms which helps organizations to advance in technology and in operational strategies that enables the enrichment of the operation and also has an additional benefit to the customers as they get to experience more value.

However, the competition between the super stores have become more peer pressure oriented due to the responsive nature of the decision making process, where the bargaining power of the customers have a higher influence on the overall operation (Kaunyangi, 2014).

The competition that is imposed by the wider consumer durable market, from the small scale stores are a critical factor in the CDSS industry. The findings evidently explain how small scale stores have focused on the most sensitive areas of the customers mindset, which are price and promotional factors that play a major part due to the economy, and the warranty factor due to need of a sense of security for the products. The small scale stores have a less sophisticated operation and most of these do not have a branch network.

Therefore, the cost of the operation is low and also the brands that they carry are emerging or less reputed brands of which the products carry a low financial value. Based on these factors, low prices which are below the range of prices maintained by the super stores for product categories have been challenged and the prices offered are of undeniable attraction to a majority of potential customers (Kaunyangi, 2014) in a country with a developing economy. This has led to customers being deflected from the super stores and settling for products irrespective of the brand value and quality due to the financial appeal.

The warranty offered by the small scale stores are often for an extended period of time than what the super stores normally offer. The important fact to understand that super stores offered warranty which was recommended for the life time of the product supplied by the manufacturers, as warranty is provided to protect the users against the early degradation of the product (Murthy and Jack, 2003). The small scale stores offer warranty beyond the recommended time period, by offering warranty for the additional time from themselves.

This is a costly process in the long run, as products are prone to malfunction due to wear and tear after the recommended lifetime of the product. As the warranty is a security for the customers, they are attracted to purchase with a better warranty period from the small scale stores. As the findings reveal, most of the small scale stores do not operate for a long time period and the warranty they offer is not with a long term plan with calculated repercussions.

With the customers deflecting from the super stores due to the price and promotion factors and the warranty factor, super stores having a stressful situation, have pushed from the operational level requesting resolutions from the strategic management to sort out the situation. Strategic management currently making responsive decisions have sorted to introduce products from emerging brands that offer lower prices to compete with the small scale stores and also provide extended warranty for products to match the warranty offerings in the market.

This process is a short term solution, with repercussions of value degradation due to inevitable degradation of the product and additional warranty servicing costs (Murthy and Jack, 2003) to the buyer seller ecosystem (which will be discussed later in the chapter).



### ***5.2.3 Occurrence of Customer Engagement***

The customer engagement of the super stores occurs with three purposes, to purchase a product, to gather information or to experience or receive a demonstration of a product, where the customers make a physical, psychological and emotional investment (Tripathi, 2014). It is important to understand what triggers the engagement between super stores and customers.

Firstly, the most common instance is when a customer is in need to purchase a product, at this point customers visit the stores and compare options, select from a specific brand or proceeds with the cheapest or easily available product based on the urgency of the need to purchase a particular product. The other instance of purchasing a product is when the super stores carry out a promotion and communicates it to the potential customers through various advertising platforms and triggers and interest to purchase a product based on the promotional value.

The technology and the design of consumer durables, makes them an interesting subject for many customers to gather knowledge as technological advancements provide progress to their personal lives as well (Tokarczyk and Hansen, 2006), this triggers the customers who are inquisitive to explore the variety of options and their features of products in a particular category with different features and designs that helps them with their personal research on the advancement of technology and design and also help them to be updated with the products, so that they can easily make a decision on what to buy or provide their opinion to a person of interest who might inquire them for a friendly advice on a product they wish to purchase.

The final point of engagement, which is unique to the super stores is the customer engagement that occurs with instore product experience or demonstration of a product, on the pre-sales spectrum (Walton, 2017). The launch of a prominent new product or to understand the functionality of a sophisticated product, it is always satisfying for

customers to experience a product before purchasing it or witnessing a demonstration of the product to understand the functionality of the product before deciding whether it will be a good fit to their lifestyle or not.

The customer engagement that occurs in the manner mentioned above is the key point of interaction that creates the buyer-seller relationship and this is the first point where the intentions of the customers and the super stores meet, and enriches value to the relationship or degrades value. Communication during the complete process and the support rendered by the super store staff on the sales end (pre sales and post sales) is responsible for the value component of the customer engagement that occurs. While the customers and super stores have gained value from this engagement with purchases and information, experiences and demonstrations shared, a considerable amount of value has been lost due to issues in the nature of engagement, communication issues and the approach to customers, which will be discussed in the next step of this chapter.

### **5.3 Identifying Causes of Value Erosion/Degradation of the CDSS Industry**

Through the understanding derived from the current functionality and outcome of the CDSS industry, the discussion moves to the critical element of the research, which is to comprehend the causes of value erosion/degradation that occurs as a result of the strategic planning and operation of super stores, impact of the competition and the customer engagement, that reflects through the transactional business model of the CDSS industry (figure 25).

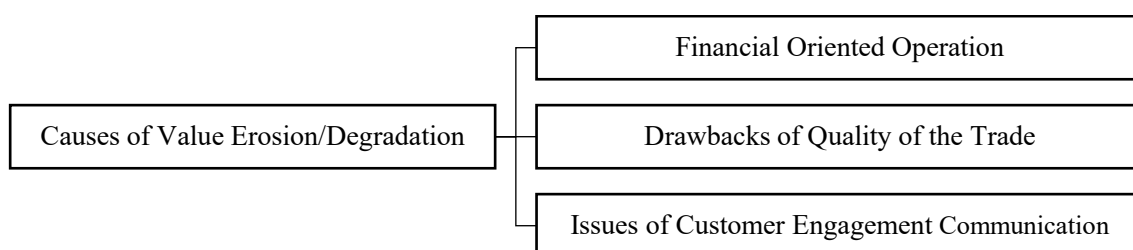


Figure 25 - Causes of Value Erosion/Degradation

### ***5.3.1 Financial Oriented Operation***

Focusing on the financial aspect is critical to the functionality of any business operation. However, if the business operation is set having a deep financial orientation, where financial attributes controls the business, then the business operation becomes less sensitive towards the other aspects of the operation such as the sensitivity to the quality of the trade and the customers. This is a clear outcome of influence of financial orientation has on the business process, which was highlighted by Malshe and Agarwal (2015) and the sacrifices and compromises an organization would make, as correctly pointed out by White (2010). The findings guide to the current setting of the CDSS industry, where the annual plans and timely visions of the super store organizations focusing mainly on the revenue targets, net profit and the market share, which are all on the financial attributes. There is only a minor focus on the quality of the trade and the customers, as the guidelines and the expectations of the super store operation is to deliver the necessary financial targets.

Further the operation is designed in a way that the employees are also driven to benefit, when the super stores reach financial targets through incentive schemes. Therefore, the financial orientation has further been embedded to the employees who engage in the sales front with the customers of the super stores. Incentive offering does give value to the employees of the super store organizations, however incentives that are not calculated for repercussions, such as the drive that the employees will have to obtain the benefit of the incentives at the cost of other critical factors, such as the quality of customer engagement and ethical approach to support customers. Due to this fact customers are seen merely as targets to ensure a sale, which transform the incentives into harmful incentives which threaten the industry.

Fry (2008) elaborates how value entities (such as financial visions for organizations and the incentives) works as a motivational factor to reach a target or deny it. While reaching a target is a positive factor, the sacrifices made to reach the targets frequently fall into the

negative column. Relating this fact to the CDSS industry sacrifices have been made with regard to the quality of the trade and the customer engagement, while the value degradation on these aspects will be discussed later in this chapter, the direct impact on the financial orientation to the value degradation is the fact that it has weakened the pillars of reputation, quality and trust.

### ***5.3.2 Drawbacks of Quality of the Trade***

The quality of the trade is mainly based on the quality of the products and services (Murphy and Shleifer, 1997). In the consumer durables industry, as the name itself explains durability is a key factor, which is empowered through the quality of the products and the services provided to maintain and to ensure the successful functionality of the products. The findings revealed many issues that have emerged with regard to the quality of the products and the services (including warranty and maintenance support) that has degraded the value of the CDSS industry.

Discussing on the product quality, it is evident that when the industry operated with reputed and established brands, a proper standard quality was maintained in products. With the small scale stores tapping into the price sensitivity of the customer mindset with the strategy of introducing products of less reputed and/or emerging brands, the focus on product quality deviated with the focus moving into the product cost. Lowering product cost frequently comes at the compromise of the built quality (Chena and Juvenal, 2014). Durability of products are directly related to the built quality, as the built quality drops, the durability of the products lowers. For example, mechanical cog wheel which is designed to be built in metal, is built in plastic or fibre, which are materials of lower cost and inserted to the design of a product, the cog wheel built in plastic or fibre will not have the same performance or resistance to wear and tear that will bring down the functionality of the cog wheel and with it the functionality of the product.

Due to the attraction of prices offered for these low cost products by the small scale stores, the super stores suffered a loss in the customer base as well as a reduction in sales values, which drove the super store operational end to request a similar solution from the strategic management in order to compete in the market. The strategic management complied to this request and have integrated products of emerging brands with lower costs to their product portfolio. While this solution offered an option to face the competition from the small scale stores, the lower durability of products have led to increased breakdowns in products and also the lack of performance in products. This reduction in the product quality has created a loss of value for customers as they have had to experience products malfunctioning and spending more time repairing a product in the life time of the product and the super stores losing value from losing respect of the product portfolio in the face of the customer and having an immense pressure on the service centres to get repairs done with the major inflow of repair requests, and the management having to focus more time resolving after sales issues than looking into new strategies to develop the business.

The after sales services provided, the warranty repair and replacement services and the maintenance services of the industry has issues emerging in an alarming manner due to the extended warranty offered for products. As discussed earlier in the chapter, products have a lifetime that is defined by manufacturers, and the warranty offered by manufacturers is to cover the initial years of the product (Murthy and Jack, 2003). With the small scale stores offering extended warranty promotions to attract customers by offering them more sense of security, super stores too engaged with the similar strategy. The extended warranty works, by the super store organization providing extended warranty for a promotional price, where the super store under takes the responsibility for the warranty and not the manufacturer, by buffering an additional supply of spare parts.

However, a product rarely operates without multiple issues after the defined lifetime, as the internal mechanisms have met its limit of wear and tear. At this point the customers, even

though they are covered with warranty, multiple visits to the service centres have been required to get the products fixed resulting in the customers wasting their time and effort and also facing inconvenience with the product not being in a functional state to serve its purpose. Customers who resided to small scale stores have faced worse circumstances, as small stores most of the time don't exist in the market for long therefore multiple incidents have occurred where customers faced the issue of small scale stores not existing to receive warranty services towards the latter part of the extended warranty time period.

Organizations have had multiple issues in the process of providing warranty services in the extended time period, as it has been in the nature of a task much tougher than calculated, as breakdowns have been in large numbers in the extended warranty period and providing repair services have been costing the organizations more than then the profit accumulated from extended warranty, as explained by Murthy and Jack (2003) with regard to the warranty servicing cost occurred due to the extended warranty offering. These factors has cost a considerable loss of value to both the customers and the super store organizations.

The final aspect of after sales services that leads to value erosion, is the fact that even though a proper after sales service network with service centres exists in the super store organizations, they lack efficiency in their operations in meeting defined timelines for resolving product issues. The super stores have not taken steps to increase efficiency in ordering parts or utilizing more human resource to get the repairs done, nor amend the resolution timelines offered at the point of sale. This has led to customers being stranded without products repaired for a longer period of time and the organizations losing the trust of the customers as it creates inconvenience to the lifestyle of the customers.

### ***5.3.3 Issues of Customer Engagement Communication***

The customer engagement communication process of the CDSS industry can be identified in two aspects. The communication that takes place through advertising and the communication that occurs in the super stores. The findings revealed that customers are

facing issues with advertising communication being misleading, and the face to face communication being out of sync which disrupts a successful outcome, then leading to ineffective communication that is harmful to the organization's objectives (Hargie, 2016).

Looking into the issue of advertising communication, in the attempt of ensuring the advertisement motivates the customer to visit the super store, there has been instances where advertisements have failed to communicate the real picture to the potential customer. Krugman (1965) as one of the early works of understanding advertising, pointed out to the world that advertising is meant to enlighten customers, corrupting this course will lead to the failure to utilize advertising in the correct manner. Customers have found these advertisements to be misleading and an attempt to lure them into the super stores under false pretences, as the offers communicated don't exist at the mentioned values or the communication is only partly accurate, where a product is advertised at a price, when in reality it's just a core component advertised at the price and when the complete product is looked at, its not in the attractive price range the advertisement communicates. Poor advertisements such as these have led to the prejudice of many customers not believing in the value communicated.

The communication that occurs in the super stores is of face to face in nature between the potential clients and the super store staff and its either to purchase a product, obtain information, experience a product or at a product demonstration. This is the front line engagement communication that is most critical to the outcome of the customer relationship (Choudhary *et al*, 2011). The findings highlight that this communication have had several issues.

Firstly, the knowledge of the products in the minds of the super store staff and the customers. There are many instances where super stores have placed sales personnel with the purpose of engaging with the customers who enter the super stores and to ensure a sale is made but these personnel don't have the literacy of the products which leads to them

giving wrong information to customers that results in the customers purchasing wrong product, which later creates trouble to the customer and also creates tension between the customers and the super stores. Discussing on the product knowledge of the customers, some customers have very poor knowledge on products or some customers display the knowledge of too much information, at this point the information the sales personnel at the super store provides doesn't synchronize with the customer many a times, that leads to the selection of the wrong product.

Furthermore, the super stores are under staffed to handle the potential customer inflow to the super stores, at this point a sales person is catering more than one customer at a time, where one customer doesn't get the required attention to make the necessary decision with regard to a product, due to the fact that during the course of obtaining the relevant information and understanding it, the attending sales person excuses and moves to another customer and then returns creating a rift in the communication process. Last but not least, findings show that super store staff is most of the time supportive for sales inquiries but are not supportive for after sales service related inquiries, after sales service being one of the key success factors for customer satisfaction (Choudhary *et al*, 2011, Ashfaq, 2019), this approach creates a major disappointment for the customers, who faces this experience at the point of engagement to receive after sales service support.

While the super stores in their defence states that they are merely trying to direct the customer in the right direction to go to a service centre to receive the necessary services, customers feel that super stores are merely trying to avoid or deflect them, as their purpose of a obtaining sale is done and they no longer want to offer their support in helping to sort out service related inquiries, as its not providing them a direct sales value. Due to these reasons, value has degraded in the customer engagement communication spectrum of the super stores, where trust issues and selection of wrong products and reputational issues has eroded value for both customers and super stores.



### 5.3.4 Collective of Value Erosion/Degradation

Understanding all the causes of value erosion and its impact, it is possible to collectively compile that the value of the CDSS industry continues to erode due to the financial oriented planning and operational process inclusive of harmful incentives, reduction in product quality and service of warranty repair, replacement and maintenance and weak communication strategies. Which has led to the loss of reputation, trust, quality and the sustainable profitability of the super store organizations and the loss of investment, sense of security (doubting product selection), wastage of time and loss of optimum usage in purchasing products for customers, creating an immense loss to the buyer-seller eco system.

### 5.4 Approach Towards Addressing Value Erosion/Degradation

The understanding of the causes of the value degradation and the impact of it, resulting in various areas of value being lost to both the customers, the next step is towards addressing value through a relationship based business model, which would rectify the loss of value and create and deliver sustainable value to the buyer-seller eco system of the CDSS industry. In order to reach to this objective of the research, the discussion will move to aligning perceived value, understand the customer segments and strategize the operation accordingly, and establish the quality of the trade creating sustainable value, which through customer engagement and satisfaction will deliver sustainable value to the CDSS industry (figure 26).

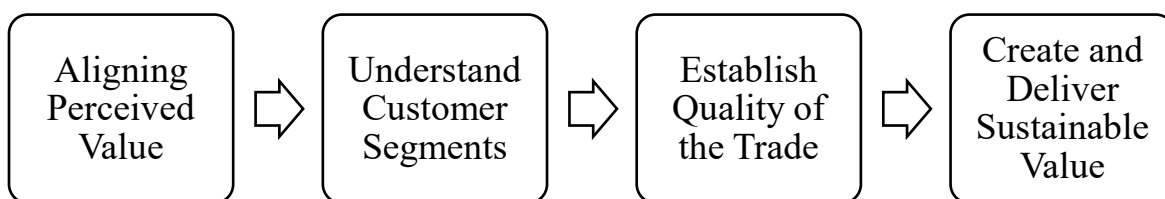


Figure 26 – Approach to Address Value Erosion/Degradation

### ***5.4.1 Alignment of Perceived Value***

Kumar and Reinartz (2016) Value Alignment Framework (see section 2.4.1) is one of the three frameworks utilized in the literature review to the progression of developing a relationship based business model. This framework focuses on aligning the perceived value of the firm and the customers to draw the pricing decisions of the industry. The findings helped to understand the perceived value of the super store organizations (representing the firm in the framework) as reaching revenue targets, achieving net profit margins, acquiring market share and developing employee portfolio and the perceived value of the customers as the price of the product, the quality of the product, brand value of the product, durability of the product, product features, support rendered at the point of sales, promotions of value additions and the after sales service support.

A closer look at the perceived value of both the super stores and the customers, and taking the influence of the strategies deployed by small scale stores to compete with the CDSS industry there are few additions and modifications that needs to be infused to the perceived value of both parties in order to initiate the correct fundamentals on which sustainable value can be established.

Taking the perceived value of the super stores which are currently on reaching revenue targets, achieving net profit margins, acquiring market share and developing employee portfolio, there is a lack of the attributes considering fulfilling customer expectations. In the approach to sustainable value product quality, pre sales services, post sales services pertaining to warranty repair, replacement and maintenance and customer relationship needs to be added into the value spectrum of super stores with the modification to the perceived value, of developing employee portfolio to equip the human resource with the personnel who possess the proper skill set and literacy, to efficiently cater the customer during the engagement process throughout the trade cycle of the industry.

Therefore, as a revised vision to value spectrum of the super stores, the input of value would be to offer quality products and pre and post sales services with an effective customer relationship plan which will have a strong engagement with the customers and as a collective strategy satisfy them (Choudhary *et al*, 2011). With this input of value, the super stores can expect to obtain the perceived value of reaching revenue targets, achieving net profit margins, acquiring market share and developing employee portfolio.

Moving on to the perceived value of customers which is price of the product, the quality of the product, brand value of the product, durability of the product, product features, support rendered at the point of sales, promotions of value additions and the after sales service support, the value spectrum as a collective portrays the perfect process of purchasing and utilizing a product to its maximum outcome. However, what is essential and needs to be infused to this value spectrum, is the fact of making a responsible and intelligent choice through a better standard of decisions made with the understanding of the overall attributes of the product offering.

In order for the customers to reach this decision making standard, it is important for the customers to be enlightened with information which will help them understand each attribute they value. Firstly, to understand that the price factor not merely on the price tag but by distinguishing characteristics between an emerging brand and reputed brand, the importance of build quality and the features and functionality of the product (Fajgelbaum, Grossman and Helpman, 2009). Further it is important to understand the actual benefits of the promotions carried, such as upgrades offered for products at attractive price values, as some products will not be recommended to be upgraded beyond the manufacturers recommendations, and other upgrades offered will not be of the manufacturers components which will harm the durability of the product, as they are not the parts the products is tested for functionality and also will lead to the warranty of the manufacturer being voided in the event the product requires to receive manufacturer's warranty.

Secondly warranty does serve the sense of security the customers (Murthy and Jack, 2003) hope for their investment of the purchase only if it's realistic, therefore customers should be helped to understand that warranty is primarily offered by the manufacturers, if the warranty is extended beyond the manufacturer's warranty, then understand the product type and lifecycle and evaluate whether it could actually be durable without malfunctioning repeatedly for such a time period as even though a warranty exists, continuous repairs and services leads to inconveniences, waste of time and effort of the customers.

Also the store providing warranty services either manufacturer warranty or extended warranty, should be an authorized agent and have the capacity to provide continuous support, and also have a good track record in the existence in the industry, to be selected as reliable source to obtain warranty from, as the findings also highlight the customers being stranded without being able to utilize warranty support of the full duration provided at the point of sale, as the store providing these services is out of existence.

Finally, for a better outcome at the point of engagement with the super stores, it is critical that the customer's contribute towards clear understanding of the communication (Markovic and Salamzadeh, 2009) done through advertisements and directly at the super stores and also have an open mind to understand the information provided to them. This will not lead to the customers being vulnerable to accept misleading information, as from the super store aspect, steps are to be taken to improve the accuracy and clarity of the communication process as a part of the value alignment process.

#### ***5.4.2 Understanding Customer Segments***

Prior to strategizing the operational process to fall in line to a relationship based business model, it is of high importance that the customer segments are understood. Customer segments are not merely a segregation for a successful operation but the understanding of the background for purchasing in the mindset of the customer. This understanding is the

support structure on which the super stores can build a sustainable relationship with the customers. The findings chapter, provided valuable insight into the various backgrounds on which customers are driven to make a purchase such as price and promotion, brand, warranty and after sales support and personnel research oriented customers.

#### **a) Price and Promotion Oriented Customers**

Price and promotion oriented customers, are highly sensitive and attracted to prices and promotions of the market and are driven by an impulse to pursue opportunities that are presented with an attractive price or promotion. There are two types of customers within this segment, where one type of customers responds any attractive price or promotion offered in the market with the intention of purchasing or at least engage to evaluate, while the other type of customers target a particular product and wait for any price or promotion of a selected product category and immediately responds to a price or promotion that is offered with the intend to purchase the product. Further this customer segment is more impulse oriented who seeks to be satisfied once they achieve the value that they pursue (Tripathi, 2014). Catering this customer segment will not be easy for super stores as their value will always reside in the price and promotional component and the loyalty of this customer segment will be on the price and promotional value, from which ever store that offers the attractive price and promotion.

#### **b) Brand Oriented Customers**

Brand oriented customers are either customers who are loyal to a particular brand and/or customers who would purchase from only reputed and established brands. The reason behind this orientation is of high value to the CDSS industry as well, as the customers pursuing reputed and established brands is due to the fact of loyalty built on the brands for durability and value of its products (Solem and Pedersen, 2016). These brands often come with a standard price, which is considered a high price tag in the market, however it is because of the build quality of the products and the value of the brand, customers

understand and value these attributes of the reputed products and purchase products of these brands irrespective of the price.

Furthermore, there brand oriented customers also include a portion of customers who, irrespective of the fact of build quality and established status of the brand, will move to purchase products from the reputed and established brands merely for the brand value it carries as it purchasing it as a part of their lifestyle (Scolderer, Brunso and Grunett, 2002), which provides these customers a social status as well, and the important fact is that these customers purchase from super stores where the big brands are prominently displayed.

### **c) Warranty and After Sales Services Oriented Customers**

The warranty and after sales services oriented customers, are customers who search for strong sense of security and support for the functionality of the products they purchase. The findings helped to understand that the warranty is an attribute highly sensitive for this customer segment, a longer warranty period means a higher sense of security for the customers that gives a satisfaction with regard to the investment made through the purchase of the product. Also, the after sales support aspect is an orientation that is mainly derived through the experience and the recommendation obtained from other customers in the community.

The customers who value the after sales service component in making a purchase, have the expectation of obtaining warranty repairs, replacement and maintenance services rendered to them in a convenient manner and for the products issues to be resolved in a quick turnaround time. It is essential for the super stores to understand that this customer segment, value the warranty for the product and the after sales service support provided, and will expect the super stores to honour the warranty conditions and supply convenient and efficient after sales service support to avoid disappointment.

#### **d) Personal Research Oriented Customers**

The customers who purchase products based on their personal research can be identified as the most informative and accurate decision making customer segment, in selecting the product to suite their need. Their personal research will be as a result of obtaining reviews, demonstrations, examining samples exhibited and relating it to the need that is at hand. The research will also include a price range and a suitable warranty period and the exact service support required for the effective usage of the product to suit their need.

It is important for the super stores to understand that these customers will stick to the preference they have in mind as they have done their research and has already come to a conclusion, and it is highly recommended that the super stores respect their choice and cater them if possible and not try to persuade them into purchasing an alternative product as it will lead to a negative opinion on the super store.

#### ***5.4.3 Improving the Quality of the Trade***

Improving the quality of the trade is highly dependent on the improvement of the quality of the products traded and the after sales services rendered. Golden, Mitra and Moorman (2012) highlights the strength of the attribute of power and how it supports the transformation of a trade. Earlier in the chapter it was discussed how the product quality and the quality of the after sales services are having issues due to various adaptations that has taken place to be on par with the competition and to meet the demands of the customer. However, in order to be truly sustainable, the approach to the products and after sales services needs to be altered to ensure the restoration of the quality of the trade.

#### **a) Improving the Quality of the Products Offered**

Improving the quality of the products offered is the most difficult task for the super stores, as the primary debate would be that the products offered are priced based on the build quality and the lower prices are required to compete with the competition or else the customers will move on to the small scale stores considering the country's economy

(Kaunyangi, 2014). While understanding this point, it is also important to understand that customers in a country with a developing economy, doesn't have the financial capacity to continue purchasing products every time it fails and also continue wasting their time to fix products that have multiple breakdowns. One experience is enough for the customers to take it as a learning point and move away from a negative approach to purchasing and to buy from a proper store and one good experience is enough to make them loyal to the store.

Therefore, super stores must take steps to ensure that product quality is a standard that is maintained that even the products offered from emerging brands will have the build quality with the proven durability for the products irrespective of the cost of the product (Murphy and Shleifer, 1997; Chen and Juvenal 2014). This will ensure that customers who purchases products from super stores are always given a reliable product even though the super stores will not offer the lowest price they will offer a durable product. Super stores can always have good price offerings as a result of promotional offers they offer with the support of manufacturers and have the emerging brands at a lower price bracket as they are still in the process of developing the brand value.

Another aspect of improving quality of the product is the process of providing upgrades to the features. Certain customers tend to pursue the best features and try their best to get the product upgraded, super stores should take steps to ensure that upgrades that are only recommended by the manufacturers are installed and the installation of the upgrades are only from options available with components authorized by the manufacturer. Even though cost of the upgrade will be negotiated by the customer the super stores should ensure that the customers understand that the installation of upgraded are done only if it's recommended from the manufacturer, and that the upgrade is only done from the components that the manufacturer authorizes to ensure the durable functionality of the products, and to keep the product intact with manufacturer's warranty so that the customer



has the convenience of receiving warranty support without any issue from any of the product manufacturer's authorized service centres.

#### **b) Improving the After Sales Service Support System**

After sales service support system empowers warranty of a product. The warranty of a product is offered by the manufacturers by default period of time by the manufacturers which is can be considered the fresh time of the product. Manufacturers further offer a longer warranty covering the product for the estimated product life time. Super stores based on the product volume imported offered the default warranty or the warranty offered for the estimated lifetime of the product by the manufacturer's with their products (Murthy and Jack, 2003). However, this issue lies with the strategy of the super stores trying to meet the extended warranty competition imposed by the small scale stores to the customers by offering them an extended warranty from the super store by maintaining a spare part pool to provide the necessary warranty services. This practice should be stopped and only offered the maximum warranty given from the manufacturers as it will safe guard the super store and the customer.

The reason for this is the fact that maintaining a spare part pool and providing an extended warranty beyond the manufacturer's maximum warranty period, which is the warranty period recommended for the life time of the product, it will create a false sense of profitability for the super stores with the continuous purchases and a false sense of security in the minds of the customers. Avoiding providing an extended warranty beyond the manufacturer's recommendations will stop the super stores from making a loss due to warranty servicing costs (Murthy and Jack, 2003) from repairing products with numerous breakdowns in the operation beyond their lifetime and also face many disputes with customers being inconvenienced. This will help the customers understand the real value of a genuine warranty as customers who purchase products from super stores with manufacturers warranty will receive proper support and the product functionality within its

recommended life time, and not create a false sense of security in the customers misleading them.

The super stores must also take steps to ensure that the service centers that provide after sales support services to customers are properly equipped with the parts and the human resources required to provide services to the convenience of the customers and also take steps to ensure that customers will receive the service support promised at the point of sale and keep to the resolution times and repair and maintenance standards so that the customers will be able to utilize the product to the maximum capacity.

### **c) Establishing Accurate and Effective Communication**

In order to ensure that that communication is accurate and effective, the advertising material (online and through traditional media) and the communication made face to face at the super stores should be clear, precise and in line with the super store operation. A proper executed communication process with fruitful closure can provide a range of benefits to both parties involved in the communication process (Markovic and Salamzadeh, 2018; Hargie, 2016) This can be achieved through the process of relationship marketing. As the communication is transformed into a relationship marketing process, the approach will be more of a strategy to connect with the customers and communicate value to them and also to help the customers identify and understand the more valuable and intricate attributes of the products and services offered by the super stores. Understanding the core of the process of relationship marketing by Mudie and Pirrie (2006), it will eventually form a course of action, which will improve the communication process to a level, that will benefit both the customers and the super stores.

Looking at the advertising strategy, where the engagement process with the customer is initiated, super stores must ensure that the advertisement do not carry any misleading or exaggerated information that has the possibility of over promising and misleading the customers. The advertisements must be formulated to carry important and actual details of

an offer that is to influence the customers to walk into a store and in the event of promoting a product, provide vital information that is useful to the customers for the durable usage of the product, rather than features that exist for glamour only.

The communication at the super store front should be properly managed with the right amount of human resource utilized by the super stores, trained with the proper courtesy and literacy with regard to the products, so that every customer will get the necessary dedicated attention and the proper information required for them to make an accurate decision with regard to the selection of the correct product. Further super stores should be given instructions to show the same courtesy shown to customers at the point of sale when they return for a service inquiry so that the customers feel cared for by the super stores (Choudhary *et al*, 2011).

### **5.5 Developing A Relationship Based Business Model**

The development of the relationship based business model is based on a hybrid concept derived from the three frameworks, Sustainable Value Framework by Hart and Milstein (2003), Value Alignment Framework by Kumar and Reinartz (2016) and Creating Sustainable Value Through Service Offerings by Chou, Chen and Conley (2015), through the focus on the vital areas of the refinement of internal and external strategies to address current issues, alignment of the value spectrum of the super stores and the customers, and creating sustainable value through service offerings (see section 2.4.3).

With the findings and the construction of the relationship based business model, it will not only build a hybrid model through the frameworks studied but also contribute to the inclusion to the literature the aspect of creating and delivering sustainable value through service offerings as well, through the upliftment of service standards along with the quality of the product offering to improve the quality of the trade.

At the current stage of the research, alignment of the value between the super stores and the customers have been done through the modifications and additions made to the perceived value of both parties, which establishes a clear understanding of the base that is needed to be laid to form a firm relationship between the buyer and the seller, adopting the value alignment component of the Value Alignment Framework by Kumar and Reinartz (2016) with a modification to their objective of ‘making pricing decisions’ to ‘establishing compatible relationship trading terms’ which will reflect as strategic ambitions.

In the formulation of the relationship based business model the next step is the utilization of the core concept of Sustainable Value Framework by Hart and Milstein (2003), which is to analyze current internal and external strategies to develop better strategies for the future to achieve sustainable value, and modify it to suit the current research, which is to use the understanding of the current internal and external strategies and the causes of value degradation and the proposed recommendation to address value degradation as the plan to pave the path way for future internal and external strategies to establish sustainable value.

The core concept of Chou, Chen and Conley’s (2015) framework of Creating Sustainable Value Through Service Offerings framework was utilized to form the proposed recommendations to address value degradation with modification of not only providing service offering to the environment, economy and society to receive desired value but also provide a quality product offering. With the facts in line the relationship business model will be formed (figure 27) with the themes of value creation and delivery, value capture and strategic ambitions of the CDSS industry.

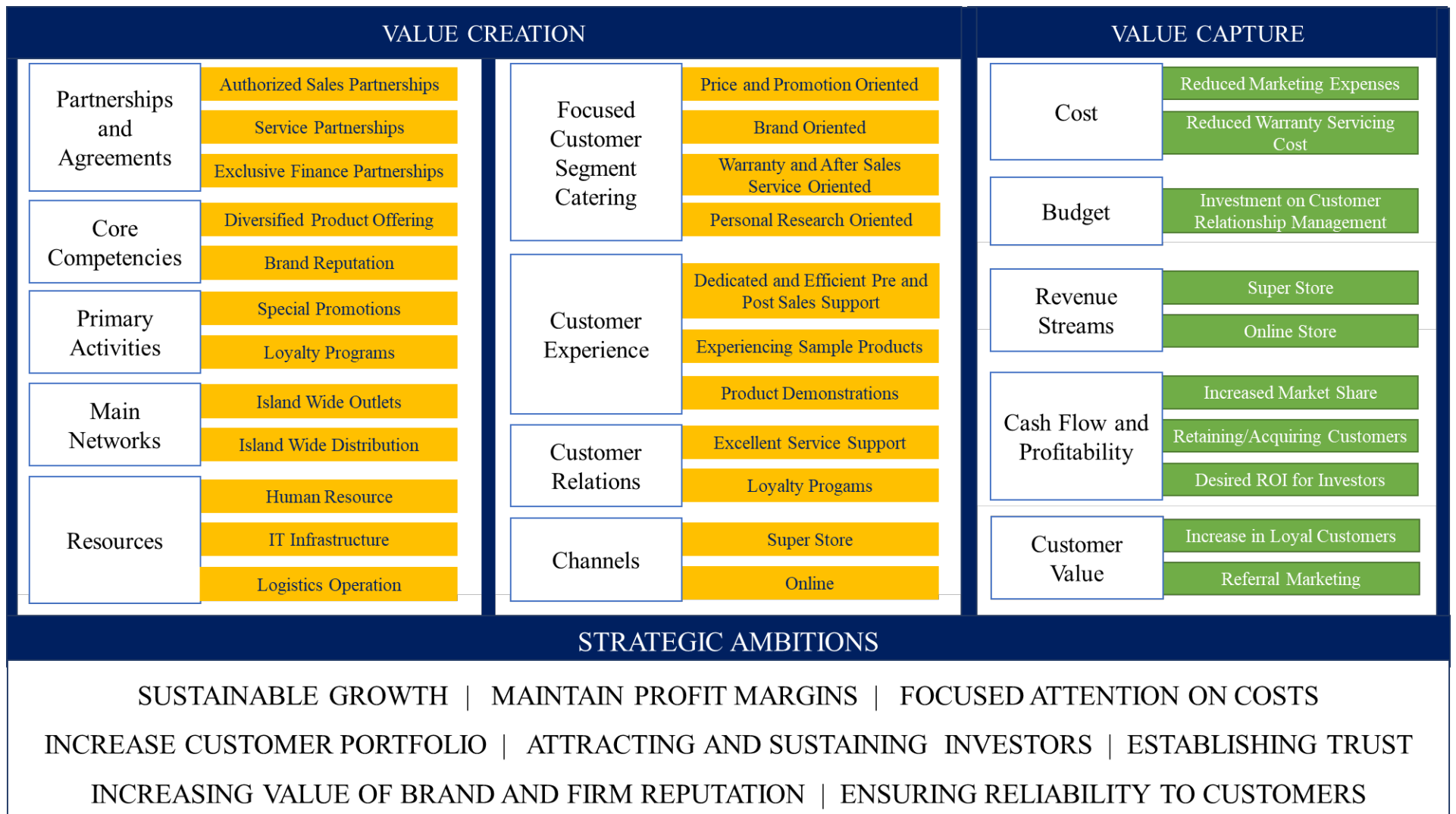


Figure 27 - Relationship Based Business Model

### ***5.5.1 Achieving Strategic Ambitions***

The complete process of creating and delivering value and then capturing value from this process helps to establish and achieve the strategic ambitions on which the complete business model will be based upon, completing the transformation system (Tellis, 2009). These strategic ambitions are sustainable growth, maintain profit margins, focused attention on cost, increased customer portfolio, attracting and sustaining investors, increasing the value of the brand and firm reputation, ensuring reliability to customers and establishing trust of the organizations in the CDSS industry.

### ***5.5.2 Creating and Delivering Value***

The creation of value will be done through the strategies that will be put in place with regard to customer engagement and the delivery of value will be done through the strategies that will be put in place with regard to the customer satisfaction.

#### **a) Customer Engagement Strategies**

The customer engagement strategies will be to refine operations to build a better relationship with the customers and to establish trust and reliability. In the process of building the quality of the trade, key partnerships will be strengthened to increase the credibility of the super stores as authorized sales and service partners of brands and also have strong partnerships with financial institutions who will facilitate financial support schemes to customers as they purchase products of good quality for a justified price with assistance to manage financial expenditure.

The core competencies of the super stores are to have the island wide network of outlets and service centres ready to cater customers as their convenience (Hussain, Bhatti and Jilani, 2011), have a diversified product offering of products with a proper build quality with a different options of features and brand value, provide high quality pre and post sales support from the super stores as well as through the service center network, uplifting the value of the super stores

and strengthening the reputation of their track record in existence and catering customers. Further, more super stores can look into unique product offering through technological advancements that are patented and are available with the brands they have partnered with and as pointed out by Tokarczyk and Hansen (2006) bringing in these technological advancements also takes the industry to a higher level.

The channels of operating to continue to remain as the super store network and the online store operating as the sales channels engaging with the customers, along with the service center network operating as the warranty repairs, replacement and maintenance support network available for the customers. Supporting these operational channels will be the resources of the super stores, the information technology (IT) infrastructure that will continue to support with the billing, automation, inventory and logistics management that is successfully operating to cater the operation currently and the improved human resource utilization, especially for the super stores to have adequate sales personnel who are trained and literate to support customers and also service centre personnel who will support the resolution process to honour the turnaround time of after sales services rendered.

#### **b) Customer Satisfaction Strategies**

The customer satisfaction strategies will be one step further to the customer engagement strategies. While the customer engagement strategies do ultimately generate satisfaction to the customers and deliver the value of customer loyalty to the super stores (Ashfaq, 2019), customer satisfaction will focus more on the customer experience and customer relationship relating it to each customer segment. In order to achieve this the product offering and the planning of the operation will be on the refined customer segmentation of price and promotion, brand, warranty and after sales services and personal research oriented customers.

Seasonal promotions and financial assistance programs for price and promotional oriented customers, brand segregation and prominence in as per the brand value offered for each brand at the super stores and during after sales service support for brand oriented customers, clear warranty time periods derived from the manufacturers recommendations and after sales service maximizing efficiency and honouring the resolution timelines committed at the point of sale for warranty and after sales service support oriented customers, and having proper demonstrations of products and samples of each product that require physical observation to draw conclusions for personal research oriented customers will be arranged at the super stores in order to cater specific customer segments as well as to benefit customer segments cross sectionally as well, in a manner that all customer segments are satisfied (Choudhary *et al*, 2011; Hussain, Bhatti and Jilani, 2011; Markovic and Salamzadeh, 2018).

Adding to these activities will be the continuation of the existing loyalty programs of the super stores that provides a sense of rewarding for the customers as they continue to purchase products from the super stores and also have promotions continuously occurring so that customers will feel satisfied of obtaining additional value with purchases made.

### ***5.5.3 Capturing Value***

The final step of the entire process is to capture the value once the strategies and the processes are in motion to create and deliver value. Capturing value will complete the purpose of the cycle initiate to create and deliver sustainable value to the buyer-seller eco system of the CDSS industry. The capturing of value in relation to the CDSS industry will occur in the areas of cost, budget, revenue streams, cash flow and profitability and customer value of the operation of the super stores.



**a) Cost**

The value that will be captured with regard to the costs of the super store operation will be the cost saving done with the elimination of unnecessary marketing cost to create awareness to promote emerging brands and warranty servicing costs of extended warranty promotions (Murthy and Jack, 2003) that were done with the desperation to compete with the small scale stores and reoccurring cost of repairing, replacing and maintaining products in the extended warranty period of products.

**b) Budget**

The budgeting process will capture value with the super stores investing on fruitful ventures relationship measures of more strategic initiatives, catering customer engagement and customer satisfaction, where strategies such as developing the human resource to be more literate and competent and building the infrastructure to develop the quality of the trade will reflect as valuable investments for profitability.

**c) Revenue Streams**

The revenue streams will continue to capture financial value as in store sales and online sales for the super stores with organized operations ensuring the effective and efficient functioning of the sales channels to generate revenue.

**d) Cash Flow and Profitability**

The improved operation of the super stores with refined strategies will impact positively on the cash flow and profitability. In this aspect value will be captured in the forms of sustainably increased market share with increased sales performance, retaining existing customers and regaining or acquiring more customers with the development of reliability and trust and the return on investment for the investors and more investment to the growth of the super stores

due to the financial efficiency of the operation delivered (Choudhary *et al*, 2011) to the accurate cost management and sustainable revenue generation.

**e) Customer Value**

The customer value captured is critically important as it will be the increased customer loyalty and the referral marketing aspects. Su, Lin and Chan (2015) highlights that the word of mouth (relating to the modern era is the inclusion of social media reviews) is a strong social influencer carried forward by customers. The increased customer loyalty will ensure that the super stores have a sustainable sales operation without having to take unnecessary risks or having to over invest on marketing activities and the referral marketing would be the influence of the positive reviews and the word of mouth which has a strong impact on any market with potential customers, seek for a second opinion and a higher sense of security and also due to the fact that social media has a strong presence where products, services and companies are strongly reviewed and discussed with shared experience in forums.

## **5.6 Challenges**

Understanding the CDSS industry and the areas that needs to improve and planning a strategic approach to address the areas that needs improvement to achieve sustainable value has been the progress thus far in the research. However, with every proposed solution comes challenges that will always stand out as a result of attempting to change the current course of operations that occur in the industry. These challenges are recognized in the form of resistance to change, time and financial investment availability and external environmental factors.

### ***5.6.1 Resistance to Change***

The challenge of resistance to change could arise from both the seller's end as well as the buyer's end. Looking into the seller's perspective, the super stores will be going through a process of revamping their operation in a manner that the quality of trade will be improved. One of the most critical aspects is to start benchmarking on the build quality and brand value of the products and eliminating the price driven strategy to influence customers to secure a purchase. This process requires a good literacy on the product and the knowledge on the selling points, which will be a difficult task at first to a sales force currently in a comfortable zone to offer the lowest price or an extended warranty to the majority of the customers. Further the marketing and product management teams who are engaging in sourcing the product with the lowest cost and adding extended warranty to drive sales, than the products that are sources after researching and selecting the products with more sustainable features such as build quality, technological advancements and user convenience. Since both the sales teams and the marketing and product management teams will be required to step out of their safe zone and to make a more strenuous effort, even though it will be a difficult task only till they get used to the system, there will be resistance to the change as it will be a push to step out of the safe zone.

Looking in the buyer's perspective, the majority of customers who are price and promotion oriented and who prefer an extended warranty, will not easily grasp the value of the quality of the product or the effectiveness and viability of manufacturer's warranty. The opportunity lies with customers who have had negative experiences of pursuing the lowest price and extended warranty and having issues with products and services as a result but other customers will be resisting to change until their mindset is changed through experience or as they witness how customers who purchase products with sustainable attributes enjoy the sustainable benefits of quality, productivity and convenience of the usage of such consumer durable products.

### ***5.6.2 Time and Financial Investment***

Each industry has time oriented targets and financial investments involved in its operation according to the vision of the strategic leadership, shareholders and investors. The new course of action which is to adopt a relationship oriented business model, requires time for the change to occur and to establish a steady revenue stream. This is an investment of time and finance to get the complete industry and the buyer-seller eco system to understand and accept the new business model which will be more sustainable to the industry.

However, with the drive the strategic leadership of the super store organizations have and with the investors seeking a quick return on investment, convincing the strategic management and the investors to make the time and financial investment and to be patient during the cycle of adopting change is a major challenge.

### ***5.6.3 External Environmental Factors***

Sri Lanka being a country in with a developing economy challenged by external environmental factors such as natural disasters (ex: floods), global trade restrictions and as at current the Covid-19 pandemic. These challenges which brings down the purchasing power of a majority of the population, makes them more sensitive to price and promotions which

deliver value immediately. Once the relationship based business model is in place and accepted by the buyer-seller eco system, external environmental factors will have a lower impact on the business model, but with the current transaction oriented business model that business is conducted and the external environmental factors not being favourable it's a challenge to introduce a relationship based business model.

## **5.7 Summary**

The chapter focuses on conducting a discussion on the development of a relationship based business model through the knowledge gained from theory and data from the literature review and the findings. The process was to lay the findings and understand it with the support of the literature and to formulate recommendations with the input of the literature and pave the path for a relationship based business model for the CDSS industry. In the process the core frameworks that were focused in the literature to the formulation of a relationship based business model, which are the Sustainable Value Framework by Hart and Milstein (2003), Value Alignment Framework by Kumar and Reinartz (2016) and Creating Sustainable Value Through Service Offerings by Chou, Chen and Conley (2015) were utilized to adopt essential components of the frameworks with modifications made to build a hybrid concept to suite the research.

The hybrid concept which emerged modifying the literature and supporting the research will be presented in the conclusion chapter along with implications pertaining to the research to understand the realistic outcome of the relationship based business model, which will be infused to the CDSS industry replacing the existing transaction oriented business model, creating and delivering sustainable value to the buyer-seller eco system.

## CHAPTER 6 – CONCLUSION

### 6.1 Introduction

The research conducted was initiated to look into the existing business model of the CDSS industry of Sri Lanka, where there is a clear gap in the value, due to the value erosion that occurs as a result of the current business model, and to propose a new business model which is a relationship based business model, in order to create and deliver sustainable value to the buyer-seller eco system of the industry, for the purpose of sustaining and stabilizing the industry.

The research began with the identification of the research problem, which was the functionality of an inaccurate business model causing value erosion to the buyer-seller eco system, through understanding the current issues faced by the industry, with respect to achieving sustainable value. While the industry's evolution showed an increase in activity and better potential, the research enables to understand the areas on which value erosion takes place and the causes of the value erosion. The understanding of the causes for value erosion through the findings of the data and the literature helped to understand the root of the causes of value erosion and the nature of the problem, along with the identification of the extent of the damage caused and could cause if it's not rectified. The research ensured a thorough analysis of the entire eco system that impacts the buyer-seller relationship and identified every point that value could erode prior to seeking a path to rectify issues and re-establish value.

From this point on the research focused on the path to re-establish value by utilizing valuable frameworks of literature together with the findings, the formulation of new strategies for the operations of the super stores from the initial point, where strategic planning was set in motion proposing the change in the thought process, leading to the refining of the entire industry by improving planning, quality of the trade and the communication process that are essential to

establish a proper relationship between the super stores and the customers, which will bring more effectiveness and efficiency to the customer engagement and satisfaction. This process results in the sustainable value creation and delivery and enables the industry to capture the desired value. Further, while the proposing of these new strategies took place, the frameworks reviewed in literature was utilized to develop a hybrid model, which is the relationship based business model for the CDSS industry. Finally, as this chapter concludes the research, presenting the overall findings that will enlighten the achievement of the research objectives, the practical implications to the CDSS industry of Sri Lanka and academic implications of the research enriching the liturgical knowledge of the area of study, and provide suggestions as to which areas require further research and the limitations faced during the course of the research.

## **6.2 Overall Findings of the Research**

The research was done for the CDSS industry in Sri Lanka, however the overall findings have the insights that have the potential to be adopted by any other country that will face a gap in value, due to similar causes of value erosion as the entire research is based on the common grounds of the factors causing value erosion in the CDSS industry and the construction of a relationship based business model as the proposed solution, through hybrid model that was constructed utilizing frameworks that were published to address issues in an international paradigm.

The overall findings of the research helped to identify the main causes of value erosion of the CDSS industry based on the type of the existing business model and the drivers involved in it. Further, helped to achieve the two main objectives of the research, which were to develop a relationship based business model and to create and deliver sustainable value to the buyer-seller eco system of the industry.

### ***6.2.1 Identification of Causes of Value Erosion***

The causes of value erosion of the CDSS industry arose with the evolution of the industry and with the potential for consumer durables increasing in the Sri Lankan market. Due to this reason the consumer durables which always had two separate industries, the super stores and the small scale stores, lost balance as the small scale stores pushed forward to compete for the super store customer base with price and warranty oriented promotional strategies, with the utilization of products from brands of low reputation or that were emerging, and extended warranty offerings that are less sustainable for the buyer-seller eco system but highly sensitive and are attractive for consumers in a country with a developing economy.

The price and warranty oriented promotional strategies of the small scale stores, impacted on the super store sales operation as customers started to deflect from the super stores and engage with the small scale stores, which created an additional pressure on the sales process of the operation of the super stores. The competition that existed among the super stores prior to the competition imposed by small scale stores from a wider consumer durables industry perspective, was of a healthier status where super stores competed to provide better value to the customers, while maintaining sustainable profit margins and quality of the trade. However, facts help to identify that the roots of the CDSS industry was not of a firm nature, as the super stores began to resort to solutions that were not of a sustainable nature and of a more desperate nature to compete with the small scale stores and eventually compete among the super stores in the same level, which brought instability as the pillars on which the super stores stood from, trust, reputation and quality was compromised achieve objectives of the sales operation and reach the financial expectations of the organizations.

The thought process, starting from the strategic planning process has the orientation of achieving the financial targets and the market share, irrespective of the compromise made of



factors of sustainability as the business model of the CDSS industry was transactional oriented and the strategic planning process resorted to make decision in a responsive (reactive) manner. The major pressure was on the operational management, especially on the super store sales operation, where they were driven and strenuously pursued to achieve financial targets. The super store sales operation reacted to this business model by seeing every customer as a mere sales target and also pushing the top management to offer them products and warranty offerings that would enable them to perform well in sales and achieve targets. The introduction of low priced products of emerging brands and less reputed brands, and extended warranty, provided a platform for the super stores to compete within the industry but opened pathways for value degradation and for the super stores as well as the customers.

Firstly, the financial oriented business operation of the super stores created the environment of the super store operation to focus on the financial targets and the market share desires of the organizations and have a less focus on the important attributes of customer engagement and satisfaction and the quality of trade. The first rift to the buyer-seller eco system by driving the sales operation strenuously to achieve financial targets was that super store sales front began to see the customers are mere sales targets, where the super store sales personnel engagement with the customers are less constructive and doesn't result in providing the required pre and post sales support for the customers.

The responsive nature of the decision making process, introducing the low priced product options from emerging and less reputed brands, lowered the quality of the products traded through the super stores as low priced products came at the compromise of product quality. The drop in the build quality resulted in customers experiencing multiple faults and issues with the quality of the output of the products purchased leading to the customers not being able to utilize the products to the fullest potential and obtaining the value for their investment.

The extended warranty offering, provided beyond the manufacturer's recommended warranty time period, created an excess of service repairs during the extended warranty period, creating a major inflow of service requests to the super store service centres, creating inconvenience to the customers and also resulting in super stores incurring more cost than the profit of made from the extended warranty, due to failures of the products operating beyond the recommended warranty time period.

Finally, the communication with customers, through advertisements and in-store, tend to be inaccurate and inefficient that both the customers and the super stores have issues of engagement as a result of this. The advertising process had certain advertisements that carried exaggeration and inaccurate information that captured the attention of the customers to draw them to the super stores, but failed to deliver to them the expectations that were communicated, creating a mindset in the customers that they have been misled and drawn in under false pretences that made them lose trust in the advertisements of the super stores. The in-store communication had issues of not having enough sales personnel to provide dedicated assistance to the customers, and sales personnel not being literate on the products to help the customers select the product that suits their needs. Further, the super store sales staff also lacked the courtesy to support customers who come to obtain the support for service related inquiries, with the same hospitality shown to the customers with sales inquiries creating disappointment in the minds of the customers.

The factors mentioned were identified as the causes for value erosion/degradation that helped to understand the necessary information to pave the pathway to the construction of a relationship based business model, that would navigate through the business operation of the super stores rectifying all issues and to re-establish value.

### ***6.2.2 Achieving the Objective of Developing a Relationship Based Business Model***

Developing a relationship based business model for the CDSS industry is one of key objectives in conducting this research. However, another important aspect to note is that it's not only the development but also the transitioning from the existing transaction oriented business model. In order to achieve this objective, steps needed to be taken to align of perceived value, understanding customer segments and improve the quality of trade.

As the initial step the perceived value of the super store organizations as a collective and the perceived value of the customers of the industry, that were derived from the findings was studied and it revealed that the super store organizations had the financial vision, the market share and the employee portfolio in the value spectrum but didn't have the interest of the customers included.

Therefore, to the value spectrum of the super store organization's was the modification to the attribute of employee portfolio to be equipped with skills and industry related literacy and the inclusion of the attribute of quality of trade which will focus on the offering of quality products and services to the customers. With the super store perceived value spectrum in line to support the needs of the super stores as well as the customers, the perceived value of the customers were understood with the revelation of the perceived values describing the expectation of a comprehensive, durable and quality product with a proper pre and post sales service support.

These perceived value attributes of the customers, had the entire responsibility put on the super stores which isn't fair in a functional relationship. Therefore, as a modification, to the perceived value of the customers, is the expectation of a comprehensive, durable and quality product with a proper pre and post sales service support as a result of a 'responsible and

intelligent choice' is included to align and justify the customers perceived value with the super stores.

Understanding the customer segments was the next step in the process, as each customer segment is of a different nature and requirement. The facts that motivate each segment is different and understanding these customer segments helped to propose the necessary strategies to the operation. Accordingly, price and promotion oriented, brand oriented, warranty and after sales service oriented and personal research oriented customers were identified as the four main customer segments that interact with the super stores. These customer segments respectively respond to the lowest prices and beneficial promotions, brand value and recognition, sense of security and convenience of the warranty offering and the after sales service policies and the organizational support with product availability, information and demonstrations.

Considering the quality of the trade, steps needed to be taken to improve the quality of the products, the warranty and after sales services and the communication process. The 'product build quality' required to be a must, irrespective of the price and brand with the only option of prices to be low, being a manufacturer's offer or based on the brand reputation, ensuring that all products sold from super stores are durable and provides value for the investment.

The extended warranty process which creates a mirage of security in the minds of the customers and is an additional cost to the super stores to be avoided as a strategy and to practice the offering of manufacturer's warranty for default terms and the maximum warranty terms for the products according to the customer's choice, eliminating the delivery of sense of security that will be of inconvenience to both parties. The after sales service process strategically planned to provide a better and efficient service, with human resource of technical personnel properly allocated to service centres, and help desks providing accurate

information to customers, providing high quality after sales services and honouring the resolution times promised at the point of sale.

The communication process in-store and through advertisements are to be done in a accurate and efficient manner that will provide the necessary information to the customers and also not mislead or disappoint them. The in-store communication must be spot on by ensuring that sufficient sales personnel are there to cater each customer providing them dedicated support at the point of inquiry, and the sales personnel should also possess the literacy on the products that they are selling to the customers, as the customers will require sufficient information with regard to the product functionality and to determine which products suits their need the most.

Further, an important fact is for the entire super store personnel to have the same enthusiasm and the courtesy during every point of communication with the customers, either it's a sales or service inquiry. The advertising strategy should be attractive and draw the customers to the super stores, but it should be done in an ethical and with clear information, where the information that is communicated to the customers through the advertisements is exactly what they will experience when they visit the store, and not an exaggeration or a half-truth that will lead the customers in to state of regret and/or disappointment once they reach the store.

### ***6.2.3 Achieving the Objective of Creating and Delivering Sustainable Value***

Through the implementation of the relationship based business model, the next objective of the research, which is to create and deliver sustainable value. The sustainable value creation will take place with the refinement of the organizational strategies towards customer engagement. In order to build trust and reliability in the minds of the customers, the new business model contains strategies that ensure the quality of the trade. The key partnerships that the super stores will have with the suppliers as authorized partners for product sales and services will bring the credibility to the operation, and enhance the value of the products, as

the products will only carry manufacturer recommended upgrades and warranty conditions that will not degrade or harm the original nature of the products.

Moreover, the partnerships with financial institutions will provide the customers the necessary support required to purchase products with a financial repayment plan which will work as an alternative solution to the price sensitive demand in the industry. In addition, the strong infrastructural facilities required for the operation along with the strong logistical management process that is already in place, will continue to provide vital support to the super stores enabling the availability of inventory and other product related services for the super store sales and customer convenience.

Further the operation of the super stores will have a better human resource plan deploying the adequate resources to the super stores with necessary training on product literacy and customer relationship attributes such as the courtesy to provide dedicated support for the convenience of the customers and to help them throughout their engagement process with the super stores for sales and service inquiries. In addition to this, the service centres will have properly skilled and adequate number of technical personnel to empower the after sales service operation to ensure the resolution timelines are honoured and the quality of the service delivery is maintained.

Moving on to the value delivery of the super stores, this occurs through the customer satisfaction process. The identification of the customer segments, the refinement of strategies and the customer engagement process delivers the required satisfaction to the customer segments of the super stores. Seasonal promotions and financial institutional credit service, brand oriented marketing campaigns and brand loyalty promotions, providing genuine manufacturer's warranty and providing after sales service support, with the convenience and within the promised resolution timelines, having the necessary product information, samples

and demonstrations, serve to satisfy the key customer segments of price and promotion oriented, brand oriented, warranty and after sales service oriented and personal research oriented customers respectively.

Furthermore, the continuous promotions and the loyalty programs carried out by each super store organization, continues to provide satisfaction to the customers as they are rewarded with discounts or value additions at each promotion they engage with, and they also collect points from each purchase through the loyalty programs which could be redeemed for a monetary value when purchasing a product, once they reach the required points threshold.

In addition to the value delivery through customer satisfaction, which actually serves to deliver value to the customers, is the component of value captured by the organizations, which can be identified as the value delivered by customers to the super store organizations and the value delivered to the super stores as a result of refining strategies to enhance the quality of the trade.

The value captured includes, cost benefits due to the elimination of unnecessary marketing activities and warranty servicing costs, investment on fruitful ventures of customer engagement and satisfaction, established and sustainable revenue streams of in-store and online sales, ensuring positive cashflow and profitability and the value of customer loyalty and referral marketing, value which will help the industry further sustain and grow.

### **6.3 Implications of the Research**

The research conducted has practical implications on the CDSS industry and theoretical implications on the literature related to the scope of the research.

#### ***6.3.1 Practical Implications***

The initial understanding is the nature of the industry and the competition. The CDSS industry evolved from the consumer durables industry, where even though at the time of evolving the CDSS industry had a good customer base sustaining the industry, still on the wider consumer durables industry, there were still small scale stores who had the potential to grow by capturing the customers from the CDSS market by offering them similar products by tapping into the more sensitive factors such as pricing and warranty offers, than the elegance of super stores. The super stores which operated with a transaction oriented business model, with a weak customer relationship strategy, was easily unsettled and was forced to resort to desperate measures to compete for the customer base, compromising the core values of trust, reputation and quality, which created value erosion in the CDSS industry.

The research navigates to construct a relationship based business model from which sustainable value will be created and delivered to the buyer-seller eco system. A critical factor was identify they buyer (customers) and sellers (super stores) as two entities with separate value spectrums, that had had little to no common ground of value, which made the essential parties of the eco system function without value synchronization, that led to the continuous value degradation. In order for a relationship to work, understanding of both parties, being in sync is essential, which was established by aligning perceived value, where finally super stores considered the interest of the customers in their value spectrum and customers shared the responsibility of the purchasing cycle laying the foundation of sustainable value to the eco system.



Looking at the four main customer segments of price and promotion oriented, brand oriented, warranty and after sales service oriented and personal research oriented customers, that emerged from the research, several critical areas that needs attention was discovered, that not only served to cater the customers but to enhance the overall quality of the trade of the industry. Firstly, the price factor was decided based on the product quality, which was not an attribute of a product that should be compromised as it takes away the core purpose of purchasing a product, that are durability, reliability, quality of output and convenience. Through the research, upholding the quality of the product, irrespective of the price value, was emphasized as a key point to ensure the customers benefit from the core purposes of the products and to seek alternative financial solutions, such as price hierarchy according to the brand value, repayment plans through financial institutions and direct discounts from the manufacturers offered to the customers as an alternative route to manage the price demand of the industry. It is understood that at the start for the customers who are price oriented, will not be willing to accept this change of higher price line, but will eventually understand through the community engagement that investing on a higher price for better quality, delivers a better value for money throughout the life cycle of the product.

The brand oriented customers were a group of very loyal customers to a particular brand or for reputed brands and one of the reasons for this was the quality and reliability experience throughout the years and the customer reviews made on the brand which upholds the brand value. The other reason is the prestige that is brought by these reputed brands where customers who enjoy the prestige of possessing a product with a high brand value being brand oriented. However, brand oriented customers do expect recognition for the products they purchase and the reputed brands have expectations on their selected resellers to maintain the image of the brand. The research directs to offer the required recognition to the brand value and to position the products as per the brand value in the super stores.

The warranty and after sales services oriented customers brought out the importance of having a sense of security for the products purchased and the requirement of the super store organizations continuously supporting the customers with the necessary after sales services.

The warranty offering caused inconvenience to both customers and super stores from the point where extended warranty was offered to gain the favour of the customer. The maximum warranty period for a product that is offered by a manufacturer is based on the expert knowledge the manufacturer possess on the lifetime and durability of the product, challenging this was a critical error as it brought forward loss of value through costs to super stores and time and effort to customers.

Therefore, the research emphasizes on providing the default and maximum manufacturer's warranty for products and eliminating the extended warranty offering to safeguard both parties. The after sales service aspect had issues of service centres not having the right strategy with the required human resources and updating customers to meet the standards required for the satisfaction of the customers, which is important to maintain the customer loyalty and referral marketing. The research moves to strategize the after sales service system of the super stores by empowering the super store service centres with adequate technical personal, and the operating of efficient help desks to ensure the customers are given accurate updates and resolution times are honoured uplifting the standards of the industry.

The final segment of personal research oriented customers, point out the importance of having samples of products to be examined, demonstrations of products done, accurate information of products readily available and displayed, as they help customers who do their own research and purchase product draw their conclusions. These customers are beneficial for the industry as their reviews will be comprehensive and knowledgeable for other customers who wish to check reviews prior to purchasing products.

The final and most stressed implication is the communication process of the industry. Especially moving to a relationship based business model, communication should be maintained at a very high standard. Current communication gaps remain in the advertising process and in the pre and post sales in-store communication. The research emphasizes on the transformation of the communication process to be accurate and actual, when it comes to the advertising process so that customers will not have the wrong impression or be misled.

Further for the communication to be uninterrupted (dedicated) and informative when the customers engage with the super store personnel in the pre sales process, and for the super store personnel to have the same enthusiasm and the courtesy for the customers who return to the store for after sales service needs, as proper customer engagement goes a long distance in the customer relationship journey and creates a sense of satisfaction and assurance in the minds of the customers, throughout the life cycle of the product and encourages them to maintain the relationship with the super stores.

These practical implications, highlight the upliftment of the CDSS industry to create and deliver sustainable value through a relationship based business model that has the attributes to rectify all current issues with more sustainable solutions.

### ***6.3.2 Theoretical Implications***

The research brought forward many theories that existed on business models, sustainability, brand, customer engagement, customer satisfaction, relationship marketing, value creation and delivery in the process of navigating the academical discoveries towards building a relationship based business model for the CDSS industry. Even though there weren't many theories directly highlighting the consumer durables industry, and especially none with regard to the CDSS in Sri Lanka, the extracted theories under the themes mentioned above, from academic articles helped shape the outcome of the research.

The business model governs an organization and an industry as a collective, with the policies and practices infused in it, shapes the organizational approach toward the operation of an industry and also the processes of an organization itself. The business model which operates as the primary code, continuously modifying and adapting to meet the change of the rapidly changing global economy and trends faced by the organization should have the necessary strategies infused, enabling the effective and efficient operation that will ensure the creation and delivery of sustainable value to the organization/industry.

A business model failing to achieve this requires immediate attention, which requires a diagnostic done discovering the areas from which it has shortcomings, in order to modify or transform policies and governance of the business model, where it will once again be sustainably operational, providing a competitive advantage and sustainable value to the stakeholders of the business model and bringing sustainability to the industry.

Sustainability from the understanding of the definitions by Melville (2010) and Bourdeau (1997) is the fulfillment of current requirements without compromising the potential of the future. Bringing the relativity of sustainability to the CDSS industry, it is finding the correct approach to achieve the current expectations of the value spectrum of both buyers and sellers, while creating room for the industry to grow and continuously create and deliver sustainable value to the buyer-seller eco system, ensuring the prolonged existence of the industry by addressing areas that can be controlled, such as operational strategies and having a buffer to sustain the impact of uncontrollable factors.

Existing frameworks of Sustainable Value (Hart and Milstein, 2003), Value Alignment (Kumar and Reinartz, 2016) and Creating Sustainable Value Through Service Offerings (Chou, Chen and Conley, 2015) respectably provided the important factors of understanding existing strategies to plan better strategies in the future to create sustainable value, aligning the

perceive value spectrums of buyers and sellers to create a proper understanding in both parties, to introduce a proper system to create value and the importance inducing of service offerings to create sustainable value. Each of these areas in the frameworks helped to build a hybrid theory but there was one element which required to be added to this mix, which is the product quality, as it will complete the process.

Perceived value is an essential factor in a business relationship as the understanding of the perceived value of one party will help the other party engage contributing positively to the relationship while benefiting from it. Understanding perceived value only isn't sufficient as it is also important to have an alignment (a common ground of understanding) to make it fruitful. Therefore, having the perceived value of both buyer and seller aligned, helps to establish the base to enable sustainable value as both parties will have a common stake in the industry and also benefit equally and more sustainably.

The understanding of the customer segments was a key in formulating strategies towards building a new business model. The understanding of the customer segments was more in the form of the drivers that motivated each customer segment. The fulfillment of needs, the satisfying of impulses and following of lifestyles are the cores of the customer segments that form the price and promotional oriented, brand oriented, warranty and service oriented and personal research oriented customers, for whom the customized strategies will be built with the purpose of customer satisfaction.

The relationship based business model had the core of customer relationship which indulges in the customer engagement and satisfaction. The customer engagement is planned with strategies revolving on improved quality of trade and communication. These strategies are formed to rebuild the trust, reputation and quality, with the intention of creating value, so that customers will find the super stores to be reliable and also feel comfortable to remain loyal to

the super stores. The reliability and loyalty come through the satisfaction the customer receives as the value is delivered to the customers through the strategies that are put in motion through a relationship based business model.

#### **6.4 Areas Requiring Further Research**

Looking into the overall research, a few areas are recognized as areas that has the requirement for further research and has the potential to deliver successful outcomes not only for the CDSS industry but also for the business community. Firstly, one of the potential causes for value erosion is the current setting of a country where an industry is based. The economical setting as to which areas a consumer is influenced as a citizen of a country with a developing economy was discussed in the research, as the research had a retail perspective, however when it comes to a commercial, business to business (B2B) or business to government (B2G) oriented perspective the influence of politics, policies and environmental settings of a country and its impact on the value erosion of an industry is an area that requires further research.

Adding to this, as the consumer durables has a vast commercial, business to business (B2B) trade not only in Sri Lanka but around the world, through private and government institutional sales, a wide area for potential research lies in the spectrum of customer engagement and value management, however the terms of the trade is much different due to the nature of engagement as it has more financial trading terms, government policies and compliance certifications involved.

The other area that requires further research is the impact of social media on the consumer durables industry. Social media is without a doubt the strongest influencer of trends in the global market. A brand can emerge to the throne of a particular product category with the correct social media marketing strategy. There have been instances where social media has driven good quality product down and low quality products high, in the market scale which

creates moral and ethical issues in any industry. Therefore, an in-depth research on the impact of social media on the consumer durables and the ethical implications, especially in Sri Lanka, is an area which will produce a beneficial outcome.

An interesting area for research is the evaluation of the value of investment of time on the successful application of a business strategy. The current research done on the CDSS industry had a concerning area of investment in time, as well as certain strategies which required a timely process to bare a positive outcome. However, the current nature of the commercial world is where investors expect a quick return on investment, which is not compatible with certain strategies that has successful application traits but requires time to take effect. Therefore, it is a good area to research on the positive impact of investing in time for a better sustainable outcome, rather than the engagement of short lived strategies which can be executed quickly.

### **6.5 Limitations of the Research**

The research conducted on the CDSS industry in Sri Lanka, had a few limitations that impacted on the research process. The broad existence of the industry and the level of competition that exists in the industry, it was a highly sensitive matter to get the organizations to participate in the research. Organizations, due to their own interpretations of sensitive organization data being examined didn't provide intricate operational details from an organizational perspective and had to gain the understanding of operations of super store organizations from publicly available information such as annual reports, company profiles etc, prior to the data collection process.

The data collection process had limitations of gathering customer data for the participant selection process for the focus group sessions, as the organizations are ethically bound not to release any customer data and was also not keen to push the request for the participation of the

research to their customer base. Therefore, participants had to be selected through a complicated process of reaching out to the contacts of the industry, friends and colleagues and filter and select the appropriate individuals to participate for the focus group session.

Another limitation that the data collection process had was the impact from the Covid-19 pandemic situation, where the traditional focus group and interview setting couldn't be conducted and all interviews and the focus group sessions had to be conducted on a virtual platform. In addition, to obtain sufficient time from the participants to have more details on the subject discussed, amidst everyone being stressed and engaged, working from home and trying to secure their employment during the Covid-19 impact on the economy.

The limitations of the academic perspective were that there was no prior research done on the key areas of consumer durables, value and sustainability focusing on Sri Lanka, and all literature sourced was done based on the American, European and developed Asia Pacific countries. All theoretical findings had to be interpreted and linked to the CDSS industry of Sri Lanka to make it relevant and also needed to be modified where required to support the progress of the research.

## **6.6 Summary**

This chapter includes the overall findings, which is related to the CDSS industry, which is presented along with the practical implications and the theoretical implications, that could benefit the CDSS industry through practice, and also could benefit other academical researches done on retail industries, especially in Sri Lanka. Areas with potential for future research, that could bring fruitful outcomes have been elaborated and the limitations that were encountered through the entire process of this research have been highlighted.



Concluding this research which was done with careful precision and understanding of the CDSS industry in Sri Lanka, it can be positively stated that the CDSS industry is one of the industries with the most potential in the country and has the possibility of continuously creating and delivering value to the buyer-seller eco system, if the findings of the research is adopted to the industry. It is also important that the industry continues from both the buyer's and the seller's perspective to respect each other's value spectrums and to conduct the trade in clear and transparent relationship terms. Moving into a concluding understanding, business models have a critical role as the governing structure of the organizational process, which directs the strategies that are responsible for the creation or dissemination of value, and it is important to understand in any industry as to what its core values are, in relation to the CDSS industry of Sri Lanka, it's Trust, Reputation and Quality, and either party of the eco system of the industry that operates compromising these core values of an industry will only lead to the degradation of value for themselves and the industry.

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## APPENDICES

### Appendix I – IDC Report Data (2015-2019)

#### Imports data of IT Consumer Durables Devices

Year	Number of Devices Imported
2015	367384
2016	452164
2017	565205
2018	621726
2019	682914

#### Brand Specific Imports Data of IT Consumer Durables Devices

Year	HP	Dell	Lenovo	Acer	Apple	Asus	Other
2015	27.50%	29%	3%	19.50%	1.40%	9%	10.60%
2016	30.60%	24.30%	3.20%	19%	4.90%	6%	12.30%
2017	28.80%	22.50%	2.60%	16.40%	5%	5.30%	19.40%
2018	26.20%	21.20%	6.10%	14.80%	7.10%	4.60%	20%
2019	25.30%	19.90%	6.20%	13.60%	10.20%	4.10%	20.70%

#### Brand Specific Imports Value of IT Consumer Durables

Year	HP	Dell	Lenovo	Acer	Apple	Asus	Other
2015	26.00%	24.00%	5.00%	19.00%	8.00%	9.00%	9.00%
2016	27.00%	25.00%	4.50%	17.60%	9.50%	7.00%	9.40%
2017	28.30%	22.20%	3.00%	17.50%	13.00%	5.50%	10.50%
2018	24.90%	24.50%	8.20%	15.30%	12.90%	3.90%	10.30%
2019	25.10%	19.20%	8.50%	13.40%	15.80%	5.20%	12.80%

#### Brand Specific Import Quantity Vs Import Value of Consumer Durables

Year	Internationally Recognized Brands		Other Brands	
	Devices	Value	Devices	Value
2015	90.7%	91.2%	9.3%	8.8%
2016	86.8%	89.6%	13.2%	10.4%
2017	81.3%	89.4%	18.7%	10.6%
2018	78.6%	88.3%	21.4%	11.7%
2019	76.1%	86.4%	23.9%	13.6%

**Appendix II – Statistics Request Letter to The Consumer Affairs Authority**

## Appendix III

### **Interview Guide For Organizational Employees (Representatives) of the CDSS Industry**

I would initially like to extend my heartfelt gratitude to you for willing to participate in my research, amidst having a tight schedule and where the market has been challenging and stressful to your industry in this time of a global pandemic. Prior to the virtual sit in of the interview, I would like to introduce myself and the research along with other important information pertaining to the research and the importance of conducting this interview.

My name is Nyoman Asankya Devashir Wijesinghe, you can refer to me as Nyoman at your convenience and I'm currently in the process of completing my dissertation to complete my studies on the Doctorate of Business Administration, currently undertaken by me from the University of Wales Trinity Saint David. The dissertation for which the research is being conducted, is done under the topic of "Developing A Relationship Based Business Model For The Consumer Durables Super Store Industry Of Sri Lanka".

The research as stated in the topic itself is targeted to address the Consumer Durables Super Store Industry of Sri Lanka, your employment and job role in this industry is the primary reason for selecting you to be a participant of one of the series of interviews I will be conducting to obtain the information pertaining to the view of organization in your perspective through the experience and knowledge obtained, therefore I will direct my question in a clear and direct manner and I hope that this interview will be pleasant, educative and interactive experience for us both.

Since this interview will be done through the internet based video conferencing application Zoom, due to the current of having a physically face to face due to the prevailing Covid-19 situation, please feel free to engage with me via audio only as per your comfortability

preference. The interview will be recorded via the software to accurately record data and you have the liberty to not comment or withdraw from the interview at any given moment without any repercussions. The data recorded will be only used towards the educational purpose of this research and will not be used to document any names or confidential details pertaining to you or any organization commented on. All the details will be confidentially stored in a password protected file only available to my purview.

A) Understanding and establishing the basis for the interview, can we start with you giving a brief description of your job role, your experience in the industry?

B) In your experience what is the pre-Covid-19 standing of the organization you are attached to in the industry and how the Covid-19 situation has impacted on the industry and your organization?

C) Moving on to the more specific details of your organizations operations in the industry firstly I would like to understand, the strategic decision making process and the flow of how it's communicated across the organization.

1. Who makes the strategic decisions in the organization?
  - a. Is it purely the top management, where directors and the heads of departments makes the decision?
  - b. Or does the operational management the source of the base for the decision making process?
2. As a director/manager in the sales and or marketing division, how critical is your role in the strategic decision making process?
  - a. What critical information can you carry forward to the management?

- b. Why is it important, with regard to your industry that you're in the strategic decision making process?

D) Proceeding to discuss on the operational aspect of your organization, how super stores act as the face of the organization and how it operates in the community;

1. Are super stores the face of the organization or is there a wider function of it?
  - a. Such as geographical advantages?
  - b. Attracting the customers or big brands?
2. How do these super stores operate?
  - a. Are they centrally managed or self-sufficient?
  - b. Briefly explain how they manage logistics?
  - c. What is the technological approach?
3. Are these super stores micro managed or macro managed?
  - a. If its micro managed what are the liberties given to the local management?
  - b. What are the primary directives given for the operation?
  - c. Are there timely goals set?
4. What are the expectations of the management of these super stores other than for revenue generation?
  - a. Is there a target or goal for customer engagement and satisfaction?
  - b. Have there been critical decisions made on behalf of the super store other than for a financial outcome?
  - c. If so, please provide an example or two and the reasons behind them?

E) Further, let's discuss about the lifeline of the industry, your customers and their importance and how they impact on your operation.

1. Is there a specific customer segment that engage with your super stores?
  - a. Such as income specific, brand specific etc?
  - b. Do you have products that will cater to all segments?
  - c. Do you prefer a specific customer segment?
2. What attracts customers into the super stores?
  - a. What are the value perceptions of the customers according from the organizations perspective?
  - b. What are the primary customer satisfaction measures taken by the organization?
3. What are the primary challenges your organization face with the customer and super store engagement?
4. Are there any alterations made to the strategies of the organizations operation based on recent experience with the customer?
  - a. Any new trading policies implemented?
  - b. New customer satisfaction measures?

F) Moving on to the competition and alternative small stores in the organization let's discuss how these have impacted the organization

1. What is the biggest challenge to your organization, comparing the other super stores and alternative small stores that deals in consumer durables?
2. Can you briefly point out the challenges that you face with the small scale stores that operate in the larger consumer durables industry?
  - a. What are the main changes in the strategies you have been forced to make as a result of this?
  - b. How big is the challenge imposed by them?

G) Looking at the overall Consumer Durables Super Store Industry, finally let's discuss on the value spectrum

1. In your understanding, how important has the term 'Value' been to your organization?
  - a. Is it something specifically stressed on in the decision making process?
  - b. Are there specific values described in your annual plan?
2. If you are to identify, what will you name as the perceived attributes of value of your organization?
  - a. Do you agree with these value attributes or are there any value attributes that you would like to see incorporated?
  - b. If so what is the reason for you to recommend these attributes?
3. Is the industry progressing positively, generating value to both the organization and customer?
  - a. If value is questioned what are the reasons for value to degrade?
  - b. Is value degraded only due to the customer's response to the wider consumer durables industry or are there other reasons?
4. To achieve sustainable value, in your opinion, what can the industry as a whole entity do?
  - a. Has there been any initiative from the main organizations of the super store industry to form a forum and address the matter of value?
  - b. Are there any other super store organization ahead in this matter and if so how are they ahead?
5. Can a relationship based approach to as an alternative your current transactional oriented business process help enrich value in your opinion?
  - a. What are the challenges you speculate?
  - b. What are the recommendations you can provide in supportive of this approach?



## Appendix IV

### **Focus Group Session Guide For Consumer Representation of the CDSS Industry**

I would initially like to extend my heartfelt gratitude to you for willing to participate in my research, amidst having a tight schedule and where life has been challenging and stressful to you and your family in this time of a global pandemic. Prior to the virtual sit in of this focus group session, I would like to introduce myself and the research long with other important information pertaining to the research and the importance of conducting this focus group session.

My name is Nyoman Asankya Devashir Wijesinghe, you can refer to me as Nyoman at your convenience and I'm currently in the process of completing my dissertation to complete my studies on the Doctorate of Business Administration, currently undertaken by me from the University of Wales Trinity Saint David. The dissertation for which the research is being conducted, is done under the topic of "Developing A Relationship Based Business Model For The Consumer Durables Super Store Industry Of Sri Lanka".

The research as stated in the topic itself is targeted to address the Consumer Durables Super Store Industry of Sri Lanka, your purchasing history and the engagement as a repetitive customer in this industry is the primary reason for selecting you to be a participant of one of the two focus group sessions I will be conducting to obtain the information pertaining to the view of the customer/consumer in your perspective through the experience and knowledge obtained, therefore I will direct my question in a clear and direct manner and I hope that this focus group session will be pleasant, educative and interactive experience for all of us.

Since this focus group session will be done through the internet based video conferencing application Zoom, due to the current of having a physically face to face due to the prevailing

Covid-19 situation, please feel free to engage with me via audio only as per your comfortability preference and on mute so that my inquiries to the group will be clearly heard and when the time for discussion is open, you can unmute and voice your opinion. The focus group will be recorded via the software to accurately record data and you have the liberty to not comment or withdraw from the focus group session at any given moment without any repercussions. The data recorded will be only used towards the educational purpose of this research and will not be used to document any names or confidential details pertaining to you or any organization commented on. All the details will be confidentially stored in a password protected file only available to my purview.

- A) The first topic of discussion, which we will take time and get many opinions as possible, can you briefly describe your engagement with the consumer durables super stores and how long you have been engaged with this industry as a consumer.
- B) Next I would like to know what draws you into one of the consumer durables upper stores? Is it the convenience, availability of products, brands etc.?
- C) As a consumer, looking at the wider consumer durables industry and the alternative small stores that are emerging, is there a possibility of you deviating to be a customer of one of these stores? If so what is the reason?
- D) How critical is the price factor in selecting the appropriate consumer durable that will suite your need?
- E) Do you believe you are receiving a good value for the purchase you made in the long run, with the expected life time of the product?
- F) As consumers, what would you describe as the perceived value?
- G) As customers, what are the differences you see between the super stores and the small scale or emerging stores?

- H) What are the critical challenges you face as a customer, who walks into a super store to make a purchase, what would you expect to make the experience more pleasant?
- I) What are factors that you would highlight as motivational factors that will encourage you to be a positive reviewer, repeat customer or influencer of the super stores in the consumer durables industry?
- J) As consumers of the industry, due to the recent experiences, if you have had changes in your thought process, can you please enlighten the forum?

## Appendix V

### Code Structure of In-depth Interviews (Organizational Perspective)

<b>Code</b>	<b>Code Type</b>	<b>Aggregate</b>	<b>No. of Coding References</b>
<b>Participant Data</b>	Parent	Yes	19
Job Role	Child	No	10
Industry Experience	Child	No	09
<b>Super Store Operation Status</b>	Parent	Yes	20
Pre Covid 19 Status	Child	No	10
Status with Covid 19 Existence	Child	No	10
<b>Strategic Decision Making Process</b>	Parent	Yes	32
Decision Makers	Child	No	10
Importance of Operational Management Information	Child	No	10
Importance of Sales and Marketing Management Information	Child	No	12
<b>Super Store Functionality</b>	Parent	Yes	82
Core Purpose of Super Stores	Child	No	13
Customer Attractions	Child	No	10
Logistics Operation	Child	No	10

Management Process	Child	Yes	42
Additional Decisions Made for Super Stores (Excluding Direct Pricing & Policies)	Child	No	10
Expectations from Super Stores (Excluding Revenue)	Child	No	10
Super Store Managers Authority	Child	No	9
Product Offering	Child	No	7
<b>Challenges Of The Industry</b>	Parent	Yes	37
Competition	Child	Yes	23
Competition Impact	Child	No	11
Competition Strategies	Child	No	12
New Strategies To Face Competition	Child	No	10
Operational Challenges From New Strategies	Child	No	4
<b>Customer Management</b>	Parent	Yes	66
Customer Engagement	Child	Yes	21
Communication	Child	Yes	8
Communication Issues	Child	No	2
Improved Communication Strategies	Child	No	6
Customer Engagement Challenges	Child	Yes	13
Pricing Issues	Child	No	5
Service Issues	Child	No	7

Time Management Issues	Child	No	1
Customer Satisfaction	Child	Yes	22
Customer Complaint Handling	Child	No	3
Customer Satisfaction Strategies	Child	No	17
Organizations Customer Satisfaction Expectation of Super Stores	Child	No	2
Customer Segments	Child	No	13
Organizational View on Customer's Value Expectation	Child	No	10
<b>Introducing A Relationship Based Business Model (IRBB)</b>	Parent	Yes	28
Challenges	Child	No	8
Positive Impact	Child	No	10
Recommendations To Rectify Challenges of IRBB	Child	No	10

## Appendix VI

### Code Structure of Focus Group Sessions (Customer Perspective)

<b>Code</b>	<b>Code Type</b>	<b>Aggregate</b>	<b>No. of Coding References</b>
<b>Super Store Engagement</b>	Parent	Yes	36
Purpose of the Engagement	Child	No	7
Expected Outcome of the Engagement	Child	No	5
Attractions of the Super Stores	Child	No	10
Negative Experiences with Super Stores	Child	No	8
Customers Recommendations to Improve the Operation	Child	No	6
<b>Small Scale Store Engagement</b>	Parent	Yes	9
Attraction of Small Scale Stores	Child	No	6
Negative Experiences with Small Stores	Child	No	3
<b>Reasons To Make A Purchase</b>	Parent	Yes	26
After Sales Support	Child	No	1
Brand	Child	No	7
Personal Research	Child	No	4
Price	Child	No	8
Product Availability	Child	No	2
Product Quality	Child	No	2

Promotions	Child	No	1
Warranty Period	Child	No	1
<b>Value</b>	Parent	Yes	42
Perceived Value	Child	No	7
Value Gained	Child	No	4
Value Lost	Child	Yes	22
Impact	Child	No	9
Issue	Child	No	13
Resolving Issues	Child	Yes	9
Expectations	Child	No	3
Recommendations	Child	No	6