

The Study of the Factors Affecting the Customer Loyalty of
Lotteria Fast Food Restaurants in Yangon, Myanmar

Ms. Khine Cho Myo Myint

A Thesis Submitted in Partial Fulfillment of the Requirements
for the Degree of Master of Business Administration

Graduate School of Business

Assumption University

Academic Year 2015

Copyright of Assumption University

The Study of the Factors Affecting the Customer Loyalty of Lotteria Fast Food
Restaurants in Yangon, Myanmar

Ms. Khine Cho Myo Myint



A Thesis Submitted in Partial Fulfillment of the Requirements
for the Degree of Master of Business Administration
Graduate School of Business
Assumption University
Academic Year 2015
Copyright of Assumption University


Thesis Title	The Study of the Factors Affecting the Customer Loyalty of Lotteria Fast Food Restaurants in Yangon, Myanmar
By	Ms. Khine Cho Myo Myint
Major	General MBA
Thesis Advisor	Assistant Professor Sirion Chaipoopirutana, Ph.D.
Academic Year	2015

The Graduate School of Business, Assumption University, has approved this thesis as a partial fulfillment of the requirements for the Degree of Master of Business Administration in General MBA.




Dean of the Graduate
School of Business
(Kitti Phothikitti, Ph.D.)


THESIS EXAMINATION COMMITTEE



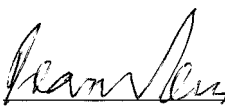
Chairman
(Apichart Intravisit, Ph.D.)




Thesis Advisor
(Assistant Professor Sirion Chaipoopirutana, Ph.D.)



External Member
(Associate Professor Ranee Esichaikul, Ph.D.)



Member
(Joan Voicu, Ph.D.)



(Adarsh Batra, Ph.D.)

ABSTRACT

The purpose of this research is to examine the factors affecting the customer loyalty of Lotteria fast food restaurants in Yangon, Myanmar and the variables in this study are perceived service quality, image, perceived value and customer satisfaction. The researcher applied eight variables and fifteen hypotheses in this study.

This research seeks to explore the factors affecting the Lotteria fast food restaurants in Yangon, Myanmar. The researcher distributed the questionnaire among 400 respondents in Yangon, Myanmar. The data collected was analyzed by using SPSS, where descriptive statistics such as mean, standard deviations, frequencies and percentages were generated for all variables. The researcher utilizes 5-point Likert scale 1 to 5 represents for questionnaires. Hypotheses are examined by employing the Pearson Correlation and t-statistic and the findings are indicated that fifteen null hypotheses are rejected.

This study investigates the relationship between perceived service quality (tangibles, reliability, responsiveness, assurance and empathy), image, perceived value and customer satisfaction. To do so a survey was conducted by distributing 400 questionnaires in all branches of Lotteria fast food restaurants in Yangon, Myanmar. The Pearson Correlation was applied for the data analysis. The results show that there is a weak positive relationship among perceived service quality, image, perceived value, customer satisfaction and customer loyalty. Based on these results, it seems that Lotteria fast food restaurants need to develop marketing strategy to increase customer loyalty.

ACKNOWLEDGEMENTS

First of all I would like to express my deep gratitude to my most inspirational advisor, Assistant Professor Doctor SirionChaipoo Pirutana for being of my thesis advisor. Without her continuous optimism of this paper, enthusiasm, encouragement and all the supports of this study, it would be hardly to be completed.

Secondly, I also express my warmest gratitude to other committee members of Dr. Apichart Intravisit, Dr. Adarsh Batra and Dr. Ioan Voicu for their time and all the considerations of my thesis presentation, in order to give me many beneficial recommendation guidelines such as sharing their ideas and suggestions throughout this thesis. And also I owe my deepest gratitude to Dr. Adrian for proofreading my research and for his valuable time. Then, my special thanks to all the staffs from graduate school of business and ABAC librarians to help me everything throughout for my research.

I also like to appreciate my classmates, and ABAC Burmese society for all of their feedbacks for my research during this whole years. I have had many of supports and encouragements from Thihan Htun, Saketh Swamy and Khaing Wai during my hard times, the days I could not focus on everything and for the days I have been physically and mentally sick. Thanks to them for the friendship and cherish of me during these the whole years of MBA.

And eventually, I would like to express my gratitude to my lovely respective parents who always firmly stand behind me and believe me for no matter what. I would hardly survive to do this paper without their supports and encouragements.

Khine Cho Myo Myint

ID-5529391

Assumption University, Bangkok, Thailand

10th, July 2015

Table of Contents

Abstract.....	..
Acknowledgements.....	II
Table of Contents ..	III
List of Figures
List of Tables	VIII
 Chapter 1.....	 .1
Generalities of the study	1
1.1 Introduction of the study	1
1.1.1 Fast Food Industry	4
1.1.2 Fast Food Industry in Myanmar	5
1.1.3 Lotteria Company Profile	6
1.1.4 Lotteria Company in Myanmar	8
1.2 Research objectives	9
1.3 Statement of the problem	9
1.4 Scope of the research	10
1.5 Limitations of the research	11
1.6 Significance of the study	11
1.7 Definition of Terms	12
 Chapter 2.....	 14
Literature Review	14
2.1 Literature Review	14
2.1.1 Customer Loyalty	14
2.1.2 Customer Satisfaction	15
2.1.3 Perceived Service Quality	16
2.1.4 Image	18
2.1.5 Perceived Value	18
2.2 Related Literature Review	19

2.2.1 Related literature review of perceived service quality and customer satisfaction	19
2.2.2 Related literature review of perceived service quality and customer loyalty	20
2.2.3 Related literature review of image and customer satisfaction	20
2.2.4 Related literature review of image and customer loyalty	21
2.2.5 Related literature review of perceived value and customer satisfaction	22
2.2.6 Related literature review of perceived value and customer loyalty	23
2.2.7 Related literature review of customer satisfaction and customer loyalty	24
2.3 Previous Studies	25
Chapter 3.....	29
Research Framework.....29
3.1 Theoretical Framework	29
3.2 Conceptual Framework	34
3.3 Research Hypotheses	35
3.4 Operationalization of the Independent and Dependent Variable	38
Chapter 4.....	43
Research Methodology.....	43
4.1 Methods of Research used43
4.2 Respondents and Sampling Procedure	44
4.2.1 Target Population	44
4.2.2 Sampling Unit	47
4.2.3 Sample size	48
4.2.4 Sampling procedure	48
4.3 Research Instrument/Questionnaire	50
4.4 Pretests	53
4.5 Collection of data/ Gathering procedures	54

4.6 Statistical Treatment of data	55
4.6.1 Descriptive Analysis	55
4.6.2 Inferential Analysis	56
4.6.2.1 Pearson Correlation Analysis	56
4.6.2.2 Statistical Significance (t-test)	58
4.7 Summary of statistical tools used in testing hypotheses	59
Chapter 5	62
Presentations of data and critical discussion of results	62
5.1 Descriptive Analysis	62
5.1.1 Frequency of Demographic characteristics	63
5.1.1.1 Age	63
5.1.1.2 Income	64
5.1.1.3 Educational Level	65
5.1.1.4 Gender	66
5.2 Reliability Test	72
5.3 Inferential Analysis	72
5.3.1 Hypothesis Testing Results	72
Chapter 6	86
Summary, Discussions, Recommendation and Conclusions	86
6.1 Summary of Findings	86
6.1.1 Summary of Demographic Factors	86
6.1.2 Summary of Hypotheses Testing	87
6.2 Discussions and Implications	88
6.3 Conclusions	100
6.4 Recommendations	101
6.5 Further Research	105
BIBLIOGRAPHY	107
APPENDIX A	115
QUESTIONNAIRE	115

APPENDIX B	120
QUESTIONNAIRE (Myanmar Version)	120
APPENDIX C	126
Reliability test.....	.126



List of Figures

Figure	Page
Figure 1.1: Market share of Lotteria in 2010	3
Figure 1.2: Market Share based on sales volume of Fast Food Service industry in Korea	3
Figure 1.3: Market Segmentation of Fast Food Restaurants in Myanmar	5
Figure 1.4: Market Share of different fast food restaurant in Myanmar6
Figure 1.5: The Food menu of Lotteria in Myanmar	8
Figure 2.1: Correspondence between final SERVQUAL and SERVPERF Dimensions based on the original ten dimensions, which Reduce to be five dimensions17
Figure 3.1: A research model of Image, Perceived Value, Satisfaction and Loyalty	30
Figure 3.2: A Research Model of Perceived Service Quality, Customer Satisfaction and Customer Loyalty31
Figure 3.3: A Research Model of Image, Satisfaction and Loyalty	32
Figure 3.4: A Research Model of Perceived value, Customer Satisfaction and Customer Loyalty33
Figure 3.5: Modified Conceptual Framework of Service Quality, Customer Satisfaction and Customer Loyalty35
Figure 4.1: The Locations of Lotteria fast food restaurants located in 5 major shopping centers in Yangon, Myanmar	46
Figure 5.1: The Analysis of age levels using Frequency and Percentage	63
Figure 5.2: The Analysis of income using Frequency and Percentage	64
Figure 5.3: The Analysis of education level using Frequency and Percentage	65
Figure 5.4: The Analysis of gender levels using Frequency and Percentage	66
Figure 6.1: LOTTERIA outlet at Yangon (Junction 8 Shopping Mall)	89
Figure 6.2: LOTTERIA order process and advance equipment	91
Figure 6.3: Lotteria shop at Yangon (Pearl Condo Shopping Center)	99

List of Tables

Table	Page
Table 3.1: Operationalization of the Independent and Dependent Variables	38
Table 4.1: Allocation of Questionnaires in five different branches	49
Table 4.2: Summary of Number of Questions in each part	53
Table 4.3: The value of Reliability Analysis	54
Table 4.4: Interpretation of various correlation coefficient values (r) values and the measurement of the strength of association	57
Table 4.5: The summary of statistical techniques used in each hypothesis	59
Table 5.1: The Analysis of age level using Frequency and Percentage	63
Table 5.2: The Analysis of income using Frequency and Percentage	64
Table 5.3: The Analysis of education level using Frequency and Percentage	65
Table 5.4: The Analysis of gender levels using Frequency and Percentage	66
Table 5.5: Summary of Demographic factors by using Frequency and Percentage	67
Table 5.6: The analysis of Tangibles by using Mean and Standard Deviation	67
Table 5.7: The analysis of Reliability by using Mean and Standard Deviation	68
Table 5.8: The analysis of Responsiveness by using Mean and Standard Deviation	68
Table 5.9: The analysis of Assurance by using Mean and Standard Deviation	69
Table 5.10: The analysis of Empathy by using Mean and Standard Deviation	69
Table 5.11: The analysis of Image by using Mean and Standard Deviation	70
Table 5.12: The analysis of Perceived Value by using Mean and Standard Deviation	70
Table 5.13: The analysis Customer Satisfaction by using Mean and Standard Deviation ...	71
Table 5.14: The analysis of Customer Loyalty by using Mean and Standard Deviation	71
Table 5.15: The Summary of Reliability	72
Table 5.16: r-value and measure the strength of association	72
Table 5.17: The analysis of relation between perceived service quality in terms of tangibles and customer satisfaction by using Pearson Correlation (Bivariate)	73
Table 5.18: The analysis of relation between perceived service quality in terms of tangibles and customer loyalty by using Pearson Correlation (Bivariate)	74

Table 5.19: The analysis of relation between perceived service quality in terms of reliability and customer satisfaction by using Pearson Correlation (Bivariate).....	75
Table 5.20: The analysis of relation between perceived service quality in terms of reliability and customer loyalty by using Pearson Correlation (Bivariate).....	75
Table 5.21: The analysis of relation between perceived service quality in terms of responsiveness and customer satisfaction by using Pearson Correlation (Bivariate).....	76
Table 5.22: The analysis of relation between perceived service quality in terms of responsiveness and customer loyalty by using Pearson Correlation (Bivariate).....	77
Table 5.23: The analysis of relation between perceived service quality in terms of assurance and customer satisfaction by using Pearson Correlation (Bivariate).....	78
Table 5.24: The analysis of relation between perceived service quality in terms of assurance and customer loyalty by using Pearson Correlation (Bivariate).....	78
Table 5.25: The analysis of relation between perceived service quality in terms of empathy and customer satisfaction by using Pearson Correlation (Bivariate).....	79
Table 5.26: The analysis of relation between perceived service quality in terms of empathy and customer loyalty by using Pearson Correlation (Bivariate).....	80
Table 5.27: The analysis of relation between image and customer satisfaction by using Pearson Correlation (Bivariate).....	81
Table 5.28: The analysis of relation between image and customer loyalty by using Pearson Correlation (Bivariate).....	81
Table 5.29: The analysis of relation between perceived value and customer satisfaction by using Pearson Correlation (Bivariate).....	82
Table 5.30: The analysis of relation between perceived value and customer loyalty by using Pearson Correlation (Bivariate).....	83

Table 5.31: The analysis of relation between customer satisfaction and customer loyalty by using Pearson Correlation (Bivariate).....	.83
Table 5.32: Summary of hypotheses testing	84
Table 6.1: Summary of demographic factors analysis86



CHAPTER 1

GENERALITIES OF THE STUDY

1.1 Introduction of the study

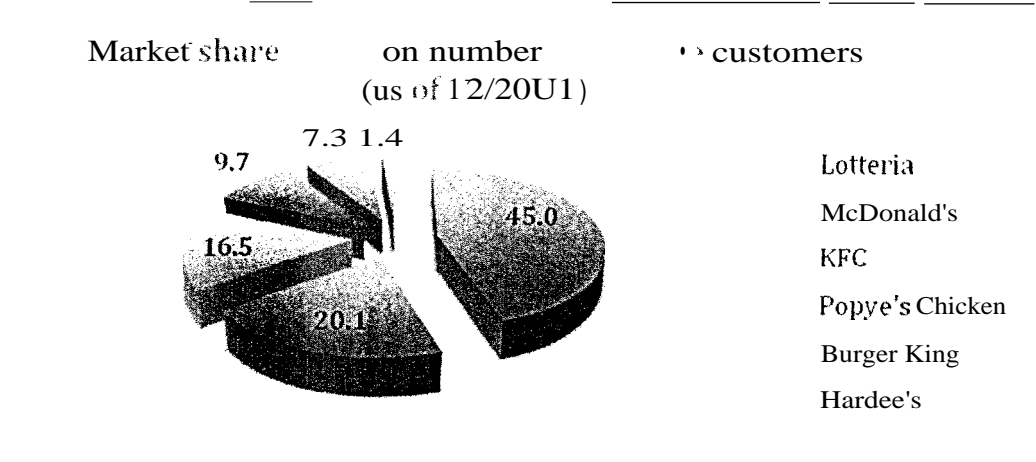
Nowadays, in modern life, fast food has become overwhelming in the world in general and particularly in Myanmar. People who are working and other office staffs, young adults and teenagers; fast food is being trendy to all of these people. For the conveniences of fast foods are easy to get and ready to serve within 10 minutes, and also suitable for the person who wants for takeaway and easy to dispose are the advantages of the fast foods restaurants. Brown (1992) considered that customers are the most important people for any organization. Oliver (1997) mentioned that there are also the resource upon which the success of the business depends. Building the strong customer loyalty and trying to maintain the customer loyalty is even more difficult task for all the industries. As in the fast food restaurant industry, there are many well-known brands for example; McDonalds, KFC, Subways etc. According to the competitive markets of fast food restaurants industry around the world, it is very important for the Lotteria to maintain and to build the customer loyalty to be sustainable in market growth. Inamullah (2012) defined that customer loyalty is the willingness of a consumer to purchase the same product and keep the same profitable relationship with particular company. Wang (2006) also stated that customer loyalty is the key and important competitive advantage in current market situations. Loyalty customers can achieve enormous benefits to a company.

In this study, the researcher applied four theoretical models to create customer loyalty model for this study. The researcher applied fifteen hypotheses and eight variables to investigate the factors affecting the Customer loyalty of Lotteria fast food restaurants in Yangon, Myanmar. The variables applied in this study are perceived service quality (which include the attributes in terms of tangibles, reliability, responsiveness, assurance and empathy), image, perceived value, customer satisfaction and customer loyalty. The researcher will collect the primary data from the customers who came to Lotteria restaurants or Lotteria's current customers. Oliver (1997) defined that customer satisfaction is the customers' joyful or fulfillment reaction and also the customer satisfaction is a judgment about pleasurable degree of consumption related fulfillment which is derived either from the features of product or service, or from the product or service itself. Many researchers studied

about the customer satisfaction of different industries (Mittal and Lassar, 1988; Lam *et al.*, 2004; Eshghiet *al.*, 2007). Lin and Wang (2006) indicated that customer loyalty is an important factor for the customer loyalty and have a positive between the customer loyalty and customer satisfaction. Parasuraman et al. (1988) explained that perceived service quality is stated that perceived service quality is the consumers' judgment about an entity's overall excellence or superiority. Cronin and Taylor (1992) hypothesized that perceived service quality positively affect customers' behavioral intentions (customer loyalty). Again, Bei and Chiao (2006) investigated that the relationship between service quality, customer satisfaction and customer loyalty and proved that the perceived service quality affects customer loyalty directly and positively through customer satisfaction. Perceived service quality is one of the essential factors to build the customer loyalty especially in food service industry (Su, 2012). Keller (1993) stated that image defined as the perception of an organization reflected in the organization held in consumer memory. Ryuet *al.* (2012) considered that image is the important factor in building customer loyalty. According to Andreassen and Lindestad (1998) investigated that image has a strong influence on customer loyalty. Chiou (2004) stated that perceived value is one of the important factors to create the customer loyalty. Craven and Pierce (2003) defined that perceived value is a price in a marketing context. Petrick (2003) also stated that perceived value the quality of customers' get for the price he or she wants to pay. Varki and Colgate (2001) investigated that perceived value is positively related with the customer loyalty.

As Lotteria is one of the most popular fast food restaurant in many countries and the number one leading fast food market share in Korea, Japan, China, Taiwan, Vietnam and, Lotteria has extended 5 branches within two years in Myanmar. Lotteria is also the most leading fast food brand in Korea besides -McDonald, KFC and other local Korean fast food restaurants. Lotteriahad opened 1300 stores in total and the annual sales volume in 2005 was 1 billion won in Korea. Lotteria is first in sales, market shares and brand recognition among the fast food restaurants in Korea. Lotteria controls 43% overall market share in Korea, (www.lotte.ko.kr/ , assessed on 13/1/15).

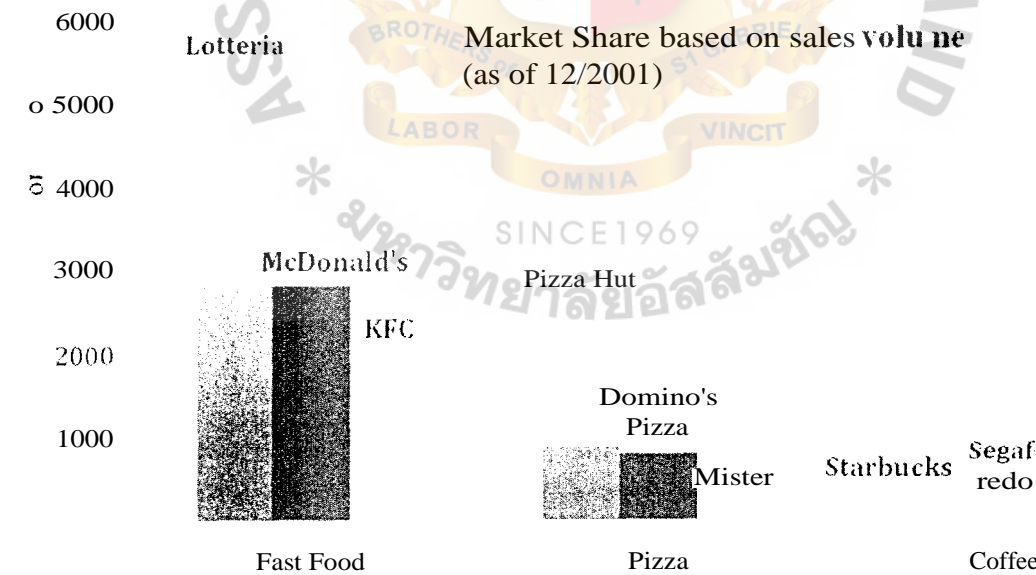
Figure 1.1Market share of Lotteria in 2001



Source: http://www.lotteria.com/upload/brochure/brochure_e.pdf accessed on 12/1/15

Figure 1.1 shows the comparative market share of Lotteria in Korea among other global franchise fast food restaurants. The market share of Lotteria has 45% compared to McDonald's which is only 20% market share and KFC is about 16% market share in 2001. These data are collected according to the based on the number of in-store customers in Korea. Lotteria has opened 970 outlets in Korea in 2009 and their target is about 1000 outlets to open across the country.

Figure 1.2 Market Share based on sales volume of Fast Food Service industry in Korea



Source: http://www.lotteria.com/upload/brochure/brochure_e.pdf , accessed on 12/1/2015

Figure 1.2 shows that the comparative market shares of fast food industry in Korea. The sales volume of Lotteria is 6 billion won in 2001 compared to McDonald's which is only

about 5 billion according to the report from 2001. Also, their business strategy resulted in growth rated of 10% in 2006 and 16% in 2007.

Therefore, it is very interesting to study about the customer loyalty of Lotteria fast food restaurant and willing to explore also the other important factors such as perceived service quality, image, perceived value, customer satisfaction. Since Lotteria has done their franchise in Yangon, they certainly get the local's interest and attention within a very short time. Besides, Lotteria is the first and only global fast food franchise brand available in Yangon among other global brands like Mc Donald, KFC, Burger King and so on. In Yangon, there are only a few local fast food restaurants and Lotteria is the one and only as the global franchise. Thus, the researcher willing to analyze what are the factors affecting the customer loyalty of Lotteria and in order to test how local people satisfied with the newly global Lotteria fast food restaurant.

The researcher collected the primary data to investigate the factors affecting the customer loyalty of Lotteria from 5 shopping malls in Yangon, Myanmar. Yangon is known as the former capital city of Myanmar. Yangon is the most important commercial centre and also the largest city and the population of about six million. The research will collect the data from the all branches of Lotteria fast food restaurants in Yangon because these shopping malls are the city's the most busiest places and always crowded with the people who came to go shopping and convenient for the target population of this study. The following 5 shopping malls are Junction Square, Pearl Condo, Junction 8, Ocean (Shwe Gone Daing), and China Town. The target population of this study is the customers who had experience at least 3 times of trying foods from Lotteria as well as the current customers both male and female customers (https://www.lotte.co.kr/eng/02_bussiness/food.jsp, assessed on 10/12/14).

1.1.1 Fast Food Industry

Fast food means the food that is prepared and served very quickly. Fast food restaurants feature a common menu above the counters and provide the least waiting time for the customers also known as FFRs (Fast Food Restaurants) or QSRs (Quick Service Restaurants). In fact, fast food is preheated or precooked and ready to eat, some restaurants offer seating for on-site consumption. Most of the Fast food industry offers for the delivery service for the clients whereas others served with the outlet stores. The menus for the fast food industry may differ according to the locations and countries of the industry. However,

the categories of the different kind of food are as below,
(<https://www.franchisehelp.com/industry-reports/fast-food-industry-report/>, assessed on 13/1/15).

- Burgers
- Sandwich
- Hotdog
- French fries
- Pizza
- Grilled meat
- Variety of salad (Vegetables/Meat)
- Beverages

1.1.2 Fast Food Industry in Myanmar

Myanmar is also recognized as the potential development of the new market for the investors and business around the world. In 2010, civilian government was installed according to the general election. Hence, this led to the erasing of trade and other economic sanctions imposed by the EU and US. Because of the development of foreign relations, Myanmar has developed especially in economy, which is regarding to expand the new market target for Lotteria Company. Another global fast food franchise from Malaysia which is known as Marry Brown fast food restaurant also has opened in Yangon on 2nd April of 2012, (<http://www.mmtimes.com/index.php/national-news/yangon/7219.html>, assessed on 13/1/15).

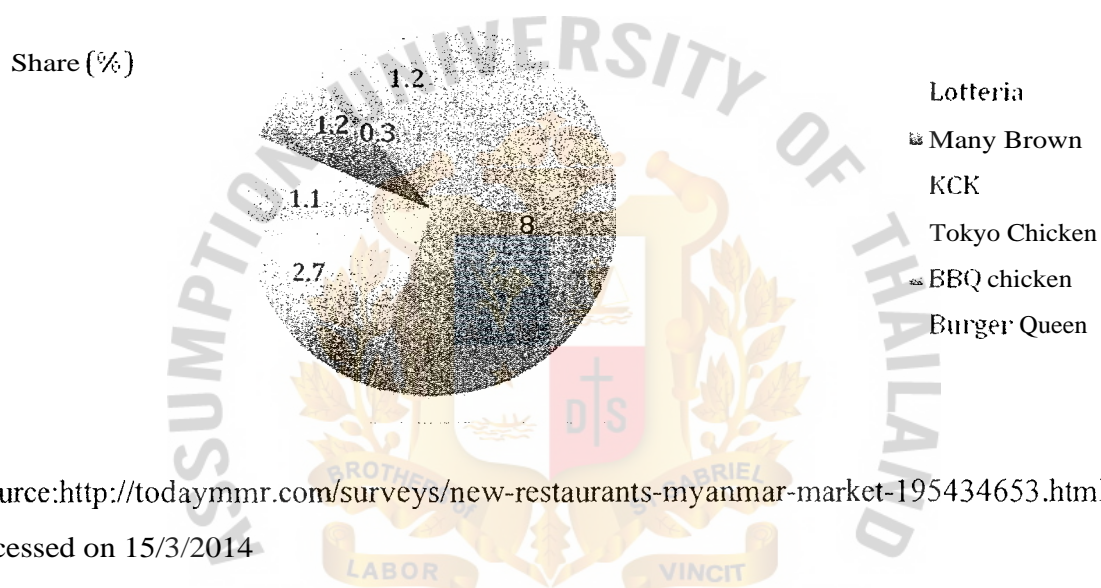
Figure 1.3 Market Segmentation of Fast Food Restaurants in Myanmar



Source: <http://www.mmtimes.com/index.php/national-information/yangon/6188-fast-food-invasion-market-in-yangon.html>, accessed on 12/1/14

Figure 1.3 shows geographical market segmentation of fast food restaurant in Myanmar. There are 14 states in Myanmar and classified into 4 groups according to their geographical locations. It is clear that the total sales of the fast food restaurant 82% highest in the north of Myanmar which include the most potential market demand city, Yangon. The south of Myanmar which including the capital city of Myanmar called Nay-Pyi-Taw and Mandalay is only the total sales of 32% in fast food restaurants. For east and west of Myanmar have only local restaurants and the total sales of 14% in east and only 12% in west respectively.

Figure 1.4 Market Share of different fast food restaurant in Myanmar



Source: <http://todaymmr.com/surveys/new-restaurants-myanmar-market-195434653.html>, accessed on 15/3/2014

Figure 1.4 indicates that the market share of fast food restaurant in Myanmar according to the survey of Myanmar F&B development analysis. The results of this survey showed that Lotteria (Korean company) has the highest market share of 80% followed by Marry Brown (Malaysia Company) has 2.7%, KCK, Tokyo Chicken, BBQ Chicken (Korean - Company), Burger Queen.

1.1.3 Lotteria Company profile

Lotteria Company was founded by a South Korean entrepreneur on February 1972 in Tokyo. The first franchises opened in Japan Nihonbashi, Ueno and Yokohama in September. In 1979, they opened their franchise in South Korea as part of the expansion of the Lotte Group which included Chilsung Beverages, Lotte Food, and Lotte Ham. The whole

production of Lotteria fast food restaurant is under the Lotte Food sector. Lotteria fast food restaurant is also the number one leading fast food restaurant chain in South Korea. Then, Lotteria is developing constantly and spread their franchises throughout East Asia locations in Japan, China, Taiwan, Myanmar, and Vietnam. Lotteria's success was achieved in part by introducing lines of Koreanized fast food restaurant style.

The menu of the Lotteria fast food restaurants includes;

- Burgers (including signature Kimchi burger, wild shrimp burger, vegetable rice burger)
- Sandwich
- Baked potatoes
- Fried chicken
- Yogurt
- Salads
- Cheese sticks, squid rings
- Ice-cream based desserts (including popular shaved ices Korean dessert called Pat-Bing-Soo)

Source: <http://www.letteria.com/eng/profile.html>, accessed on 10/11/14

The philosophy or motto of the Lotteria is “To Lotteria, nothing is more important than satisfying customers to their heart”. According to the enormously growth of the Lotteria Company, their business strategy resulted in growth rates of 10 percent in 2005 and 16 percent in 2007. Hence, Lotteria Company stands for fourth food service distributors out of 20 with annual sales 483.56 CHF million in 2013 across the Korea according to the statics of Korea. Lotteria had opened 920 outlets across the country in 2012. (<http://www.kostat.go.kr>, assessed on 10/11/14).

The fast food restaurant industry is being more competitive in nowadays. The new entry of the fast food restaurants are enormously increased and many global franchise companies including Lotteria try to compete to get more customers and to gain more market shares. The main competitors of Lotteria are as follow;

- McDonalds
- KFC

- Subway
- Burger King

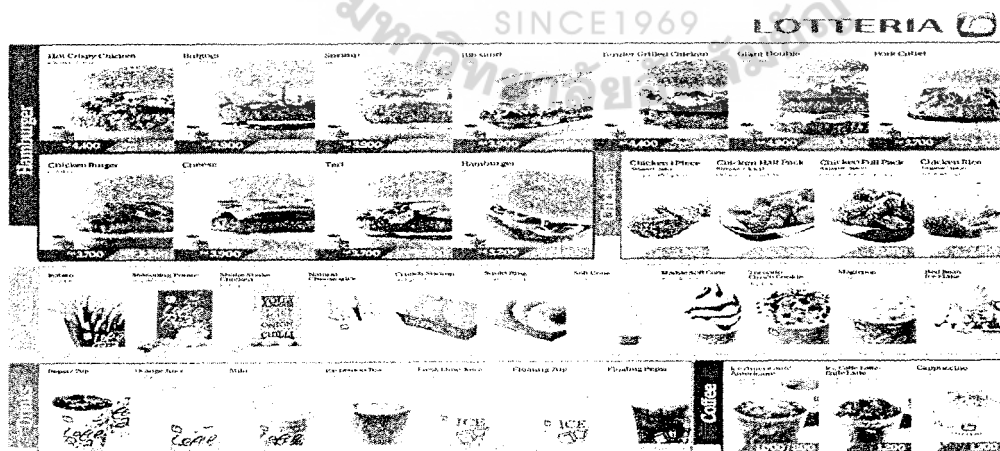
(<http://business.time.com/2013/07/19/fast-fine-casual-food-the-continued-blurring-of-chain-restaurant-categories/>, assessed on 13/1/15)

1.1.4 Lotteria Company in Myanmar

Lotte Group opened their first franchise store in Yangon, Myanmar on April 27, which is known as Lotteria. Lotteria is the first Korean food service company, which has operated in Myanmar. The first branch has an area of 268 square meters in "Junction Square", which is known as the largest shopping mall in Myanmar. According to the development of the local customers' demand, Lotteria has opened another 4 branches continuously, which are located in the busiest places and well-known shopping malls in Yangon, Myanmar. The second branch is at Pearl Condo shopping mall, the third branch is at the Junction-8 Shopping Center, the fourth one is at the Ocean (Shwe-Gone-Daing) Super Center and then the last one is at the China Town Point Center. Lotteria Company has plans to open 30 more in the capital city by the year 2016 and also reiterated the commitment of the company to appeal to the taste of local clients.

(<http://consult-myanmar.com/tag/lotteria/>, assessed on 13/1/14)

Figure 1.5 The food menu of Lotteria in Myanmar



Source: <http://www.lotteria.com/cng/menu/SetMenu.asp> , accessed on 13/1/15

Figure 1.5 shows that the available food menu including the price in terms of Kyats (Myanmar currency) of Lotteria in Myanmar. The Lotteria aimed to provide more Koreanized food set menu according to the customer demands in Myanmar. (<http://www.lotteria.com/eng/menu/SetMenu.asp> , assessed on 13/1/15)

1.2 Research objectives

The purpose of this research is to investigate the factors affecting the customer loyalty of Lotteria in Yangon, Myanmar. In this study, the researcher will emphasize on factors affecting the customer loyalty related to perceived service quality, image, perceived value and customer satisfaction. The objectives of the research are as follows:

1. To study the relationship between perceived service quality and customer satisfaction.
2. To study the relationship between perceived service quality and customer loyalty.
3. To study the relationship between image and customer satisfaction.
4. To study the relationship between image and customer loyalty.
5. To study the relationship between perceived value and customer satisfaction.
6. To study the relationship between perceived value and customer loyalty.
7. To study the relationship between customer satisfaction and customer loyalty.

1.3 Statement of the problem

Today, fast food has dramatically become a part of life style for people around the world, especially for the people who do not have enough time to cook at home, career people, and the young adults. Previous studies and researches confirmed that the fast food service industry is proved to be one of the most substantial service industries that can affect individual's lifestyles. Thus, the fast food restaurants, especially restaurants in developed countries had tried to achieve more markets and more customers coming since fast foods become significantly very popular among people around the world. Because of the intense competition of the fast food service industry, it is very important to know what customers' need and what can make them to come back again. Hence, almost every restaurant, especially

fast food restaurants in Yangon also adopted many ways to realize their customer needs and wants such as the quality of service to offer, the promotion strategies to attract, and having the comments or suggestion boxes to know the customers' feedback. Thus, one of the well-known fast food restaurants in Yangon, Lotteria, also have to adopt some new strategies or factors to attract new customers and to retain their current customers. In addition, few studies have investigated the factors that impact on the customer satisfaction and customer loyalty in restaurant sectors.

Therefore, the researcher willing to investigate the customer satisfaction and customer loyalty of Lotteria and also wants to test the service quality level of Lotteria restaurants in Yangon. In addition, this study is to evaluate and examine the factors affecting the customer customer satisfaction and customer loyalty of Lotteria in Yangon, Myanmar. The statement of problems of this research are as follows;

1. Is there a relationship between perceived service quality and customer satisfaction?
2. Is there a relationship between perceived service quality and customer loyalty?
3. Is there a relationship between image and customer satisfaction?
4. Is there a relationship between image and customer loyalty?
5. Is there a relationship between perceived value and customer satisfaction?
6. Is there a relationship between perceived value and customer loyalty?
7. Is there a relationship between customer satisfaction and customer loyalty?

1.4 Scope of the research

This research is a descriptive research that attributes to conceptualize the customer satisfaction and customer loyalty of Lotteria in Yangon, Myanmar. The researcher mainly emphasizes on the major factors that can influence only in Lotteria restaurants in Yangon. The conceptual framework in this study has two types of variables such as dependent variables and independent variables. The independent variables are perceived service quality (which includes tangibles, reliability, responsiveness, assurance and empathy), image, perceived value and customer satisfaction as well as the dependent variable which is customer loyalty.

Also, the population of this study are the local customers who had at least 3 times experience of trying foods from Lotteria restaurants in Yangon, Myanmar. The researcher selected all five Lotteria restaurants in Yangon in order to collect the data efficiently. The selected restaurants located in famous shopping centers among Yangon which are Junction 8, Junction Square, China Town, Ocean (Shwe Gone Daing) and Pearl Condo.

In addition, the researcher applied the questionnaire survey which is a Five Point Likert Scale as a main instrument to collect and research the data. The questionnaires consist of six sections which represent eight independent variables and a dependent variable.

1.5 Limitations of the research

In this research, the researcher chose to emphasize on the perceived service quality and customer loyalty of Lotteria in Yangon, Myanmar. Since, there is a limitation of data collection period and this study focuses on only Lotteria restaurants in Yangon, Myanmar. Therefore, the results cannot represent other Lotteria branches around the world and other fast food restaurants. The researcher decided to investigate 420 customers who had experience of trying foods from Lotteria in Yangon, Myanmar as the population of this research. Due to the limitations of time and other factors, some criteria may not be researched in this study. Then, the researcher collected the data during February 27 to May 28 2015 and will distribute the 420 questionnaires to the customers who came to Lotteria at the five Lotteria branches in Yangon. Customers must have at least 3 times experience of trying foods from Lotteria. Hence, the researcher has decided to focus on evaluating the factors affecting the customer loyalty which impact on perceived service quality (which include tangibles, reliability, responsiveness, assurance and empathy), image, perceived value and customer satisfaction. Thus, the outcomes of this research may not be applied in the future study.

1.6 Significance of the Study

The finding of this study will significantly provide the concept for the firms to understand more on factors affecting the customer loyalty among Myanmar people. It will also help the managers of Lotteria (Myanmar) to understand better potential relationship among perceived service quality and customer loyalty; image and customer loyalty; perceived value and customer loyalty; and customer satisfaction and customer loyalty. The results of this study will prove perceived service quality (tangibles, reliability,

responsiveness, assurance, empathy), image, perceived value and customer satisfaction are the factors affecting the customer loyalty. Furthermore, the research of customer loyalty would become the first research of Lotteria Company in Myanmar. In addition, the findings from this research could provide the managers to adopt better strategies of Lotteria in Myanmar to serve their customers better, to develop the quality of their service to satisfy their customers, and to achieve the customer loyalty of Lotteria fast food restaurant in Yangon, Myanmar.

1.7 Definition of terms

Assurance: Fitzsimmons (1994) acknowledged that the assurance is the knowledge and civility of employees and their abilities to convey trust and confidence.

Customer Loyalty: Dick and Basu (1994) acknowledged that customer loyalty is the commitment for long term to repurchase products or service with a positive attitude.

Customer Satisfaction: Evans and Berma (1997) mentioned that customer satisfaction means a crucial element in successful marketing. It is the degree to which there is a match between a customer's expectations of a good or service and the actual performance of that good or service including customer service.

Empathy: Fitzsimmons and Mona (1994) stated that empathy is the provision of caring, and pay attention to customers individually.

Fast Food: Qin and Prybutok (2009) defined that fast food is the food which can be prepared quickly and easily.

Image: Keller (1993) stated that image is defined as perception of an organization reflected in the associations held in consumer memory.

Perceived Service Quality: Zeithaml (1990) stated that perceived service quality is the consumers' judgment about an entity's overall excellence or superiority.

Perceived Value: McDougall and Levesque (2000) identified that perceived value is an overall evaluation of a service's utility, based on customers' perception of what is received at what cost.

Reliability: Zeithaml (1990) defined that reliability means the ability to perform the service accurately and reliability.

Responsiveness: Parasuraman et al., (1991) stated that responsiveness is the willingness to help customers and provide a prompt service.

Tangibles: Parasuraman et al., (1991) identified that tangible is the appearance of physical ability, equipment and communication materials.

a



CHAPTER 2

REVIEW OF RELATED LITERATURE

In this chapter, the researcher will explain about the concept and theories that are linked to this study. This chapter includes three parts. Part one is the literature review and part two is related literature review and the last part are previous studies. The literature review explained the definitions of all variables; perceived service quality (tangibles, reliability, responsiveness, assurance, empathy), image, perceived value, customer satisfaction, customer loyalty and all these variables are created according to the conceptual framework. The second part is the explanation of the relationship between the respective variables and these are according to the hypotheses of this study. The last part is about the previous studies and the researcher described related previous empirical studies in this part.

2.1 Literature Review

2.1.1 Customer Loyalty

Customer loyalty is defined as the commitment for long term to repurchase products or service with a positive attitude (Dick and Basu, 1994). Duffy (2003) considered customer loyalty as a favorable feeling or belief that a customer has about a brand. McIlroy and Barnett (2000) stated that the basic of relationship marketing is customer loyalty because retaining customers over their life will contribute to enhance profitability. In a business context, loyalty has come to describe a customer's commitment do business with a particular organization, purchasing their goods and services repeatedly and recommending the services and products to friends and associates. Inamullah (2012) also mentioned that customer loyalty is the willingness of a consumer to purchase the same product and keep the same profitable relationship with particular company. In other words, it is the continuous buying of a consumer for a particular company brand and suggesting to other friends and family. Lin and Wang (2006) also stated that customer loyalty is the key and important competitive advantage in current market situations. Loyalty customers can achieve enormous benefits to a company. They allow for a continuous flow of profit, reduce marketing and operating costs. Increase referral, and are immune to competitors' promotion efforts (Reichheld and Teal, 1996). Thus, customer loyalty cannot be overemphasized in today's highly competitive business world (Reinartz and Kumar, 2000). Oliver (1999) described four consecutive phases

of loyalty. The first one is cognitive loyalty and it is based on brand belief. The second is affectively loyalty, a liking or attitude toward the brand is needed which is based on several satisfying experiences. The third one is conative loyalty, which means a commitment to repurchase. The last phase is action loyalty and it is based on the motivated intention transformed into readiness to act, accompanied by a desire to overcome obstacles that might prevent the act. Based on the fourth phase, loyalty as a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future (Oliver, 1999).

2.1.2 Customer Satisfaction

Customer satisfaction is a term that has got significant attention and interest among the researchers because of its importance as a main element of business strategy, and objective for all business activities especially in the competitive market today (Lovelock and Wirtz, 2007). However, Levesque and McDougall (1996) identified that satisfaction as total perfect customer attitude towards a service provider. Brown (1992) stated that customer satisfaction as the state in which customer needs, wants and expectations through the product or service's life are met or exceeded resulting in repurchase, loyalty and positive word-of-mouth.

Also, Zineldin (2000) analyzed that satisfaction as an emotional response to the difference between what customers expect and what they get. Oliver (1980) stated that if performance is higher than expected, increases satisfaction, which means positive disconfirmation. Accordingly, Oliver (1997) defined that customer satisfaction as the customer's joyful or fulfillment reaction and also customer satisfaction was a judgment about pleasurable degree of consumption related fulfillment which is derived either from the features of product or service, or from the product or service itself. To define customer satisfaction in this study, Hill et al. (2003) identified that customer satisfaction can be useful to a restaurant in the following approaches:

1. By understanding and knowing customer needs and wants, which in turn help to provide the service that can meet those needs.
2. By classifying priorities in order that the service development and improvement objectives can be set accordingly.
3. In the evaluation of performance as compared to competitors.
4. In increasing the degree if customer loyalty as well as retention.

2.1.3 Perceived Service Quality

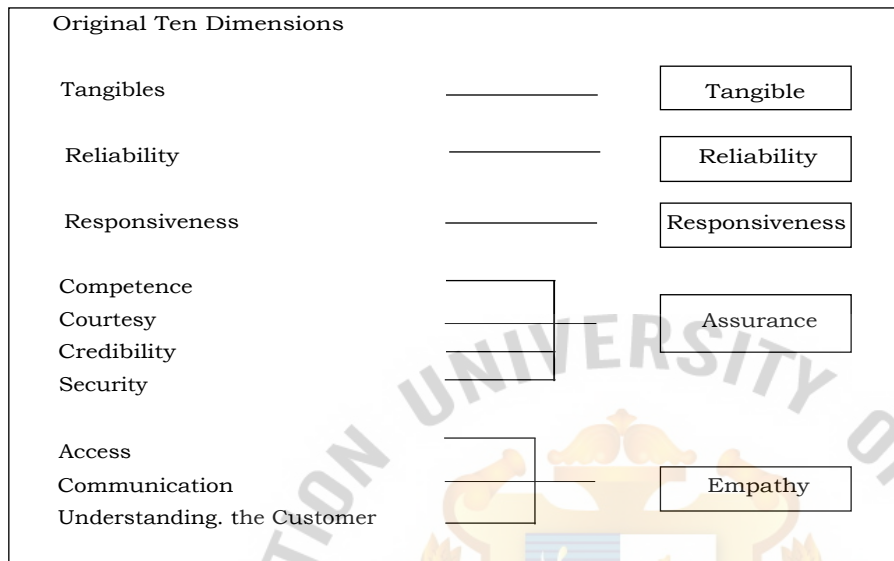
Service is any task performed for another or the provision of any facility, product or activity for another's use but not ownership, which arises from the exchange transaction. It is intangible and incapable of accompanying a product. (Uhl and Upaj, 1983). Parasuraman et al. (1988) stated that service quality as the differences between customers' expectation of service provider's performance and customers' evaluation of the services they experienced. In this study, the researcher used the definition of Parasuraman et al. (1988) as a good example of operating a standardized framework for the sake of understanding service quality is the SERVQUAL model. SERVQUAL provides a method for measuring and managing service quality. (Parasuraman et al., 1985; 1986; 1988; 1990; 1991; 1993; 1994; Zeithaml et al., 1990; 1991; 1992; 1993). SERVQUAL model received the wide acceptance from scholars and was applied to service quality research in hotels (Akbaba, 2006), medical health care institutions, travel agencies (Kaynama and Black, 2000) and fast food (Yang, 2010) and some researches have studies the use of that model.

Then, Parasuraman et al. (1988) found out ten common dimensions such as tangible, reliability, responsiveness, competence, courtesy, credibility, security, access, communication along with understanding. After the investigations by the same group of researches, the researchers concluded that some of the ten dimensions were correlated. Therefore, the previous ten common dimensions were made up into the refinements of five higher-level dimensions which took the previous ten included. They summarized into five higher-level dimensions. These five higher-level dimensions were tangibles, reliability, assurance, responsiveness and empathy (Parasuraman et al., 1988).

Many researchers studied only perceived service quality, which is known as SERVPERF (Fitzsimmons, 1994). There are several measurement instruments have been proposed in the literatures since the early 1980's. SERVQUAL, which is know as the most famous measurement model was based on the gap analysis literature (Grönroos, 1984). However, many researchers focused to study only customer perception, which will not include expectation. Then, it lead to the research instrument known as SERVPERF. SERVPERF was suggested to measure perceived service quality which is more accurately than SERVQUAL and it also used to support the marketing literatures (Brown, Churchill, and

Peter, 1992). Thus, the correspondent between original ten dimensions and the final new five higher-level dimension are as shown in Figure 2.1.

Figure 2.1: Correspondence between final SERVQUAL and SERVPERF dimensions based on the original ten dimensions, which reduce to be five dimensions



Source: Parasuraman, Zeithaml and Berry (1990). *Delivering Quality Service: Balancing Customer Perceptions and Expectations*. New York: Free Press, 21-22.

In this study, the researcher will apply only perceived service quality by using Parasuraman et al., (1988) research, which complies five variables from the original ten dimensions of service quality. These five higher-level dimensions were tangibles, reliability, assurance, responsiveness, empathy (Parasuraman et al., 1988).

Tangibles is the appearance of physical facilities, equipment, personnel and communication materials. Reliability is the ability to perform the promised service dependably and accurately. Responsiveness means the willingness to help customers to provide prompt service (Parasuraman et al., 1988). Fitzsimmons (1994) stated that assurance is the knowledge and civility of employees and their abilities to convey trust and confidence. Assurance dimension includes the following features which are competency to perform the service, politeness and respect for the customers. On the other hand, Fitzsimmons and Mona (1994) acknowledged that empathy is the provision of caring, and pay attention to customers individually. Hence, the empathy includes the following features which are approachability, sense of security and the ability to understand what the customer needs.

2.1.4 Image

On the company level, image defined as perception of an organization reflected in the associations held in consumer memory (Keller, 1993). Selnes (1993) suggested that image should be incorporated into a model of loyalty together with satisfaction and he found both image and satisfaction was associated with loyalty. Since then, most other studies have replicated these results (Abdullah et al., 2000; Zins, 2000; Park et al., 2004). Later, some researchers argued that for complex and infrequently used services, image rather than satisfaction may be the main predictor of loyalty. Other researchers support the notion that satisfaction will only exert a direct impact on loyalty if customers are able to evaluate the quality of goods or services (Selnes, 1993; Zin, 2001). Moreover, when a customer is satisfied with the service, the image of the company is improved and this upgraded image will then influence satisfaction making the relationship between the two constructs reciprocal (Andreassen and Lindestas, 1998; Ostrowski et al., 1993).

2.1.5 Perceived Value

There are various researchers have been defined and analyzed about the perceived value in the past. Thus, the researcher listed some of them as follows.

Zeithaml (1988) described that perceived value as the outcome of the personal comparison between perceived total benefits and the perceived cost paid by customers. Patterson and Spreng (1997) identified the perceived value as an abstract concept with meaning that vary according to the context. Cravens and Pierce (2003) stated that perceived value could be defined as a price in a marketing context. Perceived value also defined as customers' want in a product (Gallarza and Saura, 2006); as the quality customers' get for the price he or she wants to pay (Petrick, 2003). Cravens and Piercy (2003) described that perceived value should consist of the benefits and costs deriving from the purchase and use of product. Again, Iglesias and Guillen (2004) identified that perceived value should represent an exchange of what is received as well as what is given. Literatures indicated that perceived value is important for organizations. Holbrook (1994) found that perceived value is a critical component in all marketing activities because it can be helpful the organization to penetrate the existing market, attain new markets, produce new products and services and develop customer patronage. In addition, Zeithaml (1988) acknowledged perceived value as "what customers get for what they give up".

2.2 Related Literature Review

2.2.1 Related literature review of perceived service quality and customer satisfaction

There has questioned and has generated considerable argument in the marketing literatures about the service quality and customer satisfaction whether customer satisfaction is the precondition or consequence of service quality (Andaleeb and Conway, 2006). A group of researchers stated service quality as a global assessment of a particular service setting and in accordance with this theory; service quality was the consequence of satisfaction incidents over time (Parasuraman et al., 1985, 1988). Some researchers and academics analyzed that customer satisfaction was an antecedent of service quality (Parasuraman et al., 1985, 1988, 1991, 1994; Carman, 1990; Bitner, 1990), and others have argued that service quality as an antecedent of customer satisfaction. However, Oliver (1980) hypothesized that service quality perception has a direct relationship with customer satisfaction and customer loyalty. Also, the European and American customer satisfaction index models suggested that service quality was a component of customer satisfaction (Fornell et al., 1996). Bagozzi (1992) mentioned that service quality assessment of the service encounter guided to an emotive satisfaction evaluation. However, Cronin et al. (2000) analyzed that service quality perceptions resulted in customer satisfaction. Accordingly, in the context of the service sector, some researchers identified that the impact of perceived service quality and found that perceived service quality affect positively and directly related to the customer satisfaction (Johnson, 1996; Olsen 2012, Douglas and Fredendall, 2004). Furthermore, the researches on the impact of customer satisfaction and perceived service quality have been studied more intensely. Firms with a high level of perceived service quality will have a high level of customer satisfaction (Dabholkar et al., 2000; Cronin et al., 2000; Fornell et al., 1996). Babakus et al., 2004 analyzed that superior perceived service quality is related to increased customer satisfaction. On the other hand, Lee et al., (2000) identified the service quality which emphasizes only on the performance (that includes tangibles, reliability, responsiveness, assurance and empathy) is an antecedent of customer satisfaction. Some literatures suggested that satisfaction is an antecedent of service quality (Bitner, 1990; Bolton and Drew. 1991). However, there are the results still consistent about the service quality perception. Perceived service quality leads to customer satisfaction and superior quality of service exerts a stronger influence on customer satisfaction (Oliver, 1993; Spreng and MacKoy 1996; Woodside et al., 1989).

2.2.2 Related literature review of perceived service quality and customer loyalty

Bloemer et al. (1999) mentioned that research on service quality has maintained that the relationship between service quality and customer loyalty require further empirical validation and elaboration because the results remain mixed so far. However, Zahorik and Rust (1992) believed that modeling perceived service quality, as a predictor of customer loyalty and it will provide significant diagnostic result. Previous research has confirmed that the relationship between perceived service quality and loyalty in five different service industries. Wong and Sohal (2003) examined that the effect of service quality and customer loyalty on two levels of relationship. The two levels are person-to-person (salesperson level) and person-to-firm (store level). The result found that there is a positive relationship between service quality customer loyalty. Zins (2001) and Ostrowski et al. (1993) identified that there has a significant relationship between perceived service quality and customer loyalty based on the commercial airline industry. Lewis and Soureli (2006) have concluded that service quality in the model and strongly believe that service quality positively affect customer loyalty.

Furthermore, firms with a high level of perceived service quality will have a high level of customer loyalty (Dabholkar et al., 2000; Cronin et al., 2000; Fornell et al., 1996). However, Dick and Basu (1994) argued that perceived service quality with a high satisfaction leads to loyalty. Service quality has a direct relationship with a customer loyalty while satisfaction act as a mediator. Gremler and Brown (1996) analyzed about the measurement of the service quality in customer satisfaction and loyalty. According to their conceptualization model, the results proved that perceived service quality has a direct positive relationship with the customer loyalty. Cronin and Taylor (1992) hypothesized that perceived service quality positively affect customers' behavioral intentions (customer loyalty). Interestingly, Bei and Chiao (2006) investigated that the relationship between service quality, customer satisfaction and consumers' behavioral intention, and the proved that perceived service quality affects customer loyalty directly and positively through satisfaction.

2.2.3 Related literature review of image and customer satisfaction

Many researchers and academics have shown that image has considerable influence on consumer behavior (Loudon and Della Bitta, 1995). Image has been studied as an antecedent or Chi and Qu (2007) considered that an explorative approach in testing the

impact sequence of image and found that image impacts simultaneously on attribute as well as on overall satisfaction but image does not impact directly on loyalty. Ryu et al. (2012) also analyzed that image as the significant indicator of customer satisfaction among the other attributes such as perceived value and behavioral intention. However, Bloemer and Ruyter (1977) concluded their findings that image affects customer satisfaction as a mediator. Zeithaml and Bitner (1996) examined that image of and organization is important and image is considered as a positively influence on customer satisfaction of the marketing activities. On the other hand, Mazanec (1995) hypothesized that image is positively related with customer satisfaction and customer loyalty. Barich and Kotler (1991) pointed out that image has a direct effect on client satisfaction.

On the other hand, Andreassen and Lindestad (1998) investigated that image has a strong influence on customer satisfaction, especially if the customer has a little knowledge about the service. However, the effect of image on satisfaction has been considered in many fields. Palacio et al., (2002) hypothesized that the affective component of the university image positively and significantly influence the students' satisfaction with the university. The overall image of the university positively and significantly influences the students' satisfaction with the university (Palacio et al., 2002). On the other hand, Andreassen and Lindestad (1988) proved that image has an impact on customer satisfaction and there were no significant relationship with image and customer perceived value. Bloemer and Ruyter (1998) pointed out that image affect customers' behavioral intentions through customer satisfaction. Castro et al., (2007) identified that brand image has a positive influence on customer satisfaction and customer loyalty in a business market. Ryu et al. (2008) investigated that the relationships among image, customer perceived value, customer satisfaction and behavioral intentions in a quick casual restaurant industry. They concluded that image is a significant determinant of customer satisfaction and customer perceived value. Lai et al. (2009) stated that image affect both customer satisfaction and customer perceived value. Ryu et al. (2012) hypothesized that restaurant image has a positive influence on customer satisfaction.

2.2.4 Related literature review of image and customer loyalty

There is a positive relationship between perceived image and loyalty according to the the previous literatures (Brunner et al., 2007). However, Bloemer and Ruyter (1997)

concluded from their findings that image only has an indirect impact on loyalty, which is mediated by satisfaction, whereas Andreassen and Lindestad (1998) found a significant effect on loyalty for image. Zeithaml and Bitner (1996) considered that image of an organization is an important variable that positively or negatively influence marketing activities and image is considered to have the ability to influence customers' perception of goods and services offered. Sirgy and Samli (1989) identified that there is a direct relationship among image and store loyalty. In tourism industry, Kandampully and Suhartanto (2000) discovered that image is one of the most important factors for guests of a hotel to consider repurchase and recommendation.

Similarly, Castro et al., (2007) identified that brand image has a positive influence on customer satisfaction and customer loyalty in a business market. Also, Heung et al. (1996) found that hotel brand image is an important factor with the brand loyalty in the free independent traveler's market among the highly score rated loyal customers. And, Mazanec (1995) analyzed that image is positively related with customer satisfaction and customer preference, also known as a dimension of customer loyalty in luxury hotels and also indicated that a desirable image can lead to customer satisfaction and customer loyalty while undesirable image leads to dissatisfaction. On the other hand, Ryu et al., (2008) investigated that the relationships among image, customer perceived value, customer satisfaction and behavioral intentions in a quick casual restaurant industry. They hypothesized that restaurant image has a positive influence on customer loyalty.

2.2.5 Related literature review of perceived value and customer satisfaction

Many studies have confirmed that perceived value termed as a reliable predictor of customer satisfaction. Many researches have shown that price (value) is one of the determinants of customer satisfaction (Anderson, Fornell, and Lehmann, 1944; Parasuraman, Zeithaml, and Berry, 1994; Zeithaml and Bitner, 2000). However, Andreassen and Lindestad (1988) analyzed that perceived value has a positive relationship with customer satisfaction in the service industries. McDougall and Levesque (2000) identified that perceived value and perceived service quality were the two vital pioneers of customer satisfaction across four service industries namely restaurant, dental services, auto service and also hairstylist. However, Chiou (2004) indicated that perceived value as a vital driver of customer satisfaction to Internet service providers.

Then, Patterson and Spreng (1997) identified that customer perceived value has both positive and direct relationship with customer satisfaction. Anderson and Gerbing (1991) stated that customer perceived value has a strongly impact on customer satisfaction. On the other hand, perceived value has a direct relationship with customer satisfaction because price fairness has an influence on customer satisfaction and on behavioral intentions (Parasuraman, Zeithaml, and Berry, 1994; Varki and Colgate, 2001). As the relationship between perceived value and customer satisfaction, Martins and Monroe (1994) analyzed that perceived value affects customer satisfaction indirectly. In addition, Bei and Chiao (2006) hypothesized that perceived value affects customer loyalty positively and indirectly through customer satisfaction.

2.2.6 Related literature review of perceived value and customer loyalty

There are various literatures of customer perceived value and also conflicts had remained until now (Yang and Peterson, 2004). Numerous studies and researches confirmed that the positive and direct association between perceived value and customer loyalty or behavioral intentions such as repurchase and word of mouth communication (Han and Ryu, 2009, Han and Ryu 2011; Kim et al., 2009; Kivela et al., 1999; Namkung and Jang, 2007; Oliver, 1999). Researches indicated that perceived value enhances customer loyalty towards a product or service (Sirdeshmukh et al., 2002; Yang and Peterson, 2004; Aydin and Ozer, 2005). However, Anderson and Srinivasan (2003) found that customers with high perceived value had a strong relationship between customer satisfaction and customer loyalty. Lin and Wang (2006) analyzed by using the structural equation modeling on the users of mobile commerce in Taiwan and found that perceived value affect customer loyalty. And, Tarus and Rabach (2013) identified that perceived value has positively affects customer loyalty.

Similarly, Bei and Chiao (2006) hypothesized that perceived value affects customer loyalty positively and directly. Varki and Colgate (2001) stated that perceived value have an influence on customer loyalty. On the other hand, Ryu et al. (2008) analyzed that the relationships among image, customer perceived value, customer satisfaction and behavioral intentions in a quick casual restaurant industry and they found that the restaurant offers good customer perceived value leads to high customer satisfaction and high customer loyalty. Similarly, Lai et al., (2009) examined that customer perceived value was significant predictor of loyalty.

2.2.7 Related literature review of customer satisfaction and customer loyalty

Numerous studies and researches confirmed that the positive and direct association between customer satisfaction and customer loyalty or behavioral intentions such as repurchase and word-of-mouth communication (Han and Ryu, 2009, Han and Ryu 2011; Kim et al., 2009; Kivela et al., 1999; Namkung and Jang, 2007; Oliver, 1999). There are so many studies have created consistent evidence that customer satisfaction is an important determinant of customer loyalty in the service industry (Mittal and Lassar, 1988; Boshoff and Gray, 2004; Lam et al., 2004; Eshghi et al., 2007). Some studies have indicated that customer satisfaction affect key indicators of customer loyalty according to Lin and Wang (2006). Lam et al. (2004) identified that a satisfied customers' attitude toward a service provider could motivate the customer to make repurchases from the service provider and even recommend the service provider to other customers. Similarly, Kandampully and Suhartanto (2000) analyzed that there is a significant positive effect of customer satisfaction on customer loyalty according to their research in hotel industry.

However, Yang and Peterson (2004) studied about a study of online customers indicated that customer loyalty can be generated through improving customer satisfaction. In a similar context, Lam et al. (2004) stated that using a structural equation modeling on B2B service context and the result found that a significant positive relationship between customer satisfaction and customer loyalty. In a similar service context, Murli et al. (2007) investigated about a large organization engaged in B2B service in both USA and Canada by using probit model and found a strong positive relationship between customer satisfaction and customer loyalty. Zins (2001) examined the research about commercial airline industry using structural equation modeling and found that customer satisfaction as an important predictor of customer loyalty. On the other hand, Kivela et al. (1999) proved that satisfaction significantly influent on behavioral intentions in the dining restaurant industry. Namkung and Jang (2007) pointed out that there is a positive link between customer satisfaction and customer loyalty towards mid-to-upscale restaurants. Then, Kim et al., (2009) also proved that customer satisfaction is positively related to return intention and positive word-of-mouth endorsement in university foodservice operations. In addition, Ryu et al., (2011) hypothesized that customer satisfaction has a influence on behavioral intentions to repurchase.

2.3 PREVIOUS STUDIES

Previous empirical researchers' data has been collected, and developed as the secondary data for this research, where the researcher states that the factors affecting perceived service quality, image, perceived value, customer satisfaction are related to customer loyalty.

Qin and Prybutok (2009) studied about the service quality and behavioral intentions to repurchase which is one major factor of the loyalty in fast-food restaurants. The purpose of this research aimed to investigate the potential dimensions of service quality and to examine the relationship among service quality, food quality, perceived value, customer satisfaction and behavioral intentions in fast food restaurants industry. They conducted the structural equation model named FFR success model and it includes service quality, food quality, perceived value, customer satisfaction and behavioral intentions. They used the Seven-point Likert scale method for each questionnaire. They distributed the questionnaires via online surveys to the respondents. The respondents were college students with age between 21 to 25 years old. The researchers had chosen the potential 282 out of 305 questionnaires. The results proved that service quality (which include tangibles, reliability or responsiveness, recovery, assurance and empathy) is an important antecedent of customer satisfaction and perceived value is not significantly important in their study. Their findings pointed out the need for the FFR owner and also suggested for the managers to emphasis more on responsiveness or reliability and recovery strategies among the service quality dimensions.

Puengattawuthavorn (2002) analyzed about the service quality perception and customer loyalty in full service restaurants and fast food service. The purpose of this research is to study the relationship of multidimensional model, which consists of nine sub dimensions and three primary dimensions with service quality perceptions for full service restaurants and fast food service in Bangkok area. A total number of 384 respondents were selected from young people who age between 18 to 24 years old and respondents had experienced within previous 12 months with the full service restaurant or fast food service in Bangkok as a sample. Self-completed questionnaire is used and respondents are requested to answer based on their past experience with the service providers. Correlation Analysis was used to test the hypotheses. The Fisher z' transformation was used when compared the difference in magnitude among three correlations.

The results showed that both primary dimensions and each of primary sub dimensions have positive relationship with overall perceptions of service quality. All identified variables has directly related with customer evaluation of organization's performance. The customers focused to actual service more when they evaluated the service quality. Research model and the results can help managers to identify areas of core competency as well as service insufficiencies and can be used to compare levels of service with the offering of opponents. In addition, the findings can improve the service delivery and enhance an impression of customer's service experience as well as can achieve customer loyalty of the fast food service.

Jang and Mattila (2005) examined about an examination of the restaurant loyalty programs and the impact of customer loyalty in restaurant industry. The objective of this study aimed to examine the customer preferences towards loyalty programs in the restaurant industry to gain more customer loyalty. The respondents were the people who are participants in a popular arts festival in Pennsylvania, USA and restaurant patrons in Las Vegas in USA. A survey questionnaire consists 19 items and chose 145 questionnaire out of 148 and the researchers produced two versions of the survey (A and B) were created. The questions for the first survey A reflected the casual dining restaurants situation and the second survey B reflected the fast food restaurants context. Burger King, Subway, McDonald's and Wendy's were used as the examples of fast food restaurants while Outback Steak House and Red Lobster used as examples of dining restaurants. The results of this study showed that customers prefer immediate rewards than the postponed rewards. The final results indicated that customers want to seek quality, convenience, and entertainment benefits as well as for the restaurant, management should focus more on advertising exciting when launching their customer loyalty reward programs.

Wang et al. (2011) studied about the relationships among customer loyalty programs, service quality, relationship quality and loyalty. The purpose of this study is to test the impact of customer loyalty programs on relationship quality, relationship commitment and loyalty. The researchers used a structural equation model and the 480 useable survey questionnaires were collected from the department store customers in Taiwan. The results of this study indicated that customer loyalty programs (i.e., minimum purchase gift card, membership card rebate, lottery draw) supported positive impact on relationship quality. Service quality has a positive impact on relationship quality and customer loyalty, and customers with a positive

relationship quality impact their relationship commitment. Also, the higher the relationship commitment, the higher the customer loyalty and a customer loyalty programs partially supports a positive impact on customer loyalty. Their findings also supports for the long term relationship to grow consumers and business.

Etemad-Sajadi and Rizzuto (2013) analyzed about the antecedents of consumer satisfaction and loyalty in fast food industry in a cross-national comparison between Chinese and Swiss consumers. The objective of this study aimed to examine the degree of satisfaction and loyalty of Chinese and Swiss fast-food consumers. The purpose is to compare Chinese or Swiss customers' perception of meal quality, service quality, price, image and their influence on their satisfaction and loyalty. The researchers conducted with two samples via online surveys. The first sample was conducted for customers in China and the second for customers in Switzerland. The researchers selected McDonald's to represent the fast-food chain as it is a global and well-known fast-food chain. The respondents were the Swiss students from Ecole hôtelière de Lausanne and University of St Gallen, and the Chinese students from the Beijing Hospitality Institute. The questionnaire was sent to 683 Swiss students and to 572 students in China. A total of 118 possible questionnaires (66 from Swiss and 52 from Chinese) were collected. The researchers adopted the SERVQUAL model in order to apply it to the fast food industry and to measure the service quality. The researchers used ANOVA to test the analysis and also used partial least squares (PLS), which is a variance based structural equation modeling method. The results of this study indicated that customer satisfaction is important for new customers than image for loyalty and for experienced customers, the impact of image is more important than the customer satisfaction for loyalty in fast food service sector.

In addition, Clark and Wood (1998) investigated about customer loyalty in the restaurant industry. The main objective of this study is to explore the factors relevant to engendering consumer loyalty in restaurant and to examine the consumer behavior in the context of hospitality services especially in restaurant. The respondents were the people with relatively homogeneous characteristics who dine out some frequency. The respondents were the academic staff at the two universities in which the researchers are employed. The 31 usable questionnaires were selected out of 63. The results showed that 42 percent mentioned the friendliness of staff; 21 percent mentioned that they were always recognized by staff on arrival with various consequences (i.e., access to a table at busy times, the occasional

complimentary bottle of water, attentive service etc); 16 percent mentioned about some flexibility of food choice was permitted (i.e., chiefs would cook the favorite dishes not on the menu and children needs would be accommodated). The findings of this study suggested that the quality and range or type of food are significant factors and also the key determinants of restaurant choice or customer loyalty in this study. The friendliness of staff was only a function of customer loyalty and tangible factors are more significant to achieve customer loyalty. The quality of food offered a range of interpretations and but it required to investigate further.



CHAPTER 3

RESEARCH FRAMEWORK

This chapter presents the framework that is used to identify the relationship between perceived service quality, image, perceived value and customer satisfaction towards customer loyalty. The first part includes four theoretical frameworks and summarizes of each study. Secondly, in this part the researcher develops a proper conceptual framework for this study. In the third part, the hypotheses are listed in order to specific the research objectives and questions. Thus, to test the hypotheses, specifically, perceived service quality (tangibles, reliability, responsiveness, assurance, empathy, image, perceived value and customer satisfaction are taken as independent variables whereas the customer loyalty as the dependent variable.

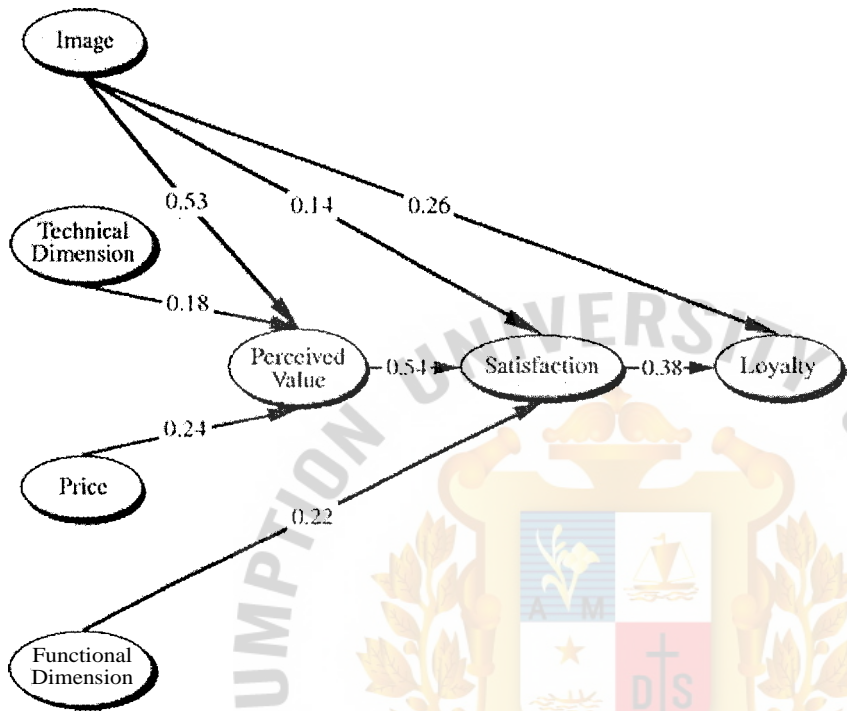
3.1 Theoretical Framework

In order to understand the structure of this study, the researcher analyzed the previous studies and literatures to develop the conceptual framework. The first model was developed by Chitty, Ward and Chua (2007), the study of an application of the ECSI model as a predictor of satisfaction and loyalty for backpacker hostels (See Figure 3.1). The second model was analyzed by Zhang, Xie, Huang and He (2012) the study of service quality evaluation of car rental industry in China (See Figure 3.2). The third model was analyzed by Bloemer and Ruyter (1997), they focused on the relationship between store image, store satisfaction and store loyalty (See Figure 3.3). The fourth model was defined by Chang and Wang (2010), the moderating effect of customer perceived value on online shopping behavior (See Figure 3.4). Thus, the researchers have considered the factors affecting the customer loyalty according to the previous study.

As a result, the perceived service quality, image and perceived value are considered as the factors affecting the customer satisfaction and customer loyalty. To measure the perceived service quality, Parasuraman (1998) developed the measurement of the SERVQUAL model based on their gap theory. The gap theory method proved that there are five dimensions considered as the perceived service quality. These five dimensions include tangibles, reliability, responsiveness, assurance and empathy that are relevant to customer satisfaction and customer loyalty. Also, the image and perceived value are factors affecting

the customer satisfaction and customer loyalty according to Chitty, Ward and Chua (2007). Then, the research framework has precise explanation about the sources of information, and all of these variables have an effect on customer satisfaction and customer loyalty.

Figure 3.1: A research model of Image, Perceived Value, Satisfaction and Loyalty

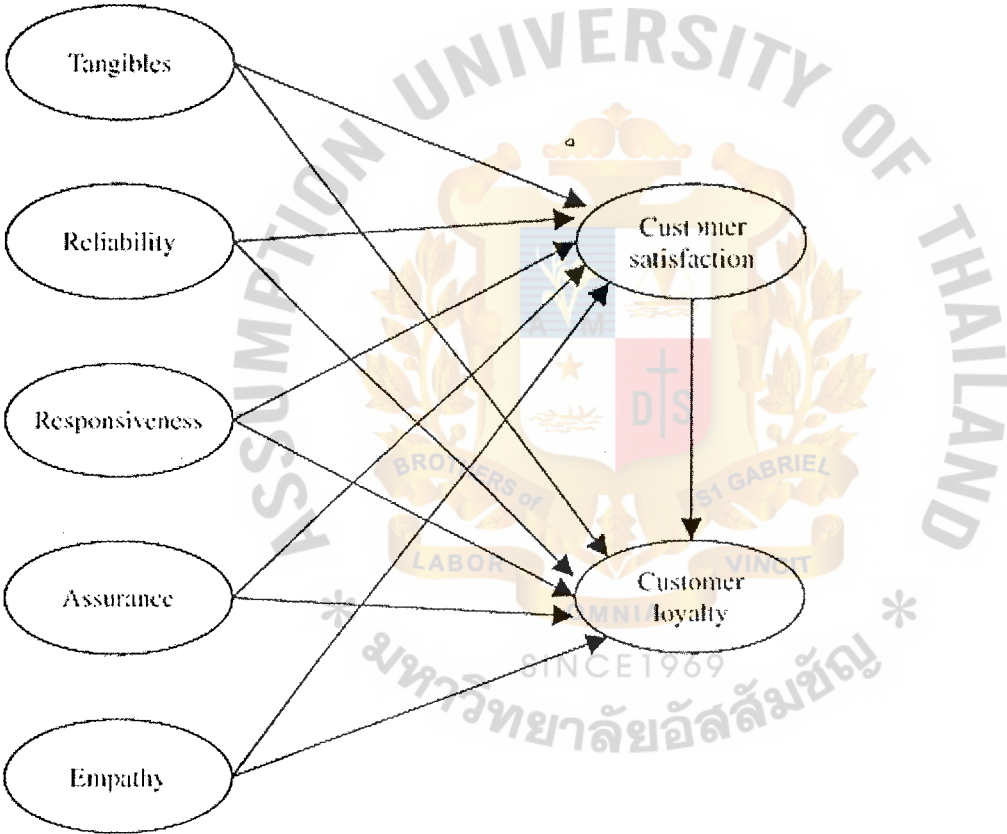


Source: Chitty, B., Ward, S., and Chua, C. (2007). An application of the ECSI model as a predictor of satisfaction and loyalty for backpacker hostels. *Marketing Intelligence & Planning*, 25(6), 563-580.

Chitty et al. (2007) studied an application of the ECSI model as a predictor of satisfaction and loyalty for backpacker hostels. The objective of this study is to determine the factors affecting the customer satisfaction with a service and the loyalty to a given service provider of "backpacking" in Australia. The term "backpacking" is a significant element of the country's hospitality and tourism economy. The population of this study was developed from the three youth hostels in Australia. In this study, the hypotheses were from the services marketing literature and built into a 52 items questionnaire to 281 backpackers staying at the three youth hostels in Australia. The questionnaire contained 52 questions addressing all the variables such as image, technical dimensions, functional dimensions, price, perceived value, satisfaction and loyalty. The European Customer Satisfaction Index (ECSI) was used to measure to test the strength of customer satisfaction and the impact of satisfaction on the

loyalty. Conclusively, the results found that the brand image is a predictor of satisfaction, and the perceived value indicated the degree of loyalty towards the brand. Also, the results finally suggest that the backpacker hostels should design the marketing strategies that convey a brand identity congruent with the brand image held by their target market, which will be in part at least derived from their beliefs about the benefits and value that the brand can offer. The image of the brand is a maximum influence on customer satisfaction via perceived value and builds long-term loyalty to the brand.

Figure 3.2: A Research Model of Perceived Service Quality, Customer Satisfaction and Customer Loyalty



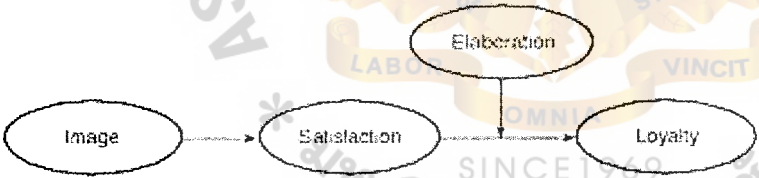
Source: Zhang, M., Xie, Y., Huang,L., and He, Z. (2012). Service Quality evaluation of car rental industry in China.*International Journal of Quality & Reliability Management*, 31(1),82-102.

Zhang et al. (2012) analyzed about the service quality evaluation of car rental industry in China. The purpose of this study is to promote the development of automotive industry in china. China has become the world first in car production and consumption. However, the

market is disorganized due to the environment pollution, traffic congestion, parking restriction in big cities. Thus, the researcher aims to use SERVQUAL model to examine which dimension has an affect on service quality. Therefore, the researcher collected 117 questionnaires out of 181 questionnaires to those people who have car rental experiences by half to acquaintances by email and the other to customers of car-rental industry in Beijing and Tianjin. In this research, the researcher chose two cities, Beijing and Tianjin because Beijing is the capital city of China and has many car-rental companies according to the developed and densely populated city. And also, Tianjin is an emerging city in the development of service industry.

Therefore, the analysis of data showed that tangibles, reliability, responsiveness, and empathy have a strong impact on customer satisfaction. And responsiveness has a direct impact on customer loyalty while assurance impacts neither customer satisfaction nor customer loyalty. Also, the customer satisfaction has a strong impact on customer loyalty. The researcher also suggested that they should emphasis on empathy to customers such as understanding the customer demands, solving the customer problems, provide personalized services. Thus, their customer satisfaction and loyalty can be improved.

Figure 3.3: A Research Model of Image, Satisfaction And Loyalty

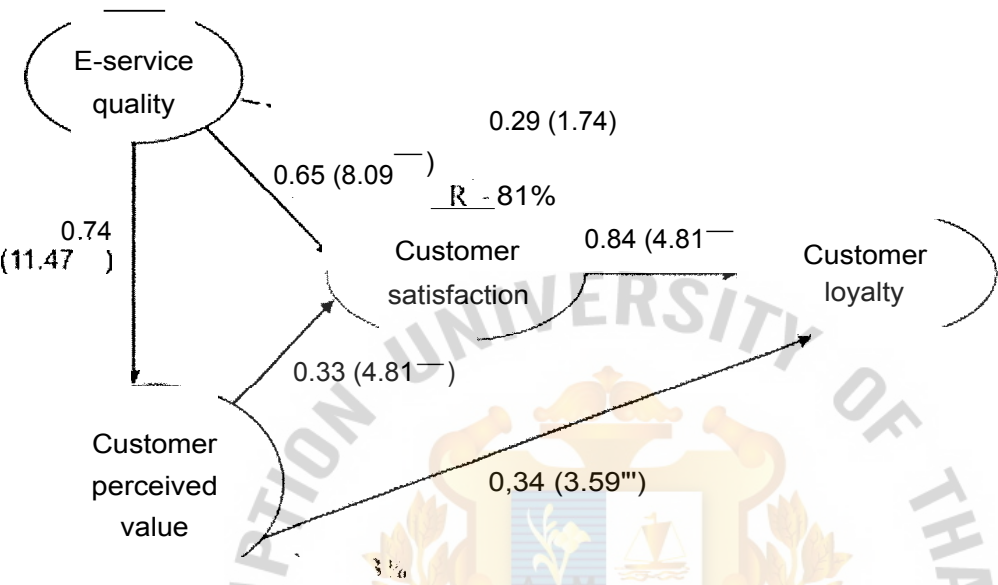


Source: Bloemer, J., and Ruyter, K. (1997). On the relationship between store image, store satisfaction and store loyalty. *European Journal of Marketing*, 32(5-6), 499-513

From Figure 3.3, Bloemer and Ruyter (1997) showed the relationship between store image, store satisfaction and store loyalty. In this research, the researchers proposed a model that describes the relationship between store satisfaction and store loyalty which taking into account the effect of store image. The population of this study was the regular customers who came to the department store in Switzerland. The researchers collected 300 questionnaires to shopping customers every day and customers have to fill the questionnaires at home. 153 questionnaires were returned and 124 questionnaires could be used for analyses. Eventually, the researchers found that store image has a direct positive effect on store loyalty and also

indirect positive effect on store loyalty. Also, the store loyalty is built through store satisfaction and that satisfaction is built among other things such as emotions, values and attributions by store image.

Figure 3.4: A Research model of Perceived Value, Customer Satisfaction and Customer Loyalty



Note: *** 0.001

Source: Chang, H. H., and Wang, W. H.(2010).The moderating effect of customer perceived value on online shopping behavior. *Online Information Review*, 35(3), 333-359.

From Figure 3.4, Chang and Wang (2010) analyzed the relationship between perceived value, customer satisfaction and customer loyalty. The purpose is to test the impact of e-service quality, customer perceived value, and customer satisfaction on customer loyalty in an online shopping environment. The researchers focused on two studies. First, the researchers used self-regulating process and second, they tested the moderating effects of customer perceived value between satisfaction and loyalty. Both structural equation modeling techniques and linear hierarchical regression models were used to test the causal model. In this study, researchers adopted the Bagozzi’s (1992) self-regulatory process to examine the online shopping behavior. The researchers collected the Internet questionnaire hosted by Chungwa Telecom to get a convenient sample in Taiwan via web-based survey in this study. They set a rule for selecting the sample size based on the customers who has actual purchase experience with a specific shopping during a year and the interviewees have experienced in

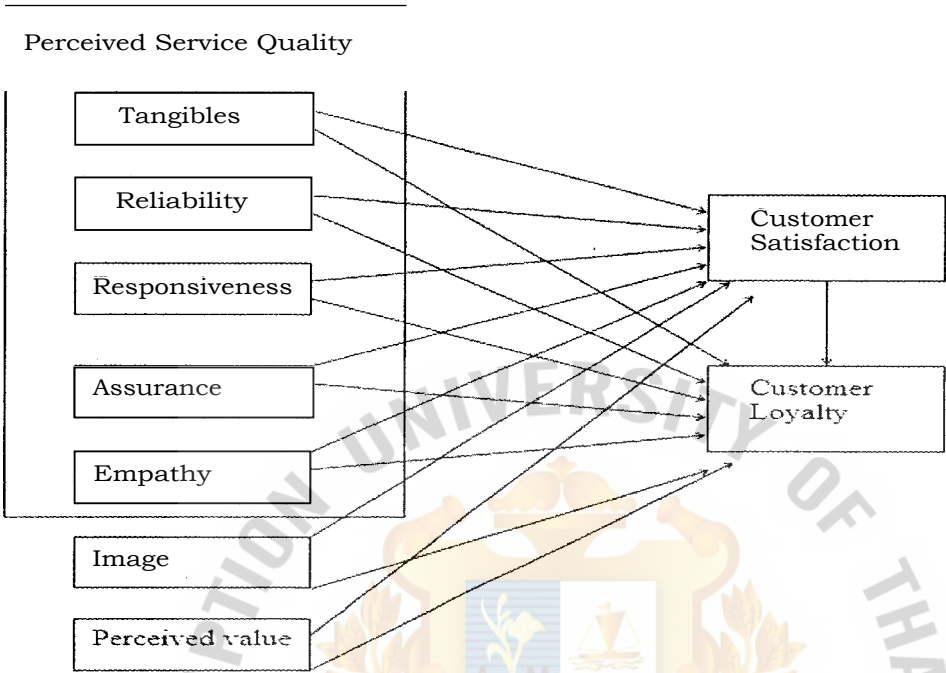
using an online questionnaire via internet. Researchers collected 350 respondents, 20 questionnaires were incomplete and selected 330 complete valid questionnaires for analysis in this study. The results showed that the development of customer satisfaction with a shopping website is related to high e-service quality and perceived value from the website. Therefore, the researchers found that the customer satisfaction is the most significant factor affecting customer loyalty. As a final result, the researchers found that customers with high perceived value have a stronger relationship between customer satisfaction and customer loyalty than customers with low perceived value. Also, the researchers suggested that the websites managers should pay more attention to improve the e-quality.

3.2 Conceptual Framework

The conceptual framework is a modified model which is adapted from the four research models. Customer loyalty is essential to the success of any business and it is also the potential factor to grow business. According to the perceived service quality, tangibles, reliability, responsiveness, assurance and empathy directly affected both customer satisfaction and customer loyalty. Image and perceived value also have a powerful effect on customer satisfaction and customer loyalty. Also, customer satisfaction is one of the factors which can impact the customer loyalty efficiently.

The researcher applied four variables (image, perceived value, satisfaction and loyalty) from the first theoretical framework. From the second theoretical framework, the researcher applied three variables. They are perceived service quality (including the attributes tangibles, reliability, responsiveness, assurance and empathy), customer satisfaction and customer loyalty. From the third theoretical framework, the researcher utilized three variables which are image, satisfaction and loyalty. In addition, the researcher applied three variables (customer perceived value, customer satisfaction and customer loyalty) from the last theoretical framework. Therefore, the modified conceptual framework consists of the perceived service quality, image, perceived value and customer satisfaction, which are considered as the independent variables and the customer loyalty, which is considered as the dependent variable in this research. In order to achieve the purpose and objective of this study, the modified conceptual framework is shown in Figure 3.5. The framework is aimed to test the factors affecting the customer satisfaction and customer loyalty of the Lotteria Fast Food Restaurants (Yangon).

Figure 3.5: Modified Conceptual Framework of Service Quality, Customer Satisfaction and Customer Loyalty



According to the conceptual framework, there are eight independent variables indicated as the factors that directly affect the customer loyalty efficiently.

3.3 Research Hypotheses

A hypothesis is a proposition that is empirically testable and concerned about the relationship among variables Zikmund (2004). A complete hypothesis can give a clear implication for the testing of stated relationships. According to clear-cut the conceptual framework, there are fifteen hypotheses developed from the research objectives of this study that determine the relationship between perceived service quality and customer satisfaction towards customer loyalty.

H1 : There is no relationship between perceived service quality in terms of tangibles and customer satisfaction.

H1_a : There is a relationship between perceived service quality in terms of tangibles and customer satisfaction.

H2₀ : There is no relationship between perceived service quality in terms of tangibles and customer loyalty.

H2₁ : There is a relationship between perceived service quality in terms of tangibles and customer loyalty.

H3₀ : There is no relationship between perceived service quality in terms of reliability and customer satisfaction.

H3₁ : There is a relationship between perceived service quality in terms of reliability and customer satisfaction.

H4₀ : There is no relationship between perceived service quality in terms of reliability and customer loyalty.

H4₁ : There is a relationship between perceived service quality in terms of reliability and customer loyalty.

H5₀ : There is no relationship between perceived service quality in terms of responsiveness and customer satisfaction.

H5₁ : There is a relationship between perceived service quality in terms of responsiveness and customer satisfaction.

H6₀ : There is no relationship between perceived service quality in terms of responsiveness and customer loyalty.

H6₁ : There is a relationship between perceived service quality in terms of responsiveness and customer loyalty.

H7₀ : There is no relationship between perceived service quality in terms of assurance and customer satisfaction.

H7₁ : There is a relationship between perceived service quality in terms of assurance and customer satisfaction.

H8₀ : There is no relationship between perceived service quality in terms of assurance and customer loyalty.

H8_a : There is a relationship between perceived service quality in terms of assurance and customer loyalty

H9₀ : There is no relationship between perceived service quality in terms of empathy and customer satisfaction.

H9_a : There is a relationship between perceived service quality in terms of empathy and customer satisfaction.

H10₀ : There is no relationship between perceived service quality in terms of empathy and customer loyalty.

H10_a : There is a relationship between perceived service quality in terms of empathy and customer loyalty.

H11₀ : There is no relationship between image and customer satisfaction.

H11_a : There is a relationship between image and customer satisfaction.

H12₀ : There is no relationship between image and customer loyalty.

H12_a : There is a relationship between image and customer loyalty.

H13₀ : There is no relationship between perceived value and customer satisfaction.

H13_a : There is a relationship between perceived value and customer satisfaction.

H14₀ : There is no relationship between perceived value and customer loyalty.

H14_a : There is a relationship between perceived value and customer loyalty.

H15₀ : There is no relationship between customer satisfaction and customer loyalty.

H15_a : There is a relationship between customer satisfaction and customer loyalty.

3.4 Operationalization of the Independent and Dependent Variables

The researcher must classify the definitions and concepts of each variable, which is related with the problem before we measure. According to Zikmund (2000), hypothesis is the uncertain clarification for a statement, reflection, experience, or scientific problem that can be

verified for further researches or surveys. A hypothesis is the knowledge about a class of objects, attributes, occurrences, or processes. In this section, the researcher will discuss about the measurement of the operationalization of independent and dependent variables. In this research the main dependent variable is customer loyalty and the researcher uses Interval scale. Also, there are other sub-dependent variables in different group setting. To get the necessary information or definition about each variable and to form a perfect questionnaire, the researcher planned the operational of the variables are summarized as follows. (See Table 3.1)

Table 3.1: Operationalization of the Independent and Dependent Variables

Variable	Operational Definition	Operational Components	Level of Measurement
Perceived Service Quality:	Zeithaml (1990) defined that perceived service quality is the consumers' judgment about an entity's overall excellence or superiority. Perceived service quality includes tangibles, reliability, responsiveness, assurance and empathy.		
Tangibles	Zeithaml (1988) and Parasuraman and Berry (1990) acknowledged that the tangible is the appearance of physical ability, equipment and communication	<ul style="list-style-type: none"> ❖ Lotteria's environment is clean and chic. ❖ Lotteria's employees dress their uniform neat and tidy. • The interior decoration design of Lotteria is modern and stylish. 	Interval

	materials.	❖ Lotteria provides up-to-date food menus.	
Reliability	Zeithaml (1988) and Parasuraman and Berry (1990) defined reliability is the ability to perform the service accurately and reliability. Customer expects the promised service to be consistent which means the service provided is completed on time and without any delayed.	<ul style="list-style-type: none"> ❖ Lotteria provides the reasonable price for customers. ❖ Employees deliver the customer orders fast and accurate. ❖ Lotteria provides modern facilities for customers. ❖ Lotteria has safe and secure book keeping system. 	Interval
Responsiveness	Parasuraman, Zeithaml and Berry (1991) defined that responsiveness is willingness to help customers and provide a prompt service.	<ul style="list-style-type: none"> ❖ Employees are always willing to help ~ the customer demands. ❖ Employees act politely to the customers whenever they are busy. ❖ Employees give the prompt service to the customers. ❖ Employees willing to explain about the food menus to the new customers. 	Interval

Assurance	<p>Fitzsimmons(1994) acknowledged that the assurance is the knowledge and civility of employees and their abilities to convey trust and confident. The assurance dimension includes the following features competency to perform to service, politeness and respect for the customers.</p>	<ul style="list-style-type: none"> ❖ I think Lotteria employees are polite. ❖ I trust Lotteria employee's service is accurate for customers. ❖ Customers are satisfied in their order transactions with the employees. ❖ Employees get adequate supports from the Lotteria to do their service well. 	Interval
Empathy	<p>Fitzsimmons and Mona (1994) found that empathy is the provision of caring, and pay attention to customers individually. Also, empathy includes the features, which are approachability, sense of security and the ability to understand what the customer needs.</p>	<ul style="list-style-type: none"> ❖ Lotteria gives customers individual attention. ❖ Employees treat every customer equally. ❖ Lotteria employees care about customers' belonging to be safety. ❖ The opening hours of Lotteria restaurant are convenient to all customers. 	Interval
Image	<p>Baker, Grewal and Parasuraman (1994) indicated that image is an individual's</p>	<ul style="list-style-type: none"> ❖ The reputation of Lotteria itself is good. ❖ Lotteria makes a good impression on 	Interval

	<p>cognition and emotions that are inferred from perceptions or memory inputs that are attached to a particular store and which represent what that store signifies to an individual.</p>	<p>customers.</p> <ul style="list-style-type: none"> ❖ Lotteria has a good reputation among the others fast food restaurants. ❖ Lotteria suits customer needs. 	
<p>Perceived value</p>	<p>McDougall and Levesque (2000) defined that perceived value is an overall evaluation of a service's utility, based on customers' perception of what is received at what cost. Value includes not only quality but also price.</p>	<ul style="list-style-type: none"> ❖ I think Lotteria offers reasonable price. ❖ Lotteria offers good value for money. ❖ I enjoy food from Lotteria and it is worth to pay. ❖ I think the delivery service fee of Lotteria is reasonable. 	Interval
<p>Customer Satisfaction</p>	<p>Evans and Berma (1997) defined that customer satisfaction means a crucial element in successful marketing. It is the degree to which there is a match between a customer's expectations of a good</p>	<ul style="list-style-type: none"> ❖ I am satisfied with the Lotteria's service. ❖ I think Lotteria was a right choice. ❖ I am happy with the delivery service of the Lotteria. ❖ The offerings from Lotteria always meet my expectations. 	Interval

	or service and the actual performance of that good or service including customer service.		
Customer Loyalty	<p>Oliver (1997) acknowledged that the customer loyalty is a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, thereby causing repetitive same-brand purchasing despite situational influences and marketing efforts having the potential to cause switching behavior.</p>	<ul style="list-style-type: none"> ❖ I would like to recommend Lotteria to others. ❖ I feel positive about Lotteria restaurant. ❖ I am willing to try food from Lotteria again. ❖ Lotteria would be my first choice fast food restaurant. 	Interval

CHAPTER 4

RESEARCH METHODOLOGY

This chapter provides an overview of research methodology that is used in this study. In order to realize the research objectives, appropriate research design is the most important thing for collecting the data. This chapter consists of seven main sections. The first section describes the research methods that are suitable for this study. The second section presents respondents and sampling procedures, including the detail explanation about target population, sampling unit, sample size and sampling procedures, which are using in this study. The third section shows the research instruments and questionnaire that is used in this research. The fourth section is pretest, and the fifth section presents the collection of data including the plan of action in order to find out how to collect the data. The sixth section is the statistical treatment of data and the last section is the summary of statistical tools used in testing hypotheses.

4.1 METHODS OF RESEARCH USED

This study uses a descriptive research method to describe or to interpret the characteristics of a population or a phenomenon in each situation according to Sekaran(1992). Descriptive research is premeditated to illustrate the characteristics of the population or the phenomenon. Churchill (1991) stated that descriptive research was used to test and verify whether the selected independent variables are the factors that affect the perceived quality and brand loyalty. Descriptive research is typically used to determine the frequency with, which something occurs or the relationship between two variables. Therefore, the researcher used the descriptive research is applied to describe the characteristics of the Myanmar people in a quantitative aspect in order to define who, what, when, where, and how questions in this research.

Kotler (2000) stated that marketing researchers have a choice between two main research instruments such as questionnaires and mechanical devices to collect the primary data. The researcher applied the survey method to distribute the composition of questionnaires to collect the information from the respondents in this study. Mc Daniel and Gates (1999) also described that survey is the research technique in which researchers used a questionnaire to obtain facts, opinions and attitudes of the respondents. Aaker et al. (1997)

defined that survey is a research technique normally used to collect primary data by communicating with a representative sample of the target population. Zikmund (2003) mentioned that survey technique provides fast, efficient, inexpensive and accurate means of assessing information about a population. In this study, the researcher applied inferential analysis to analyze the relationship between variables. This study was supposed to be an interaction analysis, whereby the researcher adopted self-administered questionnaire which is determined to be the best method in order to collect the research data obtained from the respondents in Yangon, Myanmar for the advantages such as low cost, less time, efficiency, and assurance. The self-administered questionnaire is a questionnaire that a respondent completes on his/her own, either on paper or via computer. Self-administered questionnaires offer researchers the potential to achieve a large number of potential respondents in a variety of locations (O'Brien, 2003). In this research, the survey data is gathered from a sample of Myanmar people who had experience of trying foods from Lotteria restaurants via questionnaires. Brislin (1970) proved that the special questionnaire was generated using the standard translation and back-translation procedures to ensure linguistic equivalence. Thus, the questionnaires were translated from English to Burmese language in order to be answered more convenient for the respondents in this study.

4.2 RESPONDENTS AND SAMPLING PROCEDURES

In this research, the respondents are Myanmar people who have experienced in trying food from Lotteria fast food restaurants in Myanmar. The data are collected purposive sampling and the procedure is as follow;

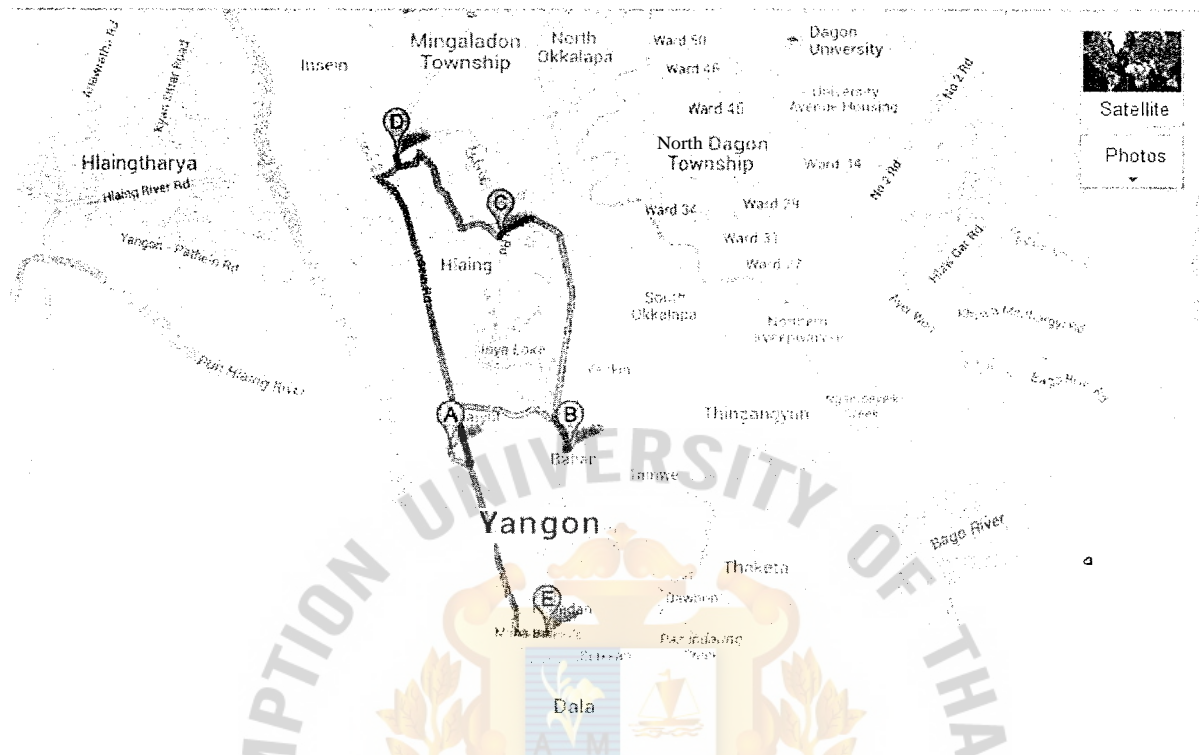
4.2.1 Target Population

Blackwell (1999) stated that target population is any group of people who share a common set of behaviors, which concern to the researcher. Malhotra (2003) illustrated that the target population involved with the group of elements which possessed the data of the research scheme. The objective of this research study aims at evaluating of the perceived service quality and factors affecting the customer loyalty of Lotteria restaurants in Yangon. According to Lei Su (2013) identified that to complete a group of specific population related to the research which is related to the loyalty or behavioral intention, the target population of the respondents should be at least 2 or 3 times experience of using or trying the products or service. Therefore, the researcher decided to choose the target population of this study based

on the Lotteria's current customers and customers who had experience at least 3 times of trying foods from Lotteria before. Customers include both male and female Myanmar customers in Yangon. They are sharing about their experience of foods, convenience, service quality and satisfaction of Lotteria restaurants, Yangon.

The European Union and the United States of America (USA) decided to remove sanctions upon the Union Of Myanmar in 2013, the foreign interests and investments are increasing in Myanmar. Thus, Myanmar has emerged as a new promising market following the military government's democratic reforms initiated in 2012. In order to achieve new market target to Myanmar, Lotteria started opening the first restaurant in Yangon, Myanmar on April 27, 2013. It is also the first Korean service food company franchised in Myanmar. The first branch of Lotteria (Myanmar) has an area of 268 square meters in Junction Square, which is known as the largest shopping mall in Myanmar. There are a few shopping centers in Myanmar compared with other countries. There are 25 shopping centers around Yangon area. But Lotteria has opened their restaurants at the busiest places in the downtown area of Yangon in order to gain more customers coming. The researcher collected these data from www.koreantimes.co.kr. Since it is the very first foreign investment fast food restaurant for local Myanmar people, Lotteria has anchored their reputation firmly among in Yangon. Now, Lotteria have been opened for five branches and aiming to reach 30 more branches until this 2016. The branches are at the Junction Square, the Pearl Condo Shopping Center, Junction 8 Shopping Center, Ocean (Shwe Gone Daing) Shopping Mall and the China Town in Yangon. The researcher collected these data from www.lotteria.com.

Figure 4.1: The locations of Lotteria fast food restaurants located in 5 major shopping centers in Yangon, Myanmar



Source: <https://www.google.com/maps/place/Yangon> accessed on February 16th 2015

Figure 4.1 is the location of selected five shopping centers in Yangon where the Lotteria restaurants located and the researcher will collect the primary data from these five Lotteria restaurants. In this figure,

A = Location of Junction Square Shopping Center

B = Location of Pearl Condo Shopping Mall

C = Location of Junction 8 Shopping Center

D = Location of Ocean (Shwe Gone Daing) Shopping Center

E = Location of China Town Point Center

4.2.2 Sampling Unit

Kotler (2000) stated that sampling unit is whom the researcher would like to survey. The sampling unit in this research is the Myanmar people in Yangon area who had at least 3 times experience of trying foods from Lotteria. The population of customers is unknown number of population, therefore the researcher decided to determine the sample size by applying the population proportion. Hair *et al.* (2000) stated that the whole category of subjects in studying on the research project is indicated as the population and a sample is selected from the population. The questionnaires are distributed to the individual respondent from all five Lotteria branches of Yangon, Myanmar.

4.2.3 Sample size

Kotler (2000) stated that sample size is the number of people who should be surveyed. Also, Malhotra (2004) defined that sample size refers to the number of elements to be included in the study. In this research, the researcher cannot evaluate the exact population who choose to have meal at all the Lotteria restaurants. Although the population of customer in this research is unknown, the sample size is determined by estimating a population proportion, that is, what percentage of respondents would be agreed. But there are various research studies about the service quality and customer loyalty in different industries. Thus, the researcher has selected 3 previous researchers to study how they estimated the sample size. Firstly, the researcher studied about the study of service quality perception in full service restaurants and fast food service by Puengattawuthavorn (2002) with the survey sample consisted a total of 400 individual respondents. Secondly, the researcher studied about a study of quality service and customer satisfaction in Crowne Plaza Bangkok Hotel, Thailand by Nantavatanasirikul (2003) with the survey sample consisted a total of 340 individual respondents. And the researcher studied about the perceived service quality in higher education: expectations versus experiences of doctoral students at state-supported universities in Tennessee by Lampley and James (2002) research with the survey sample consisted a total of 300 individual respondents.

From those research studies that mentioned above, the researcher has considered that the sample sizes are approximately 300 samples. Bartlett et al. (2001) mentioned that using a large sample size would avoid error. Also, Blank (1984) analyzed that the bigger simple size is the better and it can represent the population which is suitable for generating the valid

results. Thus, the researcher decided to collect 420 respondents in this study as the sample size to guarantee an accurate result to be achieved.

4.2.4 Sampling Procedure

According to Saunders et al. (2000) stated that non-probability sampling technique is the probability of each case being selected from the total population is unknown. Malhotra (1996) stated that non-probability sampling is the probability of specific member of the population which is unknown information for the researchers. Non-probability sampling has four sampling techniques, which are convenience sampling, quota sampling, judgment sampling and snowball sampling. Non-probability sampling provides a range of alternative techniques based on the researcher's subjective judgment. It is also provides the opportunity to select the sample purposively and to reach difficult to identify members of population. Therefore, the researcher will apply non-probability sampling in this research to find the sampling unit because the exact number of customers who had experience of trying food from Lotteria is unknown. In this study, the researcher will apply quota sampling technique assigned by distributing the number of questionnaires, and convenient sampling technique to reach the target who are willing to answer and the most available to complete the whole questionnaires. The researcher will collect the data to all five branches of Lotteria restaurants in Yangon, Myanmar.

Step 1: Quota Sampling

Kinnear (1987) stated that quota sampling is a method through which the researcher is able to control the sampling procedure to obtain a sample; it is similar to the population. Thus, the researcher will use quota sampling technique to divide the 420 questionnaires among the all five Lotteria fast food restaurants in Yangon. Sekeran (1992) mentioned that quota sampling is a non-probability sampling method and which is used in representing the subgroups of population. Quota sampling should be ensured that the various subgroups in a population are presented on pertinent sample characteristics and each category is included proportionately in the sample.

Table 4.1: Allocation of Questionnaires in five different branches

No	Name of Shopping Mall	No. of Respondents
1	Junction Square	84
2	Pearl Condo	84
3	Junction 8	84
4	Ocean (Shwe Gone Daing)	84
5	China Town	84
Total		420

In this study, the researcher distributed 420 questionnaires among all five branches of Lotteria, which means every restaurant got 84 questionnaires respectively as shown in Table 4.2.

Step 2: Convenient Sampling

Convenience sampling is the sampling method used to gather information from people who are most conveniently available and it also called accidental or haphazard sampling. Churchill (1979) mentioned that convenient sampling is a sample that relies on somewhere in the element selection process and therefore prohibits estimating the probability that any population element will be included in the sample. Again, Hair *et al.* and David (2000) stated that convenience samples are often used in exploratory and descriptive research where time and money are critical constraints. Davis and Cosnza (1993) mentioned that the advantage of convenient sampling is the researcher can able to achieve a large number of completed questionnaires quickly and economically.

Thus, the researcher distributed the total number of 420 questionnaires in all five branches of Lotteria fast food restaurants in Yangon. The researcher will distribute the questionnaires to the current customers of Loteria who are available to answer the questions.

4.3 Research Instrument/ Questionnaire

The researcher used questionnaire as the research instrument to collect the data about service quality at Lotteria and customer loyalty of Lotteria among Myanmar people. The questionnaire was designed based on the conceptual framework and aimed to test the relationship among different variables. In this research, questionnaires contain seven parts, and which include screen question, perceived service quality, image, perceived value, customer satisfaction, customer loyalty and demographic factors. The total number of question is 40 items. The researcher designed the questionnaire with two versions; English and Myanmar languages. The process of translation was checking by the expertise who experts in both English and Myanmar languages. The expertise, who checking the language translation for the researcher is the Myanmar professor from Assumption University; the expertise can speak both English and Myanmar languages. The detail of each part included in questionnaire is as follows;

Part 1: Screening questions

A screening question is designed to get the target population who is qualified for answering the whole questionnaire. The respondent will be asked by the question "Have you ever tried foods from Lotteria?" and if they answered "Yes", they can continue to answer the next questions. If they answered "No", they will be skipped to continue further section. Again the respondent will be asked "How many times did you eat here before?" and if they answered "more than 3 times", they can continue to answer the next questions. If they answered "less than 3 times", they will be skipped to continue to further section. Therefore, the customers who mart "Yes" and customers who had experience of trying foods from Lotteria more than 3 times before will be chosen as the target population for this research because the purpose of this research is to explore the factors affecting the customer satisfaction and customer loyalty of Lotteria and to test the perceived service quality about Lotteria restaurants in Myanmar. In this part, the researcher will apply simple category scale or simple attitude scale method and there are just two questions in this part. Aaker *et al.* (2000) defined that attitude is the mental statement used by individuals to structure the way of his or her perception towards their environment and conduct the way that he or she responds to it.

From part two to six, the researcher will apply 5-points Likert scale method for each questionnaire. Hair et al.(2000) stated that Likert scale is a special rating scale format that asks respondents to indicate the extent to which they agree or disagree with a series of mental belief or behavioral belief statements about a given object and it is also a cognitive-based scale measurement. The design of 5 points Likert scale allows the respondents to mention how much they strongly disagree or agree with the statements. In this research, respondents have to evaluate to what degree they agree or disagree with the statements. The 5 points Likert scales are applied in this study to gather the questionnaire about service quality towards customer loyalty of Lotteria restaurant as follows;

1 = strongly disagree

2 = disagree

3 = neither agree nor disagree

4 = agree, and

5 = strongly agree

Part 2: Perceived service quality

This part includes 20 questions to measure the perceived service quality in terms of tangibles, reliability, responsiveness, assurance and empathy about Lotteria. The researcher applied 5-points Likert scale for this measurement. The respondents answered these items using 5-points Likert scale type scale: 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, and 5 = strongly agree.

Part 3: Image

This part includes 4 questions to measure the image of Lotteria and the researcher applied 5-points Likert scale for this measurement. The respondents answered these items using 5-points Likert scale type scale: 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, and 5 = strongly agree.

Part 4: Perceived Value

This part includes 3 questions to measure the perceived value of Lotteria and the researcher applied 5-point Likert scale for this measurement. The respondents answered these items using 5-points Likert scale type scale: 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, and 5 = strongly agree.

Part 5: Customer satisfaction

This part includes 3 questions to measure the customer satisfaction of Lotteria and the researcher applied 5-point Likert scale for this measurement. The respondents answered these items using 5-points Likert scale type scale: 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, and 5 = strongly agree.

Part 6: Customer Loyalty

This part includes 4 questions to measure the customer loyalty of Lotteria and the researcher applied 5-point Likert scale for this measurement. The respondents answered these items using 5-points Likert scale type scale: 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, and 5 = strongly agree.

Part 7: Demographic Factors

This part includes demographical factors about the respondents' background in terms of age level, educational levels, income level per month and gender. In this part, close-ended questions are included to gather information about the demographic profile and to analyze the behavior of respondents. Kotler (2001) investigated that demographic factors are related to population such as age, gender, income and working experience. The researcher designed to use the category scale as a tool to measure the demographic information of the respondents in this research. Malhotra and Birks (2003) defined that category scale is an attitude measurement which consists of various categories to provide the respondent with a number of alternative ratings.

Table 4.2: Summary of Number of Questions in each part

Part	Type of Question	No. of Questions	Scale Used
1.	Screening Question	2	Simple Category Scale
2.	Perceived Service Quality	20	5-points Likert Scale
3.	Image	4	5-points Likert Scale
4.	Perceived value	3	5-points Likert Scale
5.	Customer satisfaction	3	5-points Likert Scale
6.	Customer loyalty	4	5-points Likert Scale
7.	Demographic Factors	4	Category Scale
	Total Questions		40

4.4 Pretests

Cooper and Schindler (2001) stated that the pretest is the practice for discovering errors in questions, question sequencing, instructions etc. Malhotra (2004) also stated that pretesting was conducted to identify and eliminate potential problems on the questionnaire. Sekaran (2000) stated that all questions of each variable were needed to test the reliability which may use Cronbach's coefficient Alpha scale. Thus, the researcher tested the reliability with Cronbach's Alpha and the Statistic Package Social Science or SPSS. According to Churchill (1999), reliability is used to measure the consistency of the instrument; if an instrument gives consistent measurement of values, the instrument is reliable.

The researcher collected the data from 50 respondents as samples, in order to obtain the exact results to test the questionnaire. The researcher collected the primary data for pretest in the last week of June, 2015. Reliability of testing was tested by five variables, which are perceived service quality (i.e. tangibles, reliability, responsiveness, assurance, empathy), image, perceived value, customer satisfaction and customer loyalty. Sekeran (1992) defined that if the reliability value for each variable is more than 0.60, all questionnaires are reliable and consistent to use as the research instruments in this research. Again, Sekeran (1992) stated that if the Alpha value is greater than 0.6 means that the questionnaire is reliable but if not the questionnaire is unreliable. The detailed reliability analysis (alpha value) for each variable in this study is as follows:

Table 4.3: The value of Reliability Analysis

Variables	Alpha (a-test)
Tangible	0.647
Reliability	0.683
Responsiveness	0.658
Assurance	0.628
Empathy	0.746
Image	0.768
Perceived Value	0.654
Customer satisfaction	0.648
Customer loyalty	0.863

The values of the reliability analysis which are tested with Cronbach's Coefficient Alpha outcomes are as shown in Table 4.4. The results showed that the Alpha values for all variables are more than 0.60. Thus, the researcher can describe that all questions are reliable and suitable to apply as the research instrument for this study.

4.5 COLLECTION OF DATA/ GATHER PROCEDURES

In this research, the researcher applied both primary data and secondary data to achieve the purpose of this study. Churchill (1999) defined that the primary data are data gathered and assembled specifically for the research project at hand. Thus, the primary data was collected from 420 customers who came to Lotteria restaurants or Lotteria's current customers. Customers are local Myanmar people who live in Yangon. Customers have to be at least 3 times experience of trying foods from Lotteria before. Although the distributed number of questionnaires is 420, the researcher will only choose the consistent 400 questionnaires. In this study, the researcher applied survey technique for collecting the data. The structure of questionnaire is based on 5-points Likert scale. The researcher divided the three teams to collect the questionnaires in order to save the time although the limitation of the data collection period is short. Each team has two people who are the friends of researcher and they helped the researcher to distribute the questionnaires faster and more conveniently. They distributed the questionnaires from 11 am to 3pm on weekdays at the five shopping centers where the Lotteria fast food restaurants are located. The questionnaires were

distributed to respondents by using face-to-face approach and the researcher and the teams will explain the respondents about the questions to make sure the understanding of the questionnaires. The researcher distributed the questionnaires within the period of January 26, 2015 until 23 May 2015 at the all Lotteria fast food restaurants in Yangon.

The researcher applied the secondary data from previous researchers such as academic textbooks, journals, articles, theses and internet which are related to this research. According to Mallhotra (2000) defined that secondary data is the data that have been already collected by and readily available from other sources. Such data are cheaper and more quickly obtainable than the primary data and also may be available when the primary cannot be obtained at all. These data provides the researcher with academic knowledge and more understanding towards customer loyalty and service quality performance of the industries.

4.6 STATISTICAL TREATMENT OF DATA

In this part, the researcher analyzed the data by using descriptive and inferential statistics. All these statistical treatments are conducted by using SPSS software. Vanishbancha (2007) stated that SPSS is unique software solution for specific applications with fully integrated survey analysis system. The statistical procedures that were utilized in this study are described as the following;

4.6.1 Descriptive Analysis

Aaker et al. (2000) defined that descriptive analysis is the procedure to collect, summarize, classify and present data. Zikmund (1999) also stated that descriptive analysis is the transformation of raw data into a form which will make them easily to understand and interpret.

Descriptive statistics is a statistical analysis used to describe the brief information from the data collected. Descriptive statistics express with frequency tables, percentages, bar charts, histogram, graphically or in tabular form and it also showed the summarization of collecting of data to be understandable. Descriptive statistics is also the procedures for classifying, analyzing, interpreting, and describing the data (Zikmund, 2003). The calculation of the averages, frequency distribution and percentage distribution will be applied to summarize the data in this study. All of the data will be analyzed by using SPSS (Statistical

Package for Social Science) program to make sure accuracy in this study. The researcher used descriptive statistics to find frequency and percentage of the personal data variables related to the respondents such as gender, age, occupational level, and monthly income of the respondents.

4.6.2 Inferential Analysis

Sekeran (1992) identified that inferential analysis shows how variables can relate to each other or whether there is any difference between two or more groups. Zikmund (2004) defined that inferential analysis is a statistical model which is designed to make inferences or judgment on the basis of a sample from the population. William (2002) stated that inferential statistics is utilized to make a generalization from a sample to a population and test some hypothesis. In this study, the researcher will test the hypotheses by using Pearson correlation analysis (two-tailed test), and statistical significance by using t-statistics. The detail of each analysis is as follows;

4.6.2.1 Pearson Correlation Analysis

Churchill (1991) stated that correlation analysis aimed to measures the closeness of the relationship between two or more variables and judges the joint variation of two measures and checks neither of which is restricted by the researcher. In this study, the researcher used the Pearson Correlation to identify the relationship between perceived service quality, image, perceived value, customer satisfaction and customer loyalty. The expression of the correlation coefficient (r) is called Pearson Product Moment Coefficient Correlation (Bivariate) and it is used to measure the relationship between two variables and the formula can be stated as follows;

$$r_{xy} = \frac{\sum (x_i - \bar{x})(y_i - \bar{y})}{nS_x S_y}$$

Where;

x_i = Each x value

y_i = Each y value

\bar{x} = Mean of the x values

\bar{y} = Mean of the y values

n = Number of paired values

s_x = Standard deviation of x values

s_y = Standard deviation of y values

According to Saunders et al. (2003), the correlation coefficient is ranged from +1.0 to -1.0. If the value of r is +1.0, there is a perfectly positive linear relationship (straight line), and variable changes in the same direction as other variables. If the value of r is -1.0, there is a perfectly negative linear relationship, and the variable changes in the opposite way as other variables.

In this study, (x) represents independent variables which are perceived service quality, image, perceived value, customer satisfaction, and (y) represents dependent variable which is customer loyalty.

The correlation analysis value, (r) value is between +1 to -1 and the following Table 4.5 shows the interpretation of correlation coefficient value between the two quantitative variables;

Table 4.4: Interpretation of various correlation coefficient values (r) values and the measurement of the strength of association

Correlation (r)	Interpretation
1	Perfect Positive Linear Association
0	No Linear Association
- 1	Perfect Negative Linear Association
0.90 to 0.99	Very High Positive Correlation
0.70 to 0.89	High Positive Correlation
0.4 to 0.69	Medium Positive Correlation
0 to 0.39	Low Positive Correlation
0 to - 0.39	Low Negative Correlation
- 0.40 to - 0.69	Medium Negative Correlation

- 0.70 to - 0.89	High Negative Correlation
- 0.90 to - 0.99	Very High Negative Correlation

Source: Hussey (1997), Business research: A practical guide for undergraduate and post graduate students, p.227, Macmillan, London.

Based on Table 4.5 interpretation of various correlation coefficient (r) values and the measurement of the strength of association, in this study the significance of correlation t-test statistic was used to test. The Pearson correlation coefficient is intended to measure the degree of linear association between two variables. For finding out whether the correlation is significantly different from zero, the statistical significance of the coefficient needs to be determined. To do this, the correlation coefficient is converted into a t-test statistic.

4.6.2.2 Statistical Significance (t-test)

Hair et al. (2000) stated that statistical significance (t-test) is testing of correlation coefficient value which is significantly different from zero or not. For this testing, the correlation coefficient value has to be converted into t-test statistic. The formula for this conversion is as follows;

$$t = \frac{r \sqrt{n - 2}}{\sqrt{1 - r^2}}$$

Where,

t = statistical significance t-value

r = Pearson Correlation Coefficient

n = number of paired values

According to Hair et al. (2000), the critical value for t in this study is 0.05. In statistical significance (t-test), if the sig (2-tailed) value is greater than 0.05, there is no statistically significant relationship between the two variables. It means that increasing or decreasing of one variable will not be significantly related to increasing or decreasing of the other variable. In this situation, null hypothesis is failed to reject. But if the sig (2-tailed) value is less than or equal to 0.05, there is a statistically significant relationship between the

two variables. It means that increasing or decreasing of one variable will be significantly related to increasing or decreasing of the other variable. In this situation, null hypothesis is rejected.

4.7 Summary of statistical tools used in testing hypotheses

Pearson Correlation Coefficient test provides the t-value (two-tailed hypothesis test) and from this result, the researcher investigated the significant level. In this research, the researcher applied significant value at the 0.05 level of SPSS software for the Pearson Correlation, two-tailed hypothesis test. If the t-value is greater than the significant level (0.05), the null hypothesis will fail to reject and which means there is no relationship between the two variables. If the p-value is less than the significant level (0.05), the null hypothesis will reject and which means there is a relationship between the two variables.

The null hypotheses are summarized in the Table 4.5 with the statistical techniques used as follows;

Table 4.5: The summary of statistical techniques used in each hypotheses

Null Hypothesis	Null Hypothesis Description	Statistical Technique Used
H1 ₀	There is no statistical significant relationship between perceived service quality in terms of tangibles and customer satisfaction.	Pearson Correlation
112 ₀	There is no statistical significant relationship between perceived service quality in terms of tangibles and customer loyalty.	Pearson Correlation
113 ₀	There is nostatistical significant relationship between perceived service quality in terms of reliability and customer satisfaction.	Pearson Correlation
114 ₀	There is nostatistical significant relationship between perceived service	Pearson Correlation

	quality in terms of reliability and customer loyalty.	
H5 ₀	There is no statistical significant relationship between perceived service quality in terms of responsiveness and customer satisfaction.	Pearson Correlation
H6 ₀	There is no statistical significant relationship between perceived service quality in terms of responsiveness and customer loyalty.	Pearson Correlation
H7 ₀ a	There is no statistical significant relationship between perceived service quality in terms of assurance and customer satisfaction.	Pearson Correlation
H8 ₀	There is no statistical significant relationship between perceived service quality in terms of assurance and customer loyalty.	Pearson Correlation
H9 ₀	There is no statistical significant relationship between perceived service quality in terms of empathy and customer satisfaction.	Pearson Correlation
H10 ₀	There is no statistical significant relationship between perceived service quality in terms of empathy and customer loyalty.	Pearson Correlation
H11 ₀	There is no statistical significant relationship between image and customer satisfaction.	Pearson Correlation
H12 ₀	There is no statistical significant relationship between image and customer loyalty.	Pearson Correlation

H13 ₀	There is no statistical significant relationship between perceived value and customer satisfaction.	Pearson Correlation
H14 ₀	There is no statistical significant relationship between perceived value and customer loyalty.	Pearson Correlation
H15 ₀	There is no statistical significant relationship between customer satisfaction and customer loyalty.	Pearson Correlation



CHAPTER 5

PRESENTATIONS OF DATA AND CRITICAL DISCUSSION OF RESULTS

This chapter shows the results from data analysis and interpretation of all the gathered data. The collected data are analyzed by using the SPSS program. This chapter is divided into three main parts; the first part is the descriptive analysis of the personal data of the respondents (age, income per month, educational level and gender) and the nine variables that are applied in this study through the use of descriptive statistics; the second part is the reliability testing of all the variables and the last part is the inferential analysis: hypothesis testing of all hypotheses applied in this study.

5.1 Descriptive Analysis

The instrument used for the summarizing of the basic characteristics of the data in this study is the descriptive statistical method. Berenson and Levine (1996) stated that the descriptive analysis method includes the collecting, presenting and characterization of a set of data to illustrate the various features of the data. According to the Zikmund (2003), the calculation of the average, the frequency distribution and the percentage distribution are the most common forms of summarizing the data. There are two sections in descriptive analysis of this study; the first section is about the descriptive analysis of demographic factors; age, income per month, educational level and gender, and the second section is about the descriptive analysis of dependent and independent variables; customer loyalty, customer satisfaction, perceived value, image, and perceived service quality; tangibles, reliability, responsiveness, assurance and empathy.

5.1.1 Frequency of Demographic characteristics

5.1.1.1 Age

Table 5.1: The Analysis of age level using Frequency and Percentage

Age				
	Frequency	Percent	Valid Percent	Cumulative Percent
20 below	77	19.3	19.3	19.3
21-25	160	40.0	40.0	59.3
26-30	123	30.8	30.8	90.0
Valid 31-35	30	7.5	7.5	97.5
36-40	6	1.5	1.5	99.0
40 above	4	1.0	1.0	100.0
Total	400	100.0	100.0	

Figure 5.1: The Analysis of age levels using Frequency and Percentage

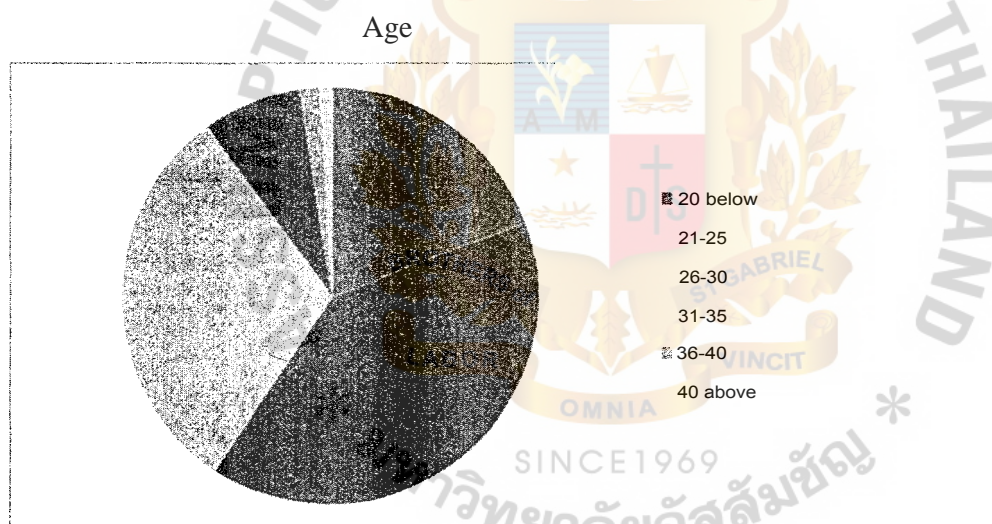


Table 5.1 and Figure 5.1 illustrate the age levels of the respondents in this research: The largest amount of respondents, 160 is 40% and their age is between 21 - 25 years old. The second largest group of respondents is 123 and their percentage is 30.80% and the age is between 26 - 30 years. The next group is 77 respondents and they are 19.30% and their age level is between 20 years and below and which is followed by 7.50% of 30 respondents with the age level of 31-35 and the last group is 1% 4 respondents and their age level is 40 above.

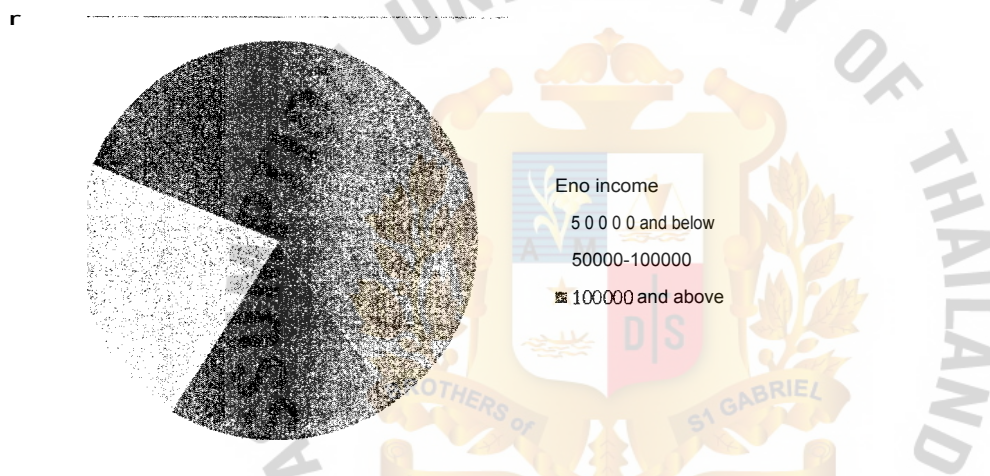
5.1.1.2 Income

Table 5.2: The Analysis of income using Frequency and Percentage

Income per month				
	Frequency	Percent	Valid Percent	Cumulative Percent
no income	159	39.8	39.8	39.8
50000 and below	76	19.0	19.0	58.8
Valid 50000-100000	90	22.5	22.5	81.3
100000 and above	75	18.8	18.8	100.0
Total	400	100.0	100.0	

Figure 5.2: The Analysis of income using Frequency and Percentage

Income



From Table 5.2 and Figure 5.2, the largest respondents group consists of 159 respondents which is 39.8% of the total respondents are no income and which is followed by a monthly income between 50,000 - 100,000 kyats, 90 respondents with 22.50%, income of 50,000 kyats or less from 76 respondents with 19.00%, and the less respondents are income of 100,000 kyats or more from 75 respondents with 18.80% from 400 respondents.

5.1.1.3 Education Level

Table 5.3: The Analysis of education level using Frequency and Percentage

Educational Level				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid lower than bachelor degree	59	14.8	14.8	14.8
bachelor degree	267	66.8	66.8	81.5
master degree	74	18.5	18.5	100.0
Total	400	100.0	100.0	

Figure 5.3: The Analysis of education level using Frequency and Percentage

Educational Level

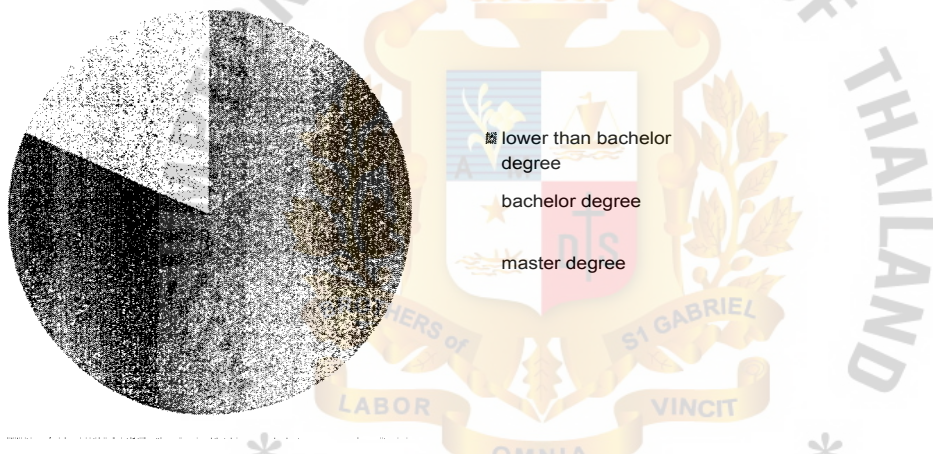


Table 5.3 and Figure 5.3 shows the highest percentage of the respondents are bachelor degree education level and with a total of 267 respondents (66.80%), which is followed by master degree education level respondents, that is 74 respondents (18.50%), lower than the bachelor degree with 59 respondents (14.80%) from 400 respondents.

5.1.1.4 Gender

Table 5.4: The Analysis of gender levels using Frequency and Percentage

Gender				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid male	211	52.8	52.8	52.8
female	189	47.2	47.2	100.0
Total	400	100.0	100.0	

Figure 5.4: The Analysis of gender levels using Frequency and Percentage

Gender

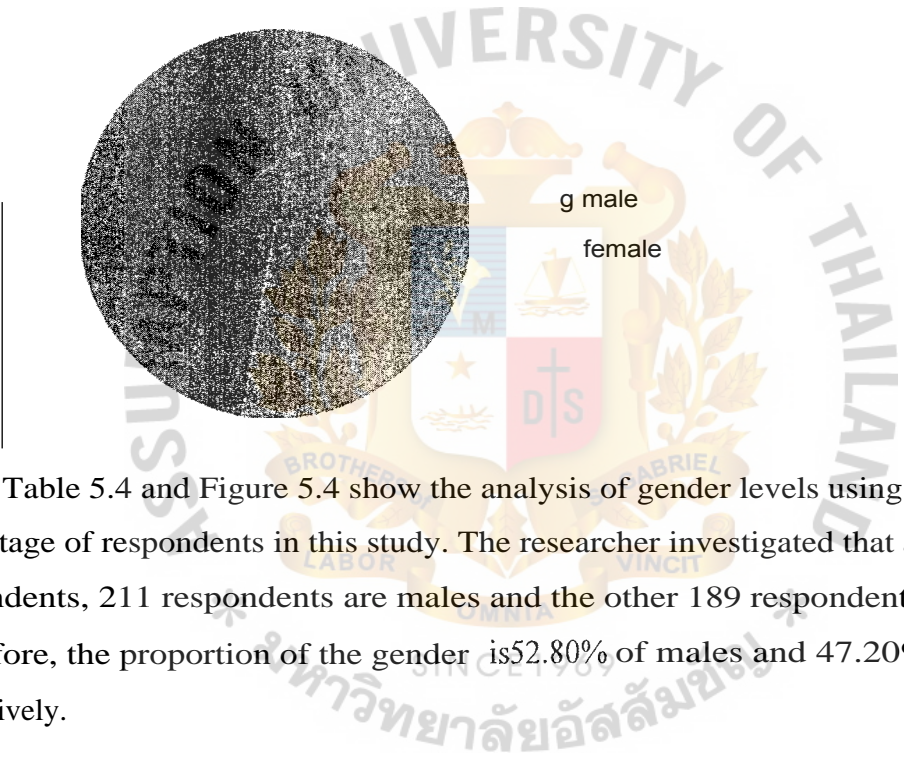


Table 5.4 and Figure 5.4 show the analysis of gender levels using frequency and percentage of respondents in this study. The researcher investigated that among the 400 respondents, 211 respondents are males and the other 189 respondents are females. Therefore, the proportion of the gender is 52.80% of males and 47.20% of females, respectively.

Table 5.5: Summary of Demographic factors by using Frequency and Percentage

Variables	Frequency (<i>f</i>)	Percentage (%)
Age Level		
-20 below	77	19.30
-21-25	160	40.00
- 26 - 30	123	30.80
- 31 - 35	30	7.50
- 36 - 40	6	1.50
- 40 above	4	1.00
Monthly Income Level (Kyat)		
-no income	159	39.80
- 50,001 and below	76	19.00
- 50,001 - 100,000	90	22.50
- 100,001 and above	75	18.80
Educational Level		
- Lower than bachelor degree	59	14.80
- Bachelor Degree	267	66.80
- Master Degree	74	18.50
Gender		
-Male	211	52.80
-Female	189	47.20
Total	400	100

Table 5.6: The analysis of Tangibles by using Mean and Standard Deviation

Descriptive Statistics			
	N	Mean	Std. Deviation
Lotteria's environment is clean and chic	400	3.9900	.80717
Lotteria's employee wear their uniform neat and tidy	400	4.1200	.77918
The interior decoration design of Lotteria is modern and stylish	400	3.9000	.94458
Lotteria provides up-to-date food menus	400	4.0800	.86919
Valid N (listwise)	400		

From Table 5.6, the researcher investigated that the highest average mean is equal to 4.12, which is Lotteria's employee dress their uniform neat and tidy. The lowest average mean is equal to 3.90; the interior decoration design of Lotteria is modern and stylish. The highest standard deviation is equal to 0.94458, which is the interior decoration design of Lotteria is modern and stylish. The lowest standard deviation is equal to 0.777918, which is Lotteria's employees wear their uniform neat and tidy.

Table 5.7: The analysis of Reliability by using Mean and Standard Deviation

Descriptive Statistics			
	N	Mean	Std. Deviation
Lotteria provides a reasonable price for customers	400	3.9300	1.05255
Employee of Lotteria deliver the customer orders fast and accurate	400	3.8400	1.00844
Lotteria provides modern facilities for customers	400	3.9100	.88536
Lotteria has safe and secure bookkeeping system	400	4.1100	.83645
Valid N (listwise)	400		

From Table 5.7, the researcher found that the highest average mean is equal to 4.11, and which is, Lotteria has safe and secure bookkeeping system. The lowest average mean is equal to 3.84, and which is employee of Lotteria deliver the customer orders fast and accurate. The highest standard deviation is equal to 1.05255, which is Lotteria provides a reasonable price for customers. The lowest standard deviation is equal to 0.83645, which is Lotteria has safe and secure bookkeeping system.

Table 5.8: The analysis of Responsiveness by using Mean and Standard Deviation

Descriptive Statistics			
	N	Mean	Std. Deviation
Employees are always willing to help the customers demand	400	4.1425	.69527
Employees act politely to the customers although they are busy	400	4.2025	.76351
Employees give the prompt service to the customers	400	3.9450	.99723
Employees are willing to explain about the food menus to the new customers	400	4.2600	.86271
Valid N (listwise)	400		

From Table 5.8, the researcher analyzed that the highest average mean is equal to 4.26, which is; employees are willing to explain about the food menus to the new customers. The lowest average mean is 3.945, which is, employees give the prompt service to the customers. The highest standard deviation is equal to 0.99723, which is employees give the prompt service to the customers. The lowest standard deviation is equal to 0.69527, which is employees are always willing to help the customers demand.

Table 5.9: The analysis of Assurance by using Mean and Standard Deviation

Descriptive Statistics			
	N	Mean	Std. Deviation
Lotteria employees are polite	400	3.9775	.87973
I trust Lotteriaemployee's service for the customers is accurate	400	4.2925	.60652
Customers satisfied their order transactions with the employee	400	4.3800	.63766
Employee get adequate supports from the Lotteria to do their service well	400	4.3125	.67527
Valid N (listwise)	400		

Table 5.9 shows that the highest average mean is equal to 4.38, which is customers satisfied their order transactions with the employee. The lowest average mean is 3.9775; Lotteria employees are polite. The highest standard deviation is equal to 0.87973, which is Lotteria employees are polite. The lowest standard deviation is equal to 0.60652, which is I trust Lotteria employee's service for the customers is accurate.

Table 5.10: The analysis of Empathy by using Mean and Standard Deviation

Descriptive Statistics			
	N	Mean	Std. Deviation
Lotteria gives customers individual attention	400	4.1000	.90113
Employee treats every customer equally.	400	4.2900	.95298
Lotteria employees care customers' belonging to be safety	400	4.2100	.86474
The opening hours of Lotteria restaurant is convenient to all customers	400	4.0800	.73139
Valid N (listwise)	400		

From Table 5.10, the researcher founded that the highest average mean is equal to 4.29, which is; Employee treats every customer equally. The lowest average mean is 4.08; the opening hours of Lotteria restaurant is convenient to all customers. The highest standard deviation is equal to 0.95298; employee treats every customer equally. The lowest standard deviation is equal to 0.73139, which is the opening hours of Lotteria restaurant is convenient to all customers.

Table 5.11: The analysis of Image by using Mean and Standard Deviation

Descriptive Statistics			
	N	Mean	Std. Deviation
The reputation of Lotteria itself is good	400	4.0725	.68441
Lotteria makes a good impression on customers	400	4.1275	.68733
Lotteria has a good reputation among the other fast food restaurants	400	4.0575	.89229
Lotteria suits customer needs	400	4.0450	.89721
Valid N (listwise)	400		

From Table 5.11, the researcher found that the highest average mean is equal to 4.1275, which is; Lotteria makes a good impression on customers. The lowest average mean is 4.0450; Lotteria suits customer needs with a variety of delicious fast food menus, foods are hygienic and 24 hour opening. The highest standard deviation is equal to 0.89721 which is; Lotteria suits customer needs with a variety of delicious fast food menus, foods are hygienic and 24 hour opening. The lowest standard deviation is equal to 0.68441, which is; the reputation of Lotteria itself is good.

Table 5.12: The analysis of Perceived Value by using Mean and Standard Deviation

Descriptive Statistics			
	N	Mean	Std. Deviation
Lotteria charges a reasonable price	400	3.7700	1.07237
Lotteria offers good value for money	400	3.8475	.78791
I enjoy food from Lotteria and it is worth to spend my money	400	4.0525	.79140
Valid N (listwise)	400		

From Table 5.12, the researcher explored that the highest average mean is equal to 4.0525, which is; I enjoy food from Lotteria and it is worth to spend my money. The lowest average mean is 3.77; Lotteria charges a reasonable price. The highest standard deviation is equal to 1.07237 which is Lotteria charges a reasonable price. The lowest standard deviation is equal to 0.78791, which is Lotteria offers good value for money.

Table 5.13: The analysis Customer Satisfaction by using Mean and Standard Deviation

Descriptive Statistics			
	N	Mean	Std. Deviation
I satisfied with theLotteria's service	400	4.1000	.85547
I think Lotteria is the right choice among other fast food restaurant	400	4.1800	.79320
The offerings from Lotteria always meet my expectations such as fried chicken are always fresh and crispy	400	4.1100	.76115
Valid N (listwise)	400		

From Table 5.13, the researcher explored that the highest average mean is equal to 4.18, which is; I think Lotteria is the right choice among other fast food restaurant. The lowest average mean is 4.10; I satisfied with the Lotteria's service. The highest standard deviation is equal to 0.85547 which is I satisfied with the Lotteria's service. The lowest standard deviation is equal to 0.76115, which is the offering from Lotteria always meet my expectations such as fried chicken are always fresh and crispy.

Table 5.14: The analysis of Customer Loyalty by using Mean and Standard Deviation

Descriptive Statistics			
	N	Mean	Std. Deviation
I would like to recommend Lotteria to others	400	4.0675	.65881
I feel positive about Lotteria	400	4.0625	.76161
I am willing to try other foods from Lotteria again	400	4.2125	.61505
Lotteria would be my first choice among other fast food restaurants	400	4.1425	.83302
Valid N (listwise)	400		

From Table 5.14, the researcher explored that the highest average mean is equal to 4.2125, which is; I am willing to try other foods from Lotteria again. The lowest average mean is 4.0625; I feel positive about Lotteria. The highest standard deviation is equal to 0.83302 which is Lotteria would be my first choice among other fast food restaurants. The lowest standard deviation is equal to 0.61505, which is I am willing to try other foods from Lotteria again.

5.2 Reliability Test

Sekaran (2000) stated that all questions of each variable are required to test the reliability which may use Cronbach’s coefficient Alpha scale. If the result of the calculation of Alpha Test is above 0.6 or equal to 0.6, all questions are consistent and reliable to be applied as the research instrument for this study.

Table 5.15: The Summary of Reliability

Variables	Alpha (a-test)	No. of Questions
Tangible	0.851	4
Reliability	0.722	4
Responsiveness	0.709	4
Assurance	0.66	4
Empathy	0.884	4
Image	0.602	4
Perceived Value	0.745	3
Customer Satisfaction	0.863	3
Customer Loyalty	0.707	4
Total		34

Table 5.15 showed the values of the reliability analysis which are tested with Cronbach’s alpha outcome. Alpha values for all variables are more than 0.60, so all questions are reliable and suitable to apply as the research instrument for this study and all respondents are convenient and willing to answer for this research.

5.3 Inferential Analysis

According to Zikmund (2003), inferential statistics is applied to make an analysis about the population on the basis of the sample. Moreover, inferential analysis could help the researcher to build better conclusions about the population on the basis of data obtained from the samples. It includes the analysis of the hypothesis statements.

5.3.1 Hypothesis Testing Results

Table 5.16 r-value and measure the strength of association

r-value	The strength of association
0.81 to 0.99	Very strong positive relationship
0.61 to 0.80	Strong positive relationship

0.41 to 0.60	Moderate positive relationship
0.21 to 0.40	Weak positive relationship
0.01 to 0.20	Very weak positive relationship
0	No relationship
- 0.01 to - 0.20	Very weak negative relationship
- 0.21 to - 0.40	Weak negative relationship
- 0.41 to - 0.60	Moderate negative relationship
- 0.61 to - 0.80	Strong negative relationship
- 0.81 to - 0.99	Very strong negative relationship

Source: Hussey (1997), Business research: a practical guide for undergraduate and post graduate, 227, Macmillan, London.

Hypothesis 1

H1_o: There is no relationship between perceived service quality in terms of tangibles and customer satisfaction.

H1_a: There is a relationship between perceived service quality in terms of tangibles and customer satisfaction.

Table 5.17: The analysis of relation between perceived service quality in terms of tangibles and customer satisfaction by using Pearson Correlation (Bivariate)

Correlations		MeanTAN	MeanCUSSAT
MeanTAN	Pearson Correlation	1	.292
	Sig. (2-tailed)		.000
	N	400	400
MeanCUSSAT	Pearson Correlation	.292	1
	Sig. (2-tailed)	.000	
	N	400	400

**. Correlation is significant at the 0.01 level (2-tailed).

As shown in Table 5.17, the result from this hypothesis indicated that the significant (2-tailed test) is equal to 0.000 which is less than 0.01 ($0.000 < 0.01$). It means that null hypothesis was rejected. Then, researcher can conclude that there is a relationship between perceived service quality in terms of tangibles and customer satisfaction at 0.01 significant levels. The Pearson's correlation coefficient value between these two variables is 0.292, it

means that there is a weak positive relationship between perceived service quality in terms of tangibles and customer satisfaction or the researcher can conclude that these two variables move in the same direction.

Hypothesis 2

H2₀: There is no relationship between perceived service quality in terms of tangibles and customer loyalty.

H2_a: There is a relationship between perceived service quality in terms of tangibles and customer loyalty.

Table 5.18: The analysis of relation between perceived service quality in terms of tangibles and customer loyalty by using Pearson Correlation (Bivariate)

Correlations		MeanTAN	MeanCUSLOY
MeanTAN	Pearson Correlation	1	.327
	Sig. (2-tailed)		.000
	N	400	400
MeanCUSLOY	Pearson Correlation	.327	1
	Sig. (2-tailed)	.000	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).

As shown in Table 5.18, the result from this hypothesis indicated that the significant (2-tailed test) is equal 0.000 which is less than 0.01 ($0.000 < 0.01$). It means that null hypothesis was rejected. Then, researcher can conclude that there is a relationship between the perceived service quality in terms of tangibles and customer loyalty at 0.01 significant levels. The Pearson's correlation coefficient value between these two variables is 0.327, it means that there is a weak positive relationship between the perceived service quality in terms of tangibles and customer loyalty and the researcher can conclude that these two variables move in the same direction.

Hypothesis 3

H3₀: There is no relationship between perceived service quality in terms of reliability and customer satisfaction.

H3_a: There is a relationship between perceived service quality in terms of reliability and customer satisfaction.

Table 5.19: The analysis of relation between perceived service quality in terms of reliability and customer satisfaction by using Pearson Correlation (Bivariate)

Correlations		MeanREL	MeanCUSSAT
MeanREL	Pearson Correlation	1	.161
	Sig. (2-tailed)		.001
	N	400	400
MeanCUSSAT	Pearson Correlation	.161**	1
	Sig. (2-tailed)	.001	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).

As shown in Table 5.19, the result from this hypothesis indicated that the significant (2-tailed test) is equal 0.001 which is less than 0.01 ($0.001 < 0.01$). It means that null hypothesis was rejected, which proves that there is a relationship between perceived service quality in terms of reliability and customer satisfaction at 0.01 significant levels. The Pearson's correlation coefficient value between these two variables is 0.161, it means that there is a very weak positive relationship between perceived service quality in terms of reliability and customer satisfaction and the researcher can conclude that these two variables move in the same direction.

Hypothesis 4

H4₀: There is no relationship between perceived service quality in terms of reliability and customer loyalty.

H4_a: There is a relationship between perceived service quality in terms of reliability and customer loyalty.

Table 5.20: The analysis of relation between perceived service quality in terms of reliability and customer loyalty by using Pearson Correlation (Bivariate)

Correlations			
		MeanREL	MeanCUSLOY
MeanREL	Pearson Correlation	1	.129**
	Sig. (2-tailed)		.001
	N	400	400
MeanCUSLOY	Pearson Correlation	.129	1
	Sig. (2-tailed)	.010	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).

As shown in Table 5.20, the result from this hypothesis indicated that the significant (2-tailed test) is equal 0.001 which is less than 0.01 ($0.001 < 0.01$). It means that null hypothesis was rejected, which proves that there is a relationship between perceived service quality in terms of reliability and customer loyalty at 0.01 significant levels. The Pearson's correlation coefficient value between these two variables is 0.129, it means that there is a very weak positive relationship between perceived service quality in terms of reliability and customer loyalty and the researcher can conclude that these two variables move in the same direction.

Hypothesis 5

H5₀: There is no relationship between perceived service quality in terms of responsiveness and customer satisfaction.

H5_a: There is a relationship between perceived service quality in terms of responsiveness and customer satisfaction.

Table 5.21: The analysis of relation between perceived service quality in terms of responsiveness and customer satisfaction by using Pearson Correlation (Bivariate)

Correlations			
		MeanRES	MeanCUSSAT
MeanRES	Pearson Correlation	1	.273
	Sig. (2-tailed)		.000
	N	400	400
MeanCUSSAT	Pearson Correlation	.273	1
	Sig. (2-tailed)	.000	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).

According to the Table 5.21, the result from this hypothesis expressed that the significant (2-tailed test) is equal 0.000 which is less than 0.01 ($0.000 < 0.01$). It means that null hypothesis was rejected. So, the researcher has found that there is a relationship between perceived service quality in terms of responsiveness and customer satisfaction at 0.01 significant levels. The Pearson's correlation coefficient value between these two variables is 0.273, it means that there is a weak positive relationship between perceived service quality in terms of responsiveness and customer satisfaction or the researcher can conclude that these two variables move in the same direction.

Hypothesis 6

H₀: There is no relationship between perceived service quality in terms of responsiveness and customer loyalty.

H_a: There is a relationship between perceived service quality in terms of responsiveness and customer loyalty.

Table 5.22: The analysis of relation between perceived service quality in terms of responsiveness and customer loyalty by using Pearson Correlation (Bivariate)

Correlations		MeanRES	MeanCUSLOY
MeanRES	Pearson Correlation	1	.286
	Sig. (2-tailed)		.000
	N	400	400
MeanCUSLOY	Pearson Correlation	.286**	1
	Sig. (2-tailed)	.000	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).

According to the Table 5.22, the result from this hypothesis expressed that the significant (2-tailed test) is equal 0.000 which is less than 0.01 ($0.000 < 0.01$). It means that null hypothesis was rejected. So, the researcher has found that there is a relationship between perceived service quality in terms of responsiveness and customer loyalty at 0.01 significant levels. The Pearson's correlation coefficient value between these two variables is 0.286, it means that there is a weak positive relationship between perceived service quality in terms of responsiveness and customer loyalty or the researcher can conclude that these two variables move in the same direction.

Hypothesis 7

H7₀: There is no relationship between perceived service quality in terms of assurance and customer satisfaction.

H7_a: There is a relationship between perceived service quality in terms of assurance and customer satisfaction.

Table 5.23: The analysis of relation between perceived service quality in terms of assurance and customer satisfaction by using Pearson Correlation (Bivariate)

Correlations			
		MeanASSUR	MeanCUSSAT
MeanASSUR	Pearson Correlation	1	.157
	Sig. (2-tailed)		.002
	N	400	400
MeanCUSSAT	Pearson Correlation	.157	1
	Sig. (2-tailed)	.002	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).

According to the Table 5.23, the result from this hypothesis expressed that the significant (2-tailed test) is equal 0.002 which is less than 0.01 ($0.002 < 0.01$). It means that null hypothesis was rejected. So, the researcher has found that there is a relationship between perceived service quality in terms of assurance and customer satisfaction at 0.01 significant levels. The Pearson's correlation coefficient value between these two variables is 0.157, it means that there is a very weak positive relationship between perceived service quality in terms of assurance and customer satisfaction or the researcher can conclude that these two variables move in the same direction.

Hypothesis 8

H8₀: There is no relationship between perceived service quality in terms of assurance and customer loyalty.

H8_a: There is a relationship between perceived service quality in terms of assurance and customer loyalty.

Table 5.24: The analysis of relation between perceived service quality in terms of assurance and customer loyalty by using Pearson Correlation (Bivariate)

Correlations			
		MeanASSUR	MeanCUSLOY
MeanASSUR	Pearson Correlation	1	.519
	Sig. (2-tailed)		.000
	N	400	400
MeanCUSLOY	Pearson Correlation	.519	1
	Sig. (2-tailed)	.000	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).

According to the Table 5.24, the result from this hypothesis expressed that the significant (2-tailed test) is equal 0.000 which is less than **0.01 (0.000<0.01)**. It means that null hypothesis was rejected. So, the researcher has found that there is a relationship between perceived service quality in terms of assurance and customer loyalty at 0.01 significant levels. The Pearson's correlation coefficient value between these two variables is 0.519, it means that there is a moderate positive relationship between perceived service quality in terms of assurance and customer loyalty or the researcher can conclude that these two variables move in the same direction.

Hypothesis 9

- H9_o: There is no relationship between perceived service quality in terms of empathy and customer satisfaction.
- H9_a: There is a relationship between perceived service quality in terms of empathy and customer satisfaction.

Table 5.25: The analysis of relation between perceived service quality in terms of empathy and customer satisfaction by using Pearson Correlation (Bivariate)

Correlations			
		MeanEMPA	MeanCUSSAT
MeanEMPA	Pearson Correlation	1	.277
	Sig. (2-tailed)		.000
	N	400	400
MeanCUSSAT	Pearson Correlation	.277	1
	Sig. (2-tailed)	.000	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).

According to the Table 5.25, the result from this hypothesis expressed that the significant (2-tailed test) is equal 0.000 which is less than **0.01** ($0.000 < 0.01$). It means that null hypothesis was rejected. So, the researcher has found that there is a relationship between perceived service quality in terms of empathy and customer satisfaction at 0.01 significant levels. The Pearson's correlation coefficient value between these two variables is 0.277, it means that there is a weak positive relationship between perceived service quality in terms of empathy and customer satisfaction or the researcher can conclude that these two variables move in the same direction.

Hypothesis 10

H10₀: There is no relationship between perceived service quality in terms of empathy and customer loyalty.

H10_a: There is a relationship between perceived service quality in terms of empathy and customer loyalty.

Table 5.26: The analysis of relation between perceived service quality in terms of empathy and customer loyalty by using Pearson Correlation (Bivariate)

Correlations			
		MeanEMPA	MeanCUSLOY
MeanEMPA	Pearson Correlation	1	.249
	Sig. (2-tailed)		.000
	N	400	400
MeanCUSLOY	Pearson Correlation	.249	1
	Sig. (2-tailed)	.000	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).

According to the Table 5.26, the result from this hypothesis expressed that the significant (2-tailed test) is equal 0.000 which is less than 0.01 ($0.000 < 0.01$). It means that null hypothesis was rejected. So, the researcher has found that there is a relationship between perceived service quality in terms of empathy and customer loyalty at 0.01 significant levels. The Pearson's correlation coefficient value between these two variables is 0.249, it means that there is a weak positive relationship between perceived service quality in terms of empathy and customer loyalty or the researcher can conclude that these two variables move in the same direction.

Hypothesis 11

H1₀: There is no relationship between image and customersatisfaction.

H1_a: There is a relationship between image and customersatisfaction.

Table 5.27: The analysis of relation between image and customersatisfaction by using Pearson Correlation (Bivariate)

Correlations		MeanIMAGE	MeanCUSSAT
MeanIMAGE	Pearson Correlation	1	.183
	Sig. (2-tailed)		.000
	N	400	400
MeanCUSSAT	Pearson Correlation	.183	1
	Sig. (2-tailed)	.000	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).

According to the Table 5.27, the result from this hypothesis expressed that the significant (2-tailed test) is equal 0.000 which is less than 0.01 ($0.000 < 0.01$). It means that null hypothesis was rejected. So, the researcher has found that there is a relationship between image and customer satisfaction at 0.01 significant levels. The Pearson's correlation coefficient value between these two variables is 0.183, it means that there is a very weak positive relationship between image and customersatisfaction or the researcher can conclude that these two variables move in the same direction.

Hypothesis 12

H12₀: There is no relationship between image and customerloyalty.

H12_a: There is a relationship between image and customerloyalty.

Table 5.28: The analysis of relation between image and customerloyalty by using Pearson Correlation (Bivariate)

Correlations		MeanIMAGE	MeanCUSLOY
MeanIMAGE	Pearson Correlation	1	.138
	Sig. (2-tailed)		.006
	N	400	400
MeanCUSLOY	Pearson Correlation	.138	1
	Sig. (2-tailed)	.006	
	N	400	400

**. Correlation is significant at the 0.01 level (2-tailed).

According to the Table 5.28, the result from this hypothesis expressed that the significant (2-tailed test) is equal 0.006 which is less than 0.01 ($0.006 < 0.01$). It means that null hypothesis was rejected. So, the researcher has found that there is a relationship between image and customer loyalty at 0.01 significant levels. The Pearson's correlation coefficient value between these two variables is 0.138, it means that there is a very weak positive relationship between image and customer loyalty or the researcher can conclude that these two variables move in the same direction.

Hypothesis 13

H13₀: There is no relationship between perceived value and customer satisfaction.

H13_a: There is a relationship between perceived value and customer satisfaction.

Table 5.29: The analysis of relation between perceived value and customer satisfaction by using Pearson Correlation (Bivariate)

Correlations			
		MeanPERVAL	MeanCUSSAT
MeanPERVAL	Pearson Correlation	1	.161
	Sig. (2-tailed)		.001
	N	400	400
MeanCUSSAT	Pearson Correlation	.161	1
	Sig. (2-tailed)	.001	
	N	400	400

**. Correlation is significant at the 0.01 level (2-tailed).

According to the Table 5.29, the result from this hypothesis expressed that the significant (2-tailed test) is equal 0.001 which is less than 0.01 ($0.001 < 0.01$). It means that null hypothesis was rejected. So, the researcher has found that there is a relationship between perceived value and customer satisfaction at 0.01 significant levels. The Pearson's correlation coefficient value between these two variables is 0.161, it means that there is a very weak positive relationship between perceived value and customer satisfaction or the researcher can conclude that these two variables move in the same direction.

Hypothesis 14

H14₀: There is no relationship between perceived value and customer loyalty.

H14_a: There is a relationship between perceived value and customer loyalty.

Table 5.30: The analysis of relation between perceived value and customer loyalty by using Pearson Correlation (Bivariate)

Correlations			
		MeanPERVAL	MeanCUSLOY
MeanPERVAL	Pearson Correlation	1	.293**
	Sig. (2-tailed)		.000
	N	400	400
MeanCUSLOY	Pearson Correlation	.293	1
	Sig. (2-tailed)	.000	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).

According to the Table 5.30, the result from this hypothesis expressed that the significant (2-tailed test) is equal 0.000 which is less than 0.01 ($0.000 < 0.01$). It means that null hypothesis was rejected. So, the researcher has found that there is a relationship between perceived value and customer loyalty at 0.01 significant levels. The Pearson's correlation coefficient value between these two variables is 0.293, it means that there is a weak positive relationship between perceived value and customer loyalty or the researcher can conclude that these two variables move in the same direction.

Hypothesis 15

H15_o: There is no relationship between customer satisfaction and customer loyalty.

H15_a: There is a relationship between customer satisfaction and customer loyalty.

Table 5.31: The analysis of relation between customer satisfaction and customer loyalty by using Pearson Correlation (Bivariate)

		Correlations	
		MeanCUSSAT	MeanCUSLOY
MeanCUSSAT	Pearson Correlation	1	.238
	Sig. (2-tailed)		.000
	N	400	400
MeanCUSLOY	Pearson Correlation	.238	1
	Sig. (2-tailed)	.000	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).

According to the Table 5.31, the result from this hypothesis expressed that the significant (2-tailed test) is equal 0.000 which is less than 0.01 ($0.000 < 0.01$). It means that null hypothesis was rejected. So, the researcher has found that there is a relationship between customer satisfaction and customer loyalty at 0.01 significant levels. The Pearson's correlation coefficient value between these two variables is 0.238, it means that there is a weak positive relationship between customer satisfaction and customer loyalty or the researcher can conclude that these two variables move in the same direction.

Table 5.32: Summary of hypotheses testing

Hypothesis	Statistical Test	Significant Value	Correlation Coefficient	Result
H1 _a : There is a relationship between perceived service quality in terms of tangibles and customer satisfaction.	Pearson's Correlation	0.000	0.292**	Reject H ₀
H2 _a : There is a relationship perceived service quality in terms of tangibles and customer loyalty.	Pearson's Correlation	0.000	0.327**	Reject H ₀
H3 _a : There is a relationship between perceived service quality in terms of reliability and customer satisfaction.	Pearson's Correlation	0.001	0.161**	Reject H ₀
H4 _a : There is a relationship between perceived service quality in terms of reliability and customer loyalty.	Pearson's Correlation	0.001	0.129**	Reject H ₀
H5 _a : There is a relationship between perceived service quality in terms of responsiveness and customer satisfaction.	Pearson's Correlation	0.000	0.273**	Reject H ₀
H6 _a : There is a relationship between perceived service quality in terms of responsiveness and customer loyalty.	Pearson's Correlation	0.000	0.286**	Reject H ₀
H7 _a : There is a relationship between perceived service quality in terms of assurance and customer satisfaction.	Pearson's Correlation	0.002	0.157**	Reject H ₀
H8 ₀ : There is a relationship between perceived service quality	Pearson's Correlation	0.000	0.519**	Reject H ₀

in terms of assurance and customer loyalty.				
H9 _a : There is a relationship between perceived service quality in terms of empathy and customer satisfaction.	Pearson's Correlation	0.000	0.277**	Reject H _o
H10 _a : There is a relationship between perceived service quality in terms of empathy and customer loyalty.	Pearson's Correlation	0.000	0.249**	Reject H _o
H11 _a : There is a relationship between image and customersatisfaction.	Pearson's Correlation	0.000	0.183**	Reject H _o
H12 _a : There is a relationship between image and customerloyalty.	Pearson's Correlation	0.006	0.138**	Reject H _o
H13 _a : There is a relationship between perceived value and customer satisfaction.	Pearson's Correlation	0.001	0.161**	Reject H _o
H14 _a : There is a relationship between perceived value and customer loyalty.	Pearson's Correlation	0.000	0.293**	Reject H _o
H15 _a : There is a relationship between customer satisfaction and customer loyalty.	Pearson's Correlation	0.000	0.283**	Reject H _o

CHAPTER 6

SUMMARY, DISCUSSIONS, RECOMMENDATION, AND CONCLUSIONS

This chapter provides the conclusions of the results of this research paper and it consists of five main sections. The first section is a summary of the demographic factors and hypotheses testing of this study. The second section is about the discussion and implications of this study which is followed by the conclusion, recommendations and further research sections. The researcher analyzed the primary data from 400 respondents in a previous chapter by using the SPSS program and will conclude the results in this chapter.

6.1 Summary of Findings

6.1.1 Summary of Demographic Factors

In this research, the researcher applied 400 primary data and these data are collected from (5) branches of Lotteria in Yangon, Myanmar. The researcher collected these data by using a questionnaire during May and June of 2015. According to the result of this study; the highest age level of the respondents group is 21 -25 years old (40%) and a majority of the respondents have no monthly income. The major group education level group is a bachelor degree (66.80%) and males respondents (52.80%) which is larger than the females group (47.20%).

Table 6.1 Summary of demographic factors analysis

Demographics Factor	Characteristics	Frequency (f)	Percentage (%)
Age	21 - 25 years	160	40%
Monthly income	No income	159	39.80%
Education	Bachelor Degree	267	66.80%
Gender	Male	211	52.80%

6.1.2 Summary of Hypotheses Testing

The researcher applied Pearson Correlation Analysis (two-tailed test) and Statistical Significant (t-statistic) to test the relationship of hypotheses in this study. There are total (15)

hypotheses in this study. According to the research methodology and the Pearson Correlation Coefficient results, the outcome showed that all null hypotheses are rejected. Therefore, the findings of this study are shown as follows;

Hypothesis 1: The null Hypothesis (H_0) is rejected. It implied that there is a statistical significant positive weak relationship between perceived service quality in terms of tangibles and customer satisfaction.

Hypothesis 2: The null Hypothesis (H_0) is rejected. It implied that there is a statistical significant positive weak relationship between the perceived service quality in terms of tangibles and customer loyalty.

Hypothesis 3: The null Hypothesis (H_0) is rejected. It implied that there is a statistical significant positive weak relationship between perceived service quality in terms of reliability and customer satisfaction.

Hypothesis 4: The null Hypothesis (H_0) is rejected. It implied that there is a statistical significant positive weak relationship between perceived service quality in terms of reliability and customer loyalty.

Hypothesis 5: The null Hypothesis (H_0) is rejected. It implied that there is a statistical significant positive weak relationship between perceived service quality in terms of responsiveness and customer satisfaction.

Hypothesis 6: The null Hypothesis (H_0) is rejected. It implied that there is a statistical significant positive weak relationship between perceived service quality in terms of responsiveness and customer loyalty.

Hypothesis 7: The null Hypothesis (H_0) is rejected. It implied that there is a statistical significant positive weak relationship between perceived service quality in terms of assurance and customer satisfaction.

Hypothesis 8: The null Hypothesis (H_0) is rejected. It implied that there is a statistical significant positive weak relationship between perceived service quality in terms of assurance and customer loyalty.

Hypothesis 9: The null Hypothesis (H_0) is rejected. It implied that there is a statistical significant positive weak relationship between perceived service quality in terms of empathy and customer satisfaction.

Hypothesis 10: The null Hypothesis OW is rejected. It implied that there is a statistical significant positive weak relationship between perceived service quality in terms of empathy and customer loyalty.

Hypothesis 11: The null Hypothesis (H_0) is rejected. It implied that there is a statistical significant positive weak relationship between image and customer satisfaction.

Hypothesis 12: The null Hypothesis (H_0) is rejected. It implied that there is a statistical significant positive weak relationship between image and customer loyalty.

Hypothesis 13: The null Hypothesis (H_0) is rejected. It implied that there is a statistical significant positive weak relationship between perceived value and customer satisfaction.

Hypothesis 14: The null Hypothesis (H_0) is rejected. It implied that there is a statistical significant positive weak relationship between perceived value and customer loyalty.

Hypothesis 15: The null Hypothesis (H_0) is rejected. It implied that there is a statistical significant positive weak relationship between customer satisfaction and customer loyalty.

6.2 Discussions and Implications

The researcher studied about the factors affecting the customer loyalty of Lotteria in Yangon, Myanmar and the primary data are collected from the respondents who have at least 2 or 3 times tried Lotteria products before. The researcher collected the data from (5) branches of Lotteria shops in Yangon, Myanmar during May and June of 2015. The researcher applied (4) demographic factors; age, monthly income, education level and gender in this study.

The researcher utilized the Pearson Correlation Coefficient to test the correlation of each hypothesis in this study. The researcher utilized (15) hypotheses and (9) variables; customer loyalty, customer satisfaction, perceived value, image, and perceived service quality; tangibles, reliability, responsiveness, assurance and empathy in this study. The results of significant (2-tailed test) values are less than 0.01, which means all of the null hypotheses are rejected. The detailed results of this study are as follows;

Overall Demographic Factors

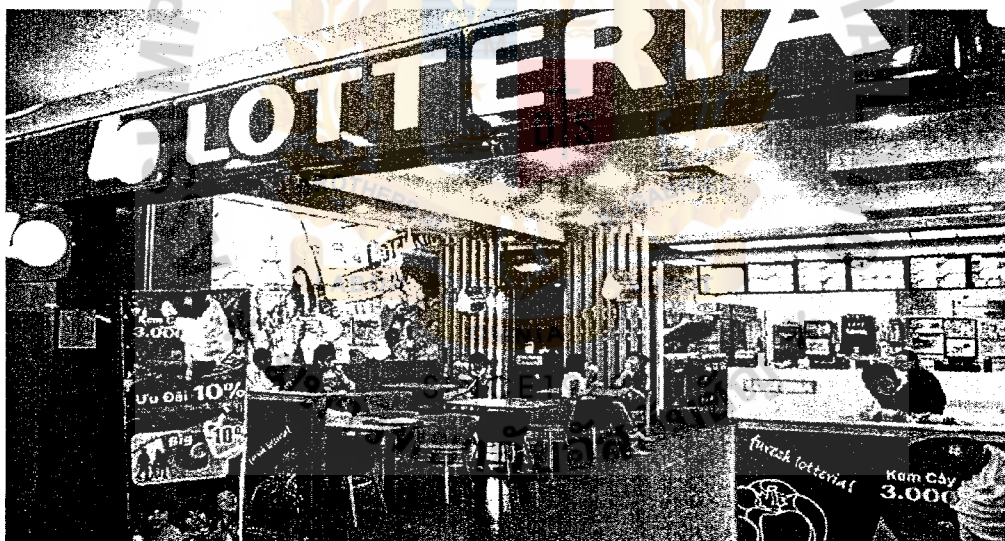
The researcher collected 400 primary data from respondents who have at least 2 or 3 times trying Lotteria products before. The majority of the respondents are 21 - 25 years old

people (40%) and they have no monthly income. The major group education level is education level group is bachelor degree (66.80%) and major respondents are male respondents with (52.80%).

Hypotheses

Hypothesis One (Iii): Based on the results of hypothesis one, the researcher explored that there is a statistical significant relationship between perceived service quality in terms of tangibles and customer satisfaction. The Pearson's correlation coefficient value between these two variables is 0.292, and the researcher can conclude that there is a weak positive relationship between perceived service quality in terms of tangibles and customer satisfaction. It is indicated that if the tangibles is high, the satisfaction of the customers also will also be high (positive). The result also showed that the highest mean value of customer satisfaction (4.18) is greater than that of tangibles (4.12).

Figure 6.1: LOTTERIA outlet at Yangon (Junction 8 Shopping Mall)



Source:https://www.google.com/search?q=lotteria+yangon&source=lnms&tbn=isch&sa=X&ved=0CAcQ_AUoAWoVChMIu8KZvcC0xwIVZB6mCh2LhAxE&biw=1366&bih=657
accessed on 06-07-2015

The result of the researcher is supported by the LOTTERIA fast food restaurants in Yangon. In the above Figure 6.1 the interiors were designed in a Korean style (eg: The Korean cartoon images and wooden made decorations on the wall). The Myanmar young

generations are influenced by Korean dramas and Korean culture. Tangibles which reflected Korean style and are neat and tidy influenced the customer satisfaction.

The result of the researcher is also supported by Qin and Prybutok (2009) studied about the service quality and behavioral intentions to repurchase which is one major factor of the loyalty in fast-food restaurants and the result showed that tangibles is an important antecedent of customer satisfaction. Lau et al. (2013) studied about the factors affecting customer loyalty and customer satisfaction of HSBC bank in Hong Kong and the result show that tangibles has a positive influence on customer satisfaction. Clark and Wood (1998) also studied about customer loyalty in the restaurant industry and the researchers investigated that tangibles is an important factor for customer satisfaction.

Hypothesis Two (H2): The result of hypothesis two indicated that there is a statistical significant relationship between the perceived service quality in terms of tangibles and customer loyalty. The Pearson's correlation coefficient value between these two variables is 0.327, and the researcher can conclude that there is a weak positive relationship between the perceived service quality in terms of tangibles and customer loyalty. This would imply that the positive tangibility can play a significant role for the customer loyalty. The result also illustrated that the highest mean value of customer loyalty (4.2125) is greater than that of tangibles (4.12). The result of this research is also supported by the Lotteria tangibles such as the bamboo walls and the red color furniture as they reflect the Korean culture and Burmese people are very familiar with Korean culture. As young Burmese got influenced by South Korean cultures by watching the Korean dramas and eat Korean food. This also improved the tangibles and the customer loyalty.

The result is also supported by Clark and Wood (1998) studied about customer loyalty in the restaurant industry and the researchers investigated that tangibles is an important factor for customer loyalty. Wang et al. (2011) also studied about the relationships among customer loyalty programs, service quality, relationship quality and loyalty and the result showed that tangibles has positive impact towards customer loyalty. Puengattawuthavorn (2002) also analyzed about the service quality perception and customer loyalty in full service restaurants and fast food service and the result show that there is a positive relationship between tangibles and customer loyalty.

Hypothesis Three (H3): Based on the results of the study, there is a statistical significant relationship between perceived service quality in terms of reliability and customer satisfaction. The Pearson's correlation coefficient value between these two variables is 0.161, and the researcher can conclude that there is a very weak positive relationship between perceived service quality in terms of reliability and customer satisfaction. This finding described that if the reliability of the product is high, the customer satisfaction will also be high. The result also demonstrated that the highest mean value of customer satisfaction (4.18) is greater than that of reliability (4.11).

Figure 6.2: LOTTERIA order process and advance equipment



Source :https://www.google.com/search?q=lotteria+yangon&source=lnms&tbn=isch&sa=X&ved=0CAcQ_AUoAWoVChMIu8KZveC0xwIVZB6mCh2LhAxE&biw=1366&bih=657, accessed on 06-07-2015

The result of the researcher is supported by the Lotteria computer systems and latest equipment in order processing and delivering the order without error and delay in most reasonable price (see in Figure 6.3). This improved the reliability of Lotteria on Myanmar customers which influenced the satisfaction. The result is also supported by Qin and Prybutok (2009) studied about the service quality and behavioral intentions to repurchase which is one major factor of the loyalty in fast-food restaurants and the result showed that reliability is an important antecedent of customer satisfaction. Lau et al. (2013) studied about the factors affecting customer loyalty and customer satisfaction of HSBC bank in Hong Kong and the result show that reliability has a positive influence on customer satisfaction. Clark

and Wood (1998) also studied about customer loyalty in the restaurant industry and the researchers investigated that reliability is an important factor for customer satisfaction.

Hypothesis Four (H4): As for the hypothesis four, the results of the study showed that there is a statistical significant relationship between perceived service quality in terms of reliability and customer loyalty. The Pearson's correlation coefficient value between these two variables is 0.129, and the researcher can conclude that there is a very weak positive relationship between perceived service quality in terms of reliability and customer loyalty. It is indicated that if the reliability is high, the customer loyalty of the customers also will be high. The result also mentioned that the highest mean value of customer loyalty (4.2125) is greater than that of reliability (4.11).

The result is supported by Clark and Wood (1998) studied about customer loyalty in the restaurant industry and the researchers investigated that reliability is an important factor for customer loyalty. Wang et al. (2011) also studied about the relationships among customer loyalty programs, service quality, relationship quality and loyalty and the result showed that reliability has positive impact towards customer loyalty. Puengattawuthavorn (2002) also analyzed about the service quality perception and customer loyalty in full service restaurants and fast food service and the result show that there is a positive relationship between reliability and customer loyalty. The result is also supported by the services of Lotteria for the Myanmar people. The Lotteria provides the fast and accurate service for the customers and the food charges with reasonable price. This improved the reliability which influenced the customer loyalty of Lotteria.

Hypothesis Five (I-I5): The results of this hypothesis showed that there is a statistical significant relationship between perceived service quality in terms of responsiveness and customer satisfaction. The Pearson's correlation coefficient value between these two variables is 0.273, and the researcher can conclude that there is a weak positive relationship between perceived service quality in terms of responsiveness and customer satisfaction. It is point out that if the responsiveness the product is positive or high, the customer satisfaction of that product will also be high. The result also pointed out that the highest mean value of responsiveness (4.26) is greater than that of customer satisfaction (4.18).

The result is supported by Qin and Prybutok (2009) studied about the service quality and behavioral intentions to repurchase which is one major factor of the loyalty in fast-food

restaurants and the result showed that responsiveness is an important antecedent of customer satisfaction. Lau et al. (2013) studied about the factors affecting customer loyalty and customer satisfaction of HSBC bank in Hong Kong and the result show that responsiveness has a positive influence on customer satisfaction. Clark and Wood (1998) also studied about customer loyalty in the restaurant industry and the researchers investigated that responsiveness is an important factor for customer satisfaction. Also, the result is supported by the employees of Lotteria always willing to help the customer demands and they act politely to the customers whenever they are busy and which lead to customer satisfaction towards Lotteria in Yangon, Myanmar.

Hypothesis six (H6): According to the results obtained from this hypothesis, there is a statistical significant relationship between perceived service quality in terms of responsiveness and customer loyalty. The Pearson's correlation coefficient value between these two variables is 0.286, and the researcher can conclude that there is a weak positive relationship between perceived service quality in terms of responsiveness and customer loyalty. This result illustrated that if the responsiveness towards the product is high, the customer loyalty of product will also be high. The result also illustrated that the highest mean value of responsiveness (4.26) is greater than that of consumer loyalty (4.2125).

The result is supported by Clark and Wood (1998) studied about customer loyalty in the restaurant industry and the researchers investigated that responsiveness is an important factor for customer loyalty. Wang et al. (2011) also studied about the relationships among customer loyalty programs, service quality, relationship quality and loyalty and the result showed that responsiveness has positive impact towards customer loyalty. Puengattawuthavorn (2002) also analyzed about the service quality perception and customer loyalty in full service restaurants and fast food service and the result show that there is a positive relationship between responsiveness and customer loyalty. The result is also supported by the employees of Lotteria gives the prompt service to the customers and they are willing to explain about the food menus to the new customers and which lead to customer loyalty towards Lotteria since the Lotteria is the first Korean franchise fast food restaurant in Myanmar. This also improved the perceived service quality in terms of responsiveness and customer loyalty towards Lotteria.

Hypothesis seven (H7): Based on the results of that hypothesis, there is a statistical significant relationship between perceived service quality in terms of assurance and customer satisfaction. The Pearson's correlation coefficient value between these two variables is 0.157, and the researcher can conclude that there is a very weak positive relationship between perceived service quality in terms of assurance and customer satisfaction. This result demonstrated that if the assurance of the product is high, customer satisfaction will also be high. The researcher also investigated that the highest mean value of assurance (4.38) is greater than that of customer satisfaction (4.18).

The result is supported by Qin and Prybutok (2009) studied about the service quality and behavioral intentions to repurchase which is one major factor of the loyalty in fast-food restaurants and the result showed that assurance is an important antecedent of customer satisfaction. Lau et al. (2013) studied about the factors affecting customer loyalty and customer satisfaction of HSBC bank in 1-long Kong and the result show that assurance has a positive influence on customer satisfaction. Clark and Wood (1998) also studied about customer loyalty in the restaurant industry and the researchers investigated that assurance is an important factor for customer satisfaction. The result is also supported by the employees of Lotteria are very polite to the customers since Myanmar people are conservative which leads to customer satisfaction towards Lotteria. This improved the perceived service quality in terms of assurance and customer satisfaction.

Hypothesis Eight (H8): As for the hypothesis eight, the results of the study showed that there is a statistical significant relationship between perceived service quality in terms of assurance and customer loyalty. The Pearson's correlation coefficient value between these two variables is 0.519, and the researcher can conclude that there is a moderate positive relationship between perceived service quality in terms of assurance and customer loyalty. The finding described that if the assurance is high, the customer loyalty of the product will also high. The researcher also investigated that the highest mean value of assurance (4.38) is greater than that of customer loyalty (4.2125).

The result is supported by Clark and Wood (1998) studied about customer loyalty in the restaurant industry and the researchers investigated that assurance is an important factor for customer loyalty. Wang et al. (2011) also studied about the relationships among customer

loyalty programs, service quality, relationship quality and loyalty and the result showed that assurance has positive impact towards customer loyalty. Puengattawuthavorn (2002) also analyzed about the service quality perception and customer loyalty in full service restaurants and fast food service and the result show that there is a positive relationship between assurance and customer loyalty.

Hypothesis Nine (H9): The results of this hypothesis showed that there is a statistical significant relationship between perceived service quality in terms of empathy and customer satisfaction. The Pearson's correlation coefficient value between these two variables is 0.277, and the researcher can conclude that there is a weak positive relationship between perceived service quality in terms of empathy and customer satisfaction. The result is indicated that if the empathy is high, customer satisfaction will also high. The researcher also investigated that the highest mean value of empathy (4.29) is greater than that of customer satisfaction (4.18).

The result is supported by Qin and Prybutok (2009) studied about the service quality and behavioral intentions to repurchase which is one major factor of the loyalty in fast-food restaurants and the result showed that empathy is an important antecedent of customer satisfaction. Lau et al. (2013) studied about the factors affecting customer loyalty and customer satisfaction of HSBC bank in Hong Kong and the result show that empathy has a positive influence on customer satisfaction. Clark and Wood (1998) also studied about customer loyalty in the restaurant industry and the researchers investigated that empathy is an important factor for customer satisfaction. The result is also supported by the employees of Lotteria gives customers' individual attention and the employee also treats equal to every customer (i.e., employees arrange the space for the pregnant women, pays their respect to the old people and tolerant to the young children, and infants) which lead to customer satisfaction towards Lotteria.

Hypothesis Ten (H10): As for the hypothesis ten, the results of the study showed that there is a statistical significant relationship between perceived service quality in terms of empathy and customer loyalty. The Pearson's correlation coefficient value between these two variables is 0.249, and the researcher can conclude that there is a weak positive relationship between perceived service quality in terms of empathy and customer loyalty. The finding described that if the empathy is high, the customer loyalty of the product will also high. The

researcher also investigated that the highest mean value of empathy (4.29) is greater than that of customer loyalty (4.2125).

The result is supported by Clark and Wood (1998) studied about customer loyalty in the restaurant industry and the researchers investigated that empathy is an important factor for customer loyalty. Wang et al. (2011) also studied about the relationships among customer loyalty programs, service quality, relationship quality and loyalty and the result showed that empathy has positive impact towards customer loyalty. Puengattawuthavorn (2002) also analyzed about the service quality perception and customer loyalty in full service restaurants and fast food service and the result show that there is a positive relationship between empathy and customer loyalty.

Hypothesis Eleven (H11): The results of this hypothesis showed that there is a statistical significant relationship between image and customer satisfaction. The Pearson's correlation coefficient value between these two variables is 0.183, and the researcher can conclude that there is a very weak positive relationship between image and customer satisfaction. The result is indicated that if the image is high, customer satisfaction will also high. The researcher also investigated that the highest mean value of customer satisfaction (4.18) is greater than that of image (4.1275). Also, Lotteria is a renowned food brand in the world which has their franchises in US, Korea and Europe. Hence the image is very positive towards Lotteria among Myanmar people.

The result is supported by Etemad-Sajadi and Rizzuto (2013) who analyzed about the antecedents of consumer satisfaction and loyalty in fast food industry in a cross-national comparison between Chinese and Swiss consumers and the result showed that image is an important factor for customer satisfaction to achieve customer loyalty. Chi and Qu (2007) also considered that an explorative approach in testing the impact sequence of image and found that image impacts simultaneously on attribute as well as on overall satisfaction but image does not impact directly on loyalty. Ryu et al. (2012) also analyzed that image as the significant indicator of customer satisfaction among the other attributes such as perceived value and behavioral intention. The result is also supported by the behavior of local Myanmar people. The reputation of Lotteria itself is very good because the commercial about Lotteria are mostly the famous Korean stars and also Lotteria has selected the famous Myanmar celebrities as a brand ambassador according to the news

(www.topics.nytimes.com/top/news/international/.../myanmar/). It makes a good impression on customers and which lead to customer satisfaction towards Lotteria.

Hypothesis Twelve (H12): As for the hypothesis twelve, the results of the study showed that there is a statistical significant relationship between image and customer loyalty. The Pearson's correlation coefficient value between these two variables is 0.138, and the researcher can conclude that there is a very weak positive relationship between image and customer loyalty. The finding described that if the image is high, the customer loyalty of the product will also high. The researcher also investigated that the highest mean value of customer loyalty (4.2125) is greater than that of image (4.1275).

The result is supported by Kandampully and Suhartanto (2000) who discovered that image is one of the most important factors for guests of a hotel to consider repurchase and recommendation. Similarly, Castro et al., (2007) also identified that brand image has a positive influence on customer satisfaction and customer loyalty in a business market. Also, Heung et al. (1996) found that hotel brand image is an important factor with the brand loyalty in the free independent traveller's market among the highly score rated loyal customers. And, Mazanec (1995) analyzed that image is positively related with customer satisfaction and customer preference, also known as a dimension of customer loyalty in fast food restaurants and also indicated that a desirable image can lead to customer satisfaction and customer loyalty while undesirable image leads to dissatisfaction. The result is also supported by the Lotteria has a good reputation among the other fast food restaurants because of the updated food menus such as the Kimchi fried chicken and Korean burgers which suits the local people taste. Also, Myanmar people love to watch Korean dramas and series and many young people got influenced by the Korean music waves. The Korean movie stars and K-pop stars appeared as the brand ambassadors of Lotteria (www.topics.nytimes.com/top/news/international/.../myanmar/). This also improved the image and customer loyalty towards Lotteria, Myanmar.

Hypothesis Thirteen (H13): The results of this hypothesis showed that there is a statistical significant relationship between perceived value and customer satisfaction. The Pearson's correlation coefficient value between these two variables is 0.161, and the researcher can conclude that there is a very weak positive relationship between perceived value and customer satisfaction. The result is indicated that if the perceived value is high,

customer satisfaction will also high. The researcher also investigated that the highest mean value of customer satisfaction (4.18) is greater than that of perceived value (4.0525).

The result is supported by McDougall and Levesque (2000) who identified that perceived value and perceived service quality were the two vital pioneers of customer satisfaction across four service industries namely restaurant, dental services, auto service and also hairstylist. And Chiou (2004) also indicated that perceived value as a vital driver of customer satisfaction to Internet service providers. Then, Patterson and Spreng (1997) identified that customer perceived value has both positive and direct relationship with customer satisfaction. Anderson and Gerbing (1991) stated that customer perceived value has a strongly impact on customer satisfaction. On the other hand, perceived value has a direct relationship with customer satisfaction. The result is also supported by the Lotteria charges a reasonable price and local Myanmar people claimed that Lotteria fast foods are affordable for the people in Myanmar (www.topics.nytimes.com/top/news/). This improved the perceived value which leads to customer satisfaction towards Lotteria.

Hypothesis Fourteen (I-I14): As for the hypothesis fourteen, the results of the study showed that there is a statistical significant relationship between perceived value and customer loyalty. The Pearson's correlation coefficient value between these two variables is 0.293, and the researcher can conclude that there is a weak positive relationship between perceived value and customer loyalty. The finding described that if the perceived value is high, the customer loyalty of the product will also high. The researcher also investigated that the highest mean value of customer loyalty (4.2125) is greater than that of perceived value (4.0525).

Figure 6.3: Lotteria at Yangon (Pearl Condo Shopping Center)



Source: https://www.google.com/search?q=lotteria+yangon&source=lnms&tbn=isch&sa=X&ved=0CAcQ_AUoAWoVChMIu8KZveC0xwIVZB6mCh2LhAxE&biw=1366&bih=657, accessed on 06-07-2015

The result of the researcher is supported by the Lotteria Fast food restaurants in Yangon, Myanmar. In Figure 6.3, the Lotteria fast food restaurant is tangibles, employee service and food quality are almost of international standards and still the price of Lotteria charge is very reasonable. It provides the best value for price; hence it influenced the customer loyalty among customers. The result is also supported by Bei and Chiao (2006) who hypothesized that perceived value affects customer loyalty positively and directly. Varki and Colgate (2001) stated that perceived value have an influence on customer loyalty. On the other hand, Ryu et al. (2008) analyzed that the relationships among image, customer perceived value, customer satisfaction and behavioral intentions in a quick casual restaurant industry and they found that the restaurant offers good customer perceived value leads to high customer satisfaction and high customer loyalty. Similarly, Lai et al. (2009) examined that customer perceived value was significant predictor of loyalty.

Hypothesis Fifteen (H15): The results of this hypothesis showed that there is a statistical significant relationship between customer satisfaction and customer loyalty. The Pearson's correlation coefficient value between these two variables is 0.238, and the researcher can conclude that there is a weak positive relationship between customer satisfaction and customer loyalty. The result is indicated that if the customer satisfaction is

high, customer loyalty will also high. The researcher also investigated that the highest mean value of customer loyalty (4.2125) is greater than that of customer satisfaction (4.18).

The result is supported by Lam et al. (2004) who applied a structural equation modeling on B2B service context and the result found that a significant positive relationship between customer satisfaction and customer loyalty. In a similar service context, Murli et al. (2007) investigated about a large organization engaged in B2B service in both USA and Canada by using probit model and found a strong positive relationship between customer satisfaction and customer loyalty. Zins (2001) examined the research about commercial airline industry using structural equation modeling and found that customer satisfaction as an important predictor of customer loyalty. On the other hand, Kivela et al. (1999) proved that satisfaction significantly influent on behavioral intentions in the dining restaurant industry. The result is also supported by the Lotteria such as fried chickens are always fresh and crispy and the taste of tile foods are prepared to be matched especially for the local people such as; Myanmar enjoys the hot and spicy taste and Lotteria provides extra hot and spicy Kimchi fried chicken taste which is currently the most popular in Myanmar. This improved the customer satisfaction which influenced the customer loyalty towards Lotteria.

6.3 Conclusions

This study investigated the various factors which affected the customer loyalty toward Lotteria fast food restaurants in Yangon, Myanmar. The researcher applied (15) hypotheses based on (9) dependent and independent variables; customer loyalty, customer satisfaction, perceived value, image, and perceived service quality; tangibles, reliability, responsiveness, assurance and empathy. The researcher applied the survey method to collect the primary data and the scaling system is the five point Likert scale method.

The researcher collected the primary data from (5) branches of Lotteria in Yangon, Myanmar during May and June of 2015 and the respondents are male or female customers who have at least 2 or 3 times tried Lotteria products before. The researcher applied (4) demographic factors; age, monthly income, education level and gender in this study. The majority of the respondents are 21 - 25 years old people (40%) and they have no monthly income. The major group education level is education level group is bachelor degree (66.80%) and major respondents are male respondents with (52.80%).

The researcher applied 400 primary data to explore the relationship of each variable by using the SPSS program. The researcher utilized the Pearson Correlation Coefficient (Bivariate) to test the correlation of each hypothesis in this study. The researcher explored the relationship of (15) hypotheses and the result of significant (2-tailed test) values are less than 0.01, and which showed that all of the null hypotheses are rejected.

The researcher found that within the (15) hypotheses, (1) hypotheses (H_g) has a moderate positive relationship between each variable and which means that there is a moderate positive relationship between perceived service quality in terms of assurance and customer loyalty. The researcher also explored that the other (8) hypotheses (H₁, H₂, H₅, H₆, H₉, H₁₀, H₁₄ and H₁₅) have a weak positive relationship between each other and which means that there is a weak positive relationship between perceived service quality in terms of tangibles and customer satisfaction, perceived service quality in terms of tangibles and customer loyalty, perceived service quality in terms of responsiveness and customer satisfaction, perceived service quality in terms of responsiveness and customer loyalty, perceived service quality in terms of empathy and customer satisfaction, perceived service quality in terms of empathy and customer loyalty, perceived value and customer loyalty, customer satisfaction and customer loyalty. The last (6) hypotheses (H₃, H₄, H₇, H₁₁, H₁₂, and H₁₃) have a very weak positive relationship between each other and which means that there is a very weak positive relationship between perceived service quality in terms of reliability and customer satisfaction, perceived service quality in terms of reliability and customer loyalty, perceived service quality in terms of assurance and customer satisfaction, image and customer satisfaction, image and customer loyalty, perceived value and customer satisfaction.

6.4 Recommendations

According to the data analysis of this study, the results can help marketers not only to understand Myanmar customer loyalty towards Lotteria fast food but also to gain more competitive advantages. Regarding to the research findings, the answers from the questionnaires of this research paper and based on the researcher's observation, and would like to make some suggestions as follows;

According to the result of hypothesis one, there is a weak positive relationship between perceived service quality in terms of tangibles and customer satisfaction. The result indicated that if the tangible of the product is high, the customer satisfaction also will be

high. The researcher would like to suggest that this company should focus on the tangibility factor and improve service quality and which can yield the customer satisfaction of Lotteria products. Forexample; the interior decoration design of Lotteria is modern and stylish and the restaurant provides the customers up-to-date food menus and which lead to satisfaction of customers such as the Korean interiors of Lotteria franchise were designed in a Korean style (eg: The Korean cartoon images on the LOTTERIA wall). Myanmar youth are influenced by Korean dramas and Korean culture. Thus, Tangibles which reflected Korean style are neat and tidy which influenced customer satisfaction.

According to the result of hypothesis two, there is a weak positive relationship between the perceived service quality in terms of tangibles and customer loyalty. The result would imply that, the positive tangibility service quality can play a significant role for improving consumer loyalty. Highlighting the tangibility service quality can contribute for increasing the consumer loyalty of that product. For example; Lotteria's environment is clean and chic and the employees dress their uniform neat and tidy and which lead to customer loyalty towards Lotteria. The result of this researcher is also supported by the Lotteria tangibles as they reflect Korean culture and Burmese people are very familiar with Korean culture. Young Burmese loves to watch Korean dramas and eats Korean food. Hence, Lotteria tangibles influenced customer loyalty of Myanmar people.

According to the result of hypothesis three, there is a very weak positive relationship between perceived service quality in terms of reliability and customer satisfaction. The result would imply that, the positive reliability service quality can play a significant role for improving consumer satisfaction. Highlighting the reliability service quality can contribute for increasing the consumer satisfaction of that product. For example; Lotteriaprovides the reasonable price for customers and the employees of Lotteria deliver the customer orders fast and accurate and which lead to customer satisfaction towards Lotteria.

According to the result of hypothesis four, there is a very weak positive relationship between perceived service quality in terms of reliability and customer loyalty. The result would imply that, positive reliability service quality can play a significant role in improving consumer loyalty. Highlighting the reliability service quality can contribute for increasing the consumer loyalty of that product. For example; Lotteria provides modern facilities for

customers and it has safe and secure bookkeeping system and which lead to customer loyalty towards Lotteria.

According to the result of hypothesis five, there is a weak positive relationship between perceived service quality in terms of responsiveness and customer satisfaction. The result would imply that, the positive responsiveness service quality can play a significant role for improving consumer satisfaction. Highlighting the responsiveness service quality can contribute for increasing the consumer satisfaction of that product. For example; employees of Lotteria always willing to help the customer demand and they act politely to the customers whenever they are busy and which lead to customer satisfaction towards Lotteria.

According to the result of hypothesis six, there is a weak positive relationship between perceived service quality in terms of responsiveness and customer loyalty. The result would imply that, the positive responsiveness service quality can play a significant role for improving consumer loyalty. Highlighting the responsiveness service quality can contribute for increasing the consumer loyalty of that product. For example; employees of Lotteria give the prompt service to the customers and they are willing to explain about the food menus to the new customers and which lead to customer loyalty towards Lotteria.

According to the result of hypothesis seven, there is a very weak positive relationship between perceived service quality in terms of assurance and customer satisfaction. The result would imply that, the positive assurance service quality can play a significant role for improving consumer satisfaction. Highlighting the assurance service quality can contribute for increasing the consumer satisfaction of that product. For example; the employees of Lotteria are polite and the customers trust their service accuracy and which lead to customer satisfaction towards Lotteria.

According to the result of hypothesis eight, there is a moderate positive relationship between perceived service quality in terms of assurance and customer loyalty. The result would imply that, the positive assurance service quality can play a significant role for improving consumer loyalty. Highlighting the assurance service quality can contribute for increasing the consumer loyalty of that product. For example; the customers satisfied in their order transactions with the employees of Lotteria and employee also got adequate supports from the Lotteria to do their service well and which lead to customer loyalty towards Lotteria.

According to the result of hypothesis nine, there is a weak positive relationship between perceived service quality in terms of empathy and customer satisfaction. The result would imply that, the positive empathy service quality can play a significant role for improving consumer satisfaction. Highlighting the empathy service quality can contribute for increasing the consumer satisfaction of that product. For example; Lotteria gives customers' individual attention and the employee also treats equally to every customer and which lead to customer satisfaction towards Lotteria.

According to the result of hypothesis ten, there is a weak positive relationship between perceived service quality in terms of empathy and customer loyalty. The result would imply that, the positive empathy service quality can play a significant role for improving consumer loyalty. Highlighting the empathy service quality can contribute for increasing the consumer loyalty of that product. For example; Lotteria employees care customers' belonging to be safety and the opening hours of Lotteria restaurant is convenient to all customers and which lead to customer loyalty towards Lotteria.

According to the result of hypothesis eleven, there is a very weak positive relationship between image and customer satisfaction. The result would imply that, the positive image can play a significant role for improving consumer satisfaction. Highlighting the image can contribute for increasing the consumer satisfaction of that product. For example; the reputation of Lotteria itself is very good and it makes a good impression on customers and which lead to customer satisfaction towards Lotteria.

According to the result of hypothesis twelve, there is a very weak positive relationship between image and customer loyalty. The result would imply that, the positive image can play a significant role for improving consumer loyalty. Highlighting the image can contribute for increasing the consumer loyalty of that product. For example; Lotteria has a good reputation among the other fast food restaurants and it also suits customer needs such as variety of delicious fast food menus, foods are hygienic and 24 hour opening and which lead to customer loyalty towards Lotteria.

According to the result of hypothesis thirteen, there is a very weak positive relationship between perceived value and customer satisfaction. The result would imply that, the positive perceived value can play a significant role for improving consumer satisfaction. Highlighting the perceived value can contribute for increasing the consumer satisfaction of

that product. For example; Lotteria charges a reasonable price and also offers good value for money and which lead to customer satisfaction towards Lotteria.

According to the result of hypothesis fourteen, there is a weak positive relationship between perceived value and customer loyalty. The result would imply that, the positive perceived value can play a significant role for improving consumer loyalty. Highlighting the perceived value can contribute for increasing the consumer loyalty of that product. For example; Lotteria charges a reasonable price and also offers good value for money and customers enjoy food from Lotteria and which lead to customer satisfaction towards Lotteria.

According to the result of hypothesis fifteen, there is a weak positive relationship between customer satisfaction and customer loyalty. The result would imply that, the positive customer satisfaction can play a significant role for improving consumer loyalty. Highlighting the customer satisfaction can contribute for increasing the consumer loyalty of that product. For example; the offerings from Lotteria always meet the customers' expectations such as fried chickens are always fresh and crispy, foods are delicious and occasionally give event promotions to customers and selecting that brand is the right choice among other fast food restaurants in Yangon and which lead to customer loyalty towards Lotteria. Also, the taste of the foods are prepared to be matched especially for the local people such as; Myanmar enjoys hot and spicy taste, Lotteria provides extra hot and spicy Kimchi Fried Chicken taste which is currently the most popular in Myanmar. This improved the customer satisfaction which influenced the customer loyalty towards Lotteria.

6.5 Further Research

This study was carried out to explore the factors affecting the customer loyalty of Lotteria in Yangon, Myanmar and the primary data are collected from the respondents who have at least 2 or 3 times trying Lotteria products before. The researcher collected the data from (5) branches of Lotteria shops in Yangon. Some recommendations for future studies could be as follows:

- (1) Further studies could be carried out to compare customer loyalty towards fast food restaurants between two brands such as Lotteria VS KFC.
- (2) This research focused on Lotteria only. Further studies could be conducted for other fast food brands such as KFC, MC Donalds etc.

- (3) The researcher focused only upon the (9) variables in this study due to a limited timeframe and the cost. Further studies could focus on other variables; such as brand awareness, brand association; which was supported by Gil et al. (2007) who studied the family as a source of consumer-based brand equity with advertising, family, price, promotion, brand awareness, brand association, perceived quality, brand loyalty, brand equity variables and the influence of brand equity on consumer responses' which was developed by Buil et al. (2013) and the variables are brand awareness, perceived quality, brand loyalty, brand associations, overall brand equity, price premium, brand extension, brand preference, and purchase intention and so forth. These factors might be the major impact to customer loyalty.
- (4) Further studies should use the qualitative method to get a much deeper inside understanding and to explore the causal relationship among variables by using other research techniques such as observation, in-depth interviews and focus groups.
- (5) This study is conducted in Yangon, Myanmar and it can represent only the purchase intention of customers who lived in Yangon. Further research could be conducted in other cities of Myanmar, such as Mandalay, Nay Pyi Taw etc.

BIBLIOGRAPHY

- Aaker, D.A., Kumar, V., and Day, S. G. (1995). *Marketing Research*, (5th ed.), New York, John Wiley & Sons, Inc
- Aaker, D.A., Kumar, V., and Day, S. G. (2001). *Essentials of Marketing Research*, (2nd ed.), New York, John Wiley & Sons, Inc
- Andreassen, T. W., and Lanseng, E. (1997). The principal's and agents' contribution to customer loyalty within an integrated service distribution channel: An external perspective. *European Journal of Marketing*, 31(7), 487-503
- Andreassen, T. W., and Lindestad B. (1998). Customer loyalty and complex services: The impact of corporate image on quality, customer satisfaction and loyalty for customers with varying degrees of service expertise. *International Journal of Service Industry Management*, 9(1), 7-23
- Babin, B. J., Chebat, J-C., and Michon, R. (2004). Perceived appropriateness and its effect on quality. *Journal of Retailing and Consumer Services*, 11(5), 287-298
- Babin, B. J., Darden, W. R., and Griffin, M. (1994). Work and/or fun: Measuring hedonic and utilitarian shopping value. *Journal of Consumer Research*, 20(4), 644-656
- Bagozzi, R. P., Gopinath, M., and Nyer, P. U. (1999). The role of emotions in marketing. *Journal of the Academy of Marketing Science*, Vol. 27, 184-206
- Baillargeon, J. C. L. (2003). *Product-country images in the argentine setting: an analysis of animosity and admiration*, MBA dissertation, Carleton University, Ottawa
- Baker, D.A., and Crompton, J.L. (2000). Quality satisfaction and behavioral intentions. *Annals of Tourism Research*, 27(3), 785-804
- Berenson, M. L., and Levine, D. M. (1996). *Basic Business Statistics*, Prentice-Hall, Englewood Cliffs, New Jersey
- Berger, I.E., Ratchford, B.T., and Haines, O.H. (1994). Subjective product knowledge as a moderator of the relationship between attitudes and purchase intentions for fast food restaurant. *Journal of Economic Psychology*, 15(2), 301-314
- Berry, L. L., Parasuraman, A., and Zeithaml, V. A. (1988). The service quality puzzle. *Business Horizon*, September / October
- Blackwell, S. A., Szinbach, S. L., Barnes, J. H., Garner, D. W., and Bush, V. (1999). The antecedents of customer loyalty: an empirical investigation of the role of personal and

situational aspects on repurchase decisions. *Journal of Services Research*, 1(4), 362-375

Bloemer, J., and Ruyter, K. (1997). On the relationship between store image, store satisfaction and store loyalty. *European Journal of Marketing*, 32(5-6), 499-513

Brown, A. and Cudeck, R. (1992). Alternative ways of assessing model fit: Structural Equations with Latent Variables. *Strategy* (4th Ed.). Wiley, New York, NY.

Chang, H. H., and Wang, W. H. (2010). The moderating effect of customer perceived value on online shopping behavior. *Online Information Review*, 35(3), 333-359.

Chen, Y. Y., and Kang, O. (2012). *Does Korean Consumers' ethnocentrism Still Affect Purchase Intention in restaurant Industry?* Chinese Cultural University

Chinen, K., Jun, M., and Hampton, G.M. (2000). Product quality, market presence, and buying behavior: aggregate images of foreign products in the US. *Multinational Business Review*, 8 (1), 29-38

Chitty, B., Ward, S., and Chua, C. (2007). An application of the ECSI model as a predictor of satisfaction

Choo, H.J., Moon, H., Kim, H., and Yoon, N. (2012). Luxury customer value. *Journal of Fashion Marketing and Management*, 16(1), 81-101

Churchill, G. A., and Iacobucci, D. (1991). *Marketing Research: Methodological Foundations*, (5th ed.), Cengage Learning

Churchill, G.A. (1991). A paradigm for developing better measures of marketing constructs. *Journal of Marketing Research*, 16(1), 64-73

Churchill, G. A. (1996). *Marketing Research: Methodological Foundations*, (6th ed.), Fort Worth: Dryden Press

Churchill, G. A. (1999). *Marketing Research: Methodological Foundations*, (7th ed.), Orlando: Dryden

Cooper, D. R., and Schindler, P. S. (2001). *Business Research Methods*, (7th ed.), Boston: McGraw-Hill

Cronin, M. & Taylor, A. (1992). The theory of customer behavior. *Journal of Marketing*, 20(1), 178-180.

Cronin, J. & Taylor, A. (1992). Measuring service quality: a re-examination and extension. *Journal of Marketing*, 56(1), 55-68.

Davis, D., and Consenza, R. M. (1993). *Business Research for Decision Making*, (3rd ed.), California: Wadsworth Publishing Company

- Dodds, W., and Monroe, K. B. (1985). The effect of brand and price information on subjective product evaluations. *Advance in Consumer Research*, Vol.2, E.C. Hirschman and M.B Holbrook, eds. Provo, UT: Association for Consumer Research, 85-90
- Dowdles, M. (1997), NAFTA: a comparison of Canadian consumer and retail buyer product country images. *MMS dissertation*, Carleton University, Ottawa
- Farrell, K.A., Karels, G.V., Monfort, K.W., and McClatchey, C.A. (2000). Celebrity performance and endorsement value: the case of Tiger Woods. *Managerial Finance*, 26(7), 1-15
- Fitzsimmons, V. S., Mona, V. S., and Leach, L. J. (1994). Service Quality in private Hotels in Turkey. *Journals of Marketing*, 60 (1), 56-79
- Fornell, C. (1992). A national customer satisfaction barometer: the Swedish experience. *Journal of Marketing*, 56(1), 6-21.
- Franklin M. F. (1986). Statisticians, Econometricians, and Adversary Proceedings, 81 J.Am. Stat. Ass'n 277
- Grönroos, C. (2000). *Service Management and Marketing a Customer relationship Management Approach*, 2nd Ed, Wiley, Chichester.
- Grewal, D., Krishnan, R., Baker, J., and Borin, N. (1998). The Effect of Store Name, Brand Name and Price Discounts on Consumers' Evaluations and Purchase Intentions. *Journal of Retailing*, 74 (3), 331-352
- Hair, J. F., Bush, R. P., and Ortinau, D. J. (2000). *Marketing Research: A practical approach for the new millennium*, McGraw-Hill Inc
- Haley, R. J. (1968). Benefit segmentation: a decision-oriented research tool. *Journal of Marketing*, July, 30-35
- Han, M. C. (1990). Testing the role of country image in consumer choice behavior. *European Journal of Marketing*, 24(6), 24-40
- Han, M. C., and Terpstra, V. (1988). Country-of-origin effects for uni-national and bi-national. *Journal of International Business Studies*, 19(2), 235-255
- Hanna, N., and Wozniak, R. (2001). *Consumer Behavior*, New Jersey: Prentice-Hall
- Harrison-Walker, L. J. (1995). The relative effects of national stereotype and advertising information on the selection of a service provider. *Journal of Services Marketing*, 9(1), 47-59

- Haubl, G. (1996). A cross-national investigation of the effects of country-of-origin and brand name on the evaluation of a new restaurant. *International Marketing Review*, 13(5), 76-97
- Holbrook, M. B. (1986). Emotion in the consumption experience: toward a new model of the human consumer in Peterson, R.A. (Ed.). *The Role of Affect in Consumer Behavior*, Heath, Lexington, MA, 7-52
- Hong, S. J., Thong, J. Y. L., and Moon, J. Y. (2008). Understanding the behavioral of services consumers. *International Marketing Review*, 10(4), 31-45
- Hsieh, M.H., Pan, S.L., and Setiono, R. (2004). Product, corporate and country image dimensions and purchase behaviour: a multicountry analysis. *Journal of the Academy of Marketing Science*, 32(3), 251-270
- Huang, H. J., Lee, B., and Ho, H. S. (2004). Consumer attitude towards service industry. *International Marketing Review*, 21(6), 598-614
- Hussy, (1997). *Business Research: A Practical Guide for undergraduate and post graduate students*, 227, London, MacMilla
- Han, H. and Kim, W. (2009). Outcomes of relational benefits: restaurant customers' perspective. *Journal of Travel and Tourism Marketing*, 26(2), 820-835.
- Han, H. and Ryu, K. (2006). Moderating role of personal characteristics in forming restaurant customers' behavioral intentions: an upscale restaurant setting. *Journal of Hospitality and Leisure Marketing*, 15(4), 25-54.
- Inamulla, K., Saqib, G. & Anwar S. (2012). The customers satisfaction index: purpose, nature and findings. *Journal of Marketing*, 60(1), 7-18.
- Iyer, G. R., and Kalita, J. K. (1997). The impact of country-of-origin and country-of-manufacture cues on consumer perceptions of quality and value. *Journal of Global Marketing*, 11(1) 7-27
- Izard, C. E. (1977). *Human Emotions*, Plenum, New York, NY
- Keller, K. L. (1993). Conceptualizing, measuring, and managing customer-based brand equity, *Journal of Marketing*, Vol. 57, January, 1-22
- Keller, K. L. (2003) *Strategic Brand Management: Building, Measuring, and Managing Brand Equity*, (2nd ed.), Prentice-Hall, New York, NY
- Kotler, P., (1997). Atmospherics as a marketing tool. *Journal of Retailing*, 49(4), 48-64.
- Kotler, P. (2000). *Marketing Management: The millennium Edition*, New Jersey: Prentice Hall International Inc

- Kumar, A., Lee, H. J., and Kim, Y. K. (2009). Indian consumers' purchase intention towards United States versus local brand. *Journal of Business Research*, 62(5), 521-527
- Lee, M. and Ulgado, F. M. (1997). Customer evaluation of fast-foods services: A cross-national comparison. *The Journal of Services Marketing*, 11(1), 39-52.
- Levesque, T., and McDougall, G. (1996). Customer dissatisfaction; the relationship between types of problems and customer response. *Revue Canadienne des Sciences de l'Administration*, 13(3), 264.
- Lee, Y. M., Kim, K. Y., Pelton, L., Knight, D., and Forney, J. (2008). Factors affecting Mexican college students' purchase intention towards a US apparel brand. *Journal of Fashion Marketing and Management*, 12(3), 294-307
- Leek, S., and Kun, D. (2006). Consumer confusion in the Chinese personal computer market. *Journal of Product and Brand Management*, 15(3), 184-93
- LeVine, Robert, A. and Donald, T. C. (1972). *Ethnocentrism: Theories of Conflict, Ethnic Attitudes, and Group Behaviour*, New York: John Wiley & Sons
- Li, H. D. T., and Biocca, F. (2002). Impact of 3-D advertising on product knowledge, brand attitude, and purchase intention: The mediating role of presence, *Journal of Advertising*, 31(3), 43-57
- Li, N., Robson, A., and Coates, N. (2013). Chinese consumers' purchasing: impact of value and affect. *Journal of Fashion Marketing and Management*, 17(4), 486-508
- Liu, Y., and Jang, S. (2009). Perception of Chinese restaurants in the U.S : what affects customer satisfaction and behavioral intention? *International Journal of Management*, 28, 338-348.
- Lovelock, C. and Wirtz, J. (2007). *Services Marketing: People, Technology, Strategy* (6th Ed.). Pearson Prentice Hall, New Jersey.
- Malhotra, N. K. (2000). *Marketing Research: An applied orientation international edition*, New Jersey: Prentice Hall
- McClave, J., Benson, P., and Sincich, T. (2004). *Statistics for Business and Economics*, New York: Prentice-Hall
- McConnel, J. D. (1968). Effect of pricing on perception of product quality, *Journal of Applied Psychology*, Vol. 52, August, 300-303
- McDaniel, C. D., & Gates, R. (1998). *Marketing Research Essentials*. Glastonbury, USA: West Publishing.

- McDaniel, C. (1999). *Contemporary Marketing Research*, (4th ed.). St. Paul: West Publishing Company
- McDougall, G. H. G. & Leveuque, T. (2000). Customer satisfaction with services: putting perceived value into the equation. *Journal of Services Marketing*, 14(5), 392-410.
- Miller, J. A. (1976). Store satisfaction and aspiration theory: a conceptual basis for studying consumer discontent. *Journal of Retailing*, 52(3), 65
- Namkung, Y. & Jang, S. (2007). Does food quality really matter in restaurant? It's impact on customer satisfaction and behavioral intentions. *Journal of Hospitality and Tourism Research*, 31(3), 387-410.
- Namkung, Y. & Jang, S. (2008). Are highly satisfied restaurant customers really different? A quality perception perspective. *International Journal of Contemporary Hospitality Management*, 20(2), 142-155.
- Oliver, R. L (1997). *Satisfaction: A Behavioral Perspective on the Consumer*. McGraw Hill, Singapore.
- Oliver, R. L. (1980). A cognitive model of the antecedents and consequences of satisfaction decisions, *Journal of Marketing Research*, V o. 17, 460-469
- Oliver, R. L & Linda, G. (1980). Effect of satisfaction and its antecedents on customer preferences and intention. *Advances in Consumer Research*, 56(3), 88-93.
- Parasuraman, A., Zeithaml, V. A., & Berry. L. L. (1985). *A concept model of service quality and its implications for future research*. *Journal of Marketing*, 49-51.
- Parasuraman, A., Zeithaml, V. A., & Berry. L. L. (1988). SERVQUAL: a multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), pp. 12-40.
- Parasuraman, A., Zeithaml, V. A., & Berry. L. L. (1991). Refinement and reassessment of the SERVQUAL scale. *Journal of Retailing*, 67(4), 420-450.
- Parasuraman, A., Zeithaml V. A., and Berry (1990). Delivering Quality Service: Balancing Customer Perceptions and Expectations. *New York: Free Press*, 21-22.
- Park, M., Sun, Z., Hwang, K., and Lee, H. (2011). Influencing Factors on Consumers' Smartphone Adoption. *Journal of Information Technology Applications & Management*
- Patterson, P. & Spreng, R. (1997). Modeling the relationship between perceived value, satisfaction and repurchase intentions in a business to business, service context: an

- empirical examination. *International Journal of Service Industry Management*, 8(5), 414-434.
- Qin, H. & Prybutok, V. R. (2009). Service quality, customer satisfaction, and behavioral intentions in fast-food restaurants. *International Journal of Quality and Service Sciences*, 1 (1), 78-95.
- Sekaran, U. (1992). *Research Methods for Business: A Skill Building Approach*, (2nd ed.), John Wiley & Sons
- Sekaran, U., and Bougie, R. (2000). *Research methods for business: A skill building approach*, (3rd ed.). New York: John Wiley & Sons, Inc.
- Sekaran, U., and Bougie, R. (2009). *Research methods for business: A skill building approach*, (5th ed.). New York: John Wiley & Sons, Inc.
- Vanishbancha, K. (2007). *SPSS for windows*, (10th ed.), CHulabook: Bangkok
- Wang, L., Wu, W. W., & Tsai, D. (2006). Online shopping interface components: relative importance as peripheral and central cues. *Cyberpsychology and Behavior*, 23(4), 285-94.
- Wu, J., and Delong, M. (2006). Chinese perceptions of Western-branded denim jeans: a Shanghai case study. *Journal of Fashion Marketing and Management*, 10(2), 238-250
- Yoo, B., Donthu, N., and Lee, S. (2000). An examination of selected marketing mix elements and brand equity, *Journal of the Academy of Marketing Science*, 28(2), 195-211
- Yu, Y. T., and Dean, A. (2001). The contribution of emotional satisfaction to consumer loyalty. *International Journal of Service Industry Management*, 12(3), 234-50
- Zeithaml, V. A. (1988). Consumer perceptions of price, quality and value: A means-end model and synthesis of evidence, *Journal of Marketing*, 52(3), 2-22
- Zhang, G., and Liu, Z. (2011). Effects of influential factors on consumer perceptions of uncertainty, *Nankai Business Review International*, 2(2), 158-171
- Zhang, M., Xie, Y., Huang, L., and He, Z. (2012). Service Quality evaluation of car rental industry in China. *International Journal of Quality & Reliability Management*, 31(1), 82-102.
- Zikmund, W. G. (1997). *Business Research Methods*, (5th ed.), New York: Dryden
- Zikmund, W. G., Babin, B. J., Carr, J. C., and Griffin, M. (2010). *Business research methods*, (8th ed.) New York: South-Western Cengage Learning

APPENDIX: A

QUESTIONNAIRE



QUESTIONNAIRE

This questionnaire is collected for the partial fulfillment of the requirements for the degree of master of business administration (MBA) student from Assumption University, Thailand. The objective of questionnaire is to study the perceived service quality and the factors affecting customer loyalty of Lotteria Fast Food Restaurants in Yangon, Myanmar. Please answer the following questions by "I" in the space given below and answer truthfully and complete all questions. Thank you for your cooperation.

Part I: Screening question

1. Have you ever tried food from Lotteria restaurants?
 - Yes (Please continue to other parts.)
 - No (Please stop and return the questionnaire. Thank you.)
2. How many times did you eat here before?
 - More than 3 times (Please continue to other parts.)
 - Less than 3 times (Please stop and return the questionnaire. Thank you.)

Part II: Perceived Service Quality of Lotteria

Tangibles

	Strongly Disagree	Disagree	Neither agree nor Disagree	Agree	Strongly Agree
3. Lotteria's environment is clean and chic.					
4. Lotteria's employees dress their uniform neat and tidy.					
5. The interior decoration design of Lotteria is modern and stylish.					
6. Lotteria provides up-to-date food menus.					

Reliability

	Strongly Disagree	Disagree	Neither agree nor Disagree	Agree	Strongly Agree
7. Lotteria provides the reasonable price for customers.					
8. Employees of Lotteria deliver the customer's orders fast and accurate.					
9. Lotteria provides modern facilities for customers.					
10. Lotteria has safe and secure bookkeeping system.					

Responsiveness

	Strongly Disagree	Disagree	Neither agree nor Disagree	Agree	Strongly Agree
11. Employees are always willing to help the customer demand.					
12. Employees act politely to the customers whenever they are <u>busy</u>					

13. Employees give the prompt service to the customers.					
14. Employees are willing to explain about the food menus to the new customers.					

Assurance

	Strongly Disagree	Disagree	Neither agree nor Disagree	Agree	Strongly Agree
15. Lotteria Employees are polite.					
16. I trust Lotteria employee's service for customers is accurate					
17. Customers are satisfied in their order transactions with the employees.					
18. Employees have adequate supports from the Lotteria to do their service well.					

Em ath

	Strongly Disagree	Disagree	Neither agree nor Disagree	Agree	Strongly Agree
19. Lotteria gives customers individual attention.					
20. Employees treat equally to every customer.					
21. Lotteria employees care customers' belonging to be safety.					
22. The opening hours of Lotteria restaurant are convenient to all customers.					

Part III: Image of Lotteria

	Strongly Disagree	Disagree	Neither agree nor Disagree	Agree	Strongly Agree
23. The reputation of Lotteria itself is good.					
24. Lotteria makes a good impression on customers.					
25. Lotteria has a good reputation among the other fast food restaurants.					
26. Lotteria suits customer needs.					

Part IV: Perceived Value of Lotteria

	Strongly Disagree	Disagree	Neither agree nor Disagree	Agree	Strongly Agree
27. Lotteria charges a reasonable price.					
28. Lotteria offers good value for money.					
29. I enjoy food from Lotteria and it is worth to pay my money					

Part V: Customer Satisfaction of Lotteria

	Strongly Disagree	Disagree	Neither agree nor Disagree	Agree	Strongly Agree
30. I am satisfied with the Lotteria's service.					
31. I think Lotteria is the right choice among other fast food restaurants in Yangon.					

APPENDIX B

Part 1: Screening question

Lotteria သွင်းယူခွင့်ကတစ်ခုသက်တမ်းပြည့်ရှိပါသလော။

ရှိပါ သ် (ခမေးမြန်းမှုတော်ဆက်လက်ခြင်းမပါ)

မရှိဘဲ နှုတ်

သတ္တိအကြိမ်အရတစ်ခုသက်တမ်းပြည့်ရှိပါ

- နှုတ်ပြန်မှုအား နှိပ် (ခမေးမြန်းမှုတော်ဆက်လက်ခြင်းမပါ)

Part 11: Perceived _____ vice Quality of Lotteria

Table

			သင့်		
၁)				သက်တမ်း	
၂)					
၃)	သင့်ရဲ့				
၄)	သက်တမ်း				

			၁	၂	သက်တမ်း
၁) သက်တမ်း					

Part IV: Perceived Value of Lottaria

	Perceived Value	Perceived Value	Perceived Value	Perceived Value	Perceived Value
(a) Lottaria သည် စတင် ဖွင့်လှစ်ခဲ့သည့် နေ့စွဲ					
(b) Lottaria သည် စတင် ဖွင့်လှစ်ခဲ့သည့် နေ့စွဲ					
(c) Lottaria သည် စတင် ဖွင့်လှစ်ခဲ့သည့် နေ့စွဲ					

Part V: Customer Satisfaction of Lottaria

	Customer Satisfaction	Customer Satisfaction	Customer Satisfaction	Customer Satisfaction	Customer Satisfaction
(a) Lottaria သည် စတင် ဖွင့်လှစ်ခဲ့သည့် နေ့စွဲ					
(b) Lottaria သည် စတင် ဖွင့်လှစ်ခဲ့သည့် နေ့စွဲ					
(c) Lottaria သည် စတင် ဖွင့်လှစ်ခဲ့သည့် နေ့စွဲ					

Part VI: Customer Loyalty

	Customer Loyalty	Customer Loyalty	Customer Loyalty	Customer Loyalty	Customer Loyalty
(a) Lottaria သည် စတင် ဖွင့်လှစ်ခဲ့သည့် နေ့စွဲ					
(b) Lottaria သည် စတင် ဖွင့်လှစ်ခဲ့သည့် နေ့စွဲ					

()
()
...

Part ...

()



...

...

...

...

...

APPENDIX: C

SPSS results

Reliability Test

Tangibles

Reliability Statistics

Cronbach's Alpha	N of Items
.851	4

Reliability

Reliability Statistics

Cronbach's Alpha	N of Items
.722	4

Responsiveness

Reliability Statistics

Cronbach's Alpha	N of Items
.709	4

Assurance

Reliability Statistics

Cronbach's Alpha	N of Items
.66	4

Empathy

Reliability Statistics

Cronbach's Alpha	N of Items
.884	4

Image

Reliability Statistics

Cronbach's Alpha	N of Items
.602	4

Perceived Value

Reliability Statistics

Cronbach's Alpha	N of Items
.745	3

Customer Satisfaction

Reliability Statistics

Cronbach's Alpha	N of Items
.863	3

Customer Loyalty

Reliability Statistics

Cronbach's Alpha	N of Items
.707	4

