

**YANGON UNIVERSITY OF ECONOMICS**  
**DEPARTMENT OF MANAGEMENT STUDIES**  
**MBA PROGRAMME**

**BRAND LOYALTY OF CUSTOMERS ON DAIKIN AIR**  
**CONDITIONER IN YANGON**

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**ACADEMIC YEAR (2016-2019)**

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This thesis is submitted to the Board of Examiners in partial fulfillment of  
the requirements for the degree of Master of Business Administration  
(MBA)

Supervised by:

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## ACCEPTANCE

This is to certify that the thesis entitled “**Brand Loyalty of Customers on Daikin Air Conditioner in Yangon**” has been accepted by the examination Board for awarding Master of Business Administration (MBA) degree.

### Board of Examiners

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(Chairman)

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Rector

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(Examiner)

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(Examiner)

**DECEMBER, 2019**

## **ABSTRACT**

This paper aims to study the brand loyalty of Daikin air conditioner in Yangon. The main objectives of this paper are to identify the influencing factors of brand attitude towards Daikin air conditioner and to analyze the effect of brand attitude on brand loyalty to Daikin air conditioner in Yangon. The data are collected from 120 customers of Daikin air conditioner users in area of Yangon. According to multiple regression analysis, customer service factor has significant impact on brand attitude and brand attitude also have positive impact on brand loyalty. Therefore, Daikin should focus on customer service such as after sale services to satisfy the customers and to get brand loyalty of Daikin air conditioner.

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## **LIST OF ABBREVIATION**

HVAC: Heating, Ventilation and Air Conditioning

## **CHAPTER (1)**

### **INTRODUCTION**

Nowadays in dynamic business environment, companies are putting effort to compete various ways to own assets as much as possible. And in term of asset, it contains both tangible assets like property, as well as intangible assets, likewise the company's reputation and brand identity. Brand serves the company both in such a way of differentiating item and powerful symbol, status, and image. According to American Marketing Association, a brand is a name, term, sign, symbol or a design or a combination of them aimed to identify the foods of services of one seller or group of sellers and to differentiate them from competitors. One of the most valuable assets of a firm is brand. A strong brand creates intense consumer loyalty.

Brand loyalty is one of the concepts that create difference between brands. According to (Aaker, 1991), brand loyalty promotes the efficiency of marketing programs and consumer loyalty to the brand, reduces the cost of promotional activities and through the expansion of the brand, provides a platform for its growth and development. Therefore, brand loyalty makes the brand profit and supports cash flow for organization. Strong brands can be considered the most valuable assets of business enterprise; because it allows the organization to achieve more profit margins, better cooperation channels as well as other benefits (Ulsan, 2008). Moreover, in accordance with S. Hoeffler, K. Keller (2003), the brand equity is the additional value given to goods and services. This value can be reflected by the things what does consumer think about the commodity, what he feels it and how he behaves. A brand should attain a certain awareness level among target consumer groups to utilize it effectively. Brand Equity plays a very significant role on customer buying decision.

A number of studies have mentioned that companies who have loyal customers and managed to gain greater market share, high return on investments and reduced marketing cost (Denaie and Saykiewicz, 2009; Singhard Pattangayak, 2014). The findings from the study of Dick and Basu (1994) mentioned that brand loyalty generates positive word of mouth communication which was also agreed by Oliver (1999). On the basis of a 20-80 principles Kotler and Keller (2005) noted that the top 20% customers may create 80% of a company's profitability and hence, by stating that the relationship of a company with its customer is very important. Increased competitions accelerated by globalization,

blurring boundaries between countries and rise of the internet has resulted in a rapid increase in the number of consumer brands.

According to Rahaman (2014) customer's perception towards a product attributes greatly influence future buying decision which means that customer's perception plays an important role in brand loyalty, advertisements loyalty schemes and public relations to influence customer perception towards brand loyalty (Watson and Hill,2015). Companies in the air con market find customer retention as a great challenge as these air conditioners are not purchased frequently and last longer until replacement is needed. The Brand is a pre-requisite to be considered in the buying decision. Influencing the brand on consumers' buying decision process is as important as ever.

Global warming concerns for all and people wish to keep away from heat by buying air conditioners and there are many brands of air conditioners available in the market. Every year there is rise in temperature of 2 to 3 degree. The main reason for the global warming is said to be the industrial pollution and use of CFC in air conditioners and refrigerators. However, people try to keep away from heat by buying air conditioners. In the past many years, only rich people had air conditioners at home. Today even middle-income group tends to buy air conditioners to have a good cool at home especially in summer. There are many brands of air conditioners available in the local market such as Samsung, Panasonic, Carrier, Media, Mitsubishi and Daikin's air con was penetrated and introduced in our local market through main dealer – Ywar Taw Trading Company Limited in 1999 but more dealers are arising in nowadays. In this situation, it becomes essential to study the brand loyalty of customer in Daikin air conditions in Yangon.

## **1.1 Rationale of the Study**

The most important assets of any business are intangible especially brand equity which is one of the primary sources of competitive advantages. According to Aaker, brand equity creates the positive and negative recognition of brand and stimulates product purchasing decision of the consumer. Therefore, a brand with high brand equity is likely to generate positive connection and higher recognition to consumers and pursued their purchase behavior on the product.

Consumer choice decision can be facilitated by brand equity factors as there are so many brands in market that offer similar products with little differentiation, so it could be difficult for consumer to make a choice, but brand equity is tool that could influence the

buying decision of consumer and this study helps to check the impact of brand equity on purchase decision (Gunawardane, 2015).

In the coming years, the worldwide market for air conditioner is likely to expand considerably, owing to improved financial circumstances, increased per capita revenue, and increased rates of pollution. Technological advancements in developing nations are also driving the global market for air conditioners. The increasing air pollution level harms not only the environment but individuals residing in that specific area as well. Pollution leads to fatigue and headaches, prevalent symptoms of bad air quality. This propels the worldwide market for air conditioner systems further.

On the other hand, the Yangon is expected to show significant development over the forecast period. Due to increasing product use in developing markets such as China and India, the housing industry will retain a considerable percentage share of the region's air conditioner market. With rising temperature every year, people have to adjust the situation buying Air Conditioners. Today, not only high-income group, but even middle-income group tends to buy Air Conditioners to have a good cool at summer at home.

A fragile financial condition characterizes the Yangon market for air conditioner. The increasing demand for AC substitute can create profitable possibilities for businesses operating in this regional market. Manufacturers focused on creating energy-efficient air conditioners to meet the Yangon market's requirements. Air conditioner's sale gets increased dramatically in recent years in Myanmar. Many brands with different country of origin are available in the market with different price level and competition gets intense also.

At present, myanmar air conditioning industry has a lot of international brands with the exception of companies based on products of the ubiquitous technology, use by hotels, restaurants, and houses of everywhere. Although air condition has the biggest share of technology sales within myanmar, consumers in urban area are already familiar with several of air condition.

Myanmar consumers are wary of unfamiliar brands due to a number of scandals in recent times, such as when two types being sold by ductless and ducted. Nowadays with the advancement in technology and economy of the country, consumers have more information about number of brands in market and consumers need a brand which they are already aware of. There are many companies who are distributing air condition products in Yangon for various brands. Therefore, brand equity becomes an important success factor for air condition companies in Yangon to differentiate its products from its

competitor and also influence the consumer's decision toward the brand. In this situation, to analyze impact of brand attitude on customer brand loyalty is required for the businesses to run profitably.

By understanding how brand equity influences on customer buying decision, company can maintain loyal customers; grow market share and achieve competitive advantage. In this study, impact of brand attitude on consumer brand loyalty is analyzed by using Daikin brand as a case study as it was well known in various urban towns in Yangon since two decade ago and also one of the top air condition brands in Yangon air conditioner industry.

## **1.2 Objectives of the Study**

There are two main objectives in this study. These are:

1. To identify the influencing factors on Brand Attitude of Daikin air conditioner in Yangon.
2. To analyze the effect of Brand Attitude on Brand Loyalty to Daikin air conditioner.

## **1.3 Scope and Method of the Study**

This study focuses on the marketing practices affect Brand attitude of Daikin air conditioner and the relationship between Brand attitude and Brand loyalty of customers on Daikin air conditioner. The survey is conduct on customers of Daikin Air Conditioners in Yangon area and the customers from other areas or regions are excluded from this survey research due to time limitation. In this study, brand attitude is used in order to analyze brand loyalty on Daikin air conditioners. Other external factors that influence on brand attitude of consumers are excluded in this paper. The period for study of this research is from April to November 2019.

Both primary and secondary data are collected in this study. The secondary data is collected from relevant text books, internet websites and research papers from previous study. For primary data, customer survey method with structured questionnaires is used. The questionnaire is designed using multiple choices and Likert scales questions. Simple

random sampling method is used to collect data from 120 respondents and found to be suitable for the analysis purpose. The data is processed and analyzed by using SPSS tool and summarized and presented in form of number and percentage.

#### **1.4 Organization of the Study**

This paper is composed of five different chapters. Chapter one describes the introduction of the paper, rationale, objectives, scope and method of the study. Chapter two consists of the theoretical background of the study. Chapter three presents profile and the background of Daikin air conditioner in Yangon. Chapter four analyses brand loyalty of Daikin air conditioner in Yangon. Chapter five covers conclusion that is described by the findings and discussions, suggestions, recommendations and needs for further research.

## **CHAPTER (2)**

### **THEORETICAL BACKGROUND**

This chapter mainly presents about theory of marketing practices (product quality, service quality, customer value, customer communication, customer service), brand attitude and brand loyalty.

#### **2.1 Marketing Practice of Air Conditioners**

Marketing is the art of making prospective customers to be interested in your goods and or services (Kotler, 2006). The definition above implied that marketing includes promotion, advertisement, doing research and distribution of the services and goods for sale. Marketing in general implied the process of doing all that is necessary in bringing potential clients and the products for sale together. Retail marketing is very important for both small retailers and large chain stores. The common components of marketing practices (product quality, service quality, customer value, customer communication, customer service) are very important for the viable success in retail marketing.

##### **2.1.1 Product Quality**

(Aaker,1991) stated the product quality of consumers has a great impact towards loyalty of the brand and company success. It played a vital role to maintain a warm relationship and trust inside the customers. Thus, product quality grew stronger and keeps away from competitors (Pappu & Cooksey, 2006) developed a parameter to measure the quality of durable goods. According to them, easy access, serviceability, durability, performance and excellent feature determined the quality towards brand loyal customers.

Product quality was defined as the consumers' judgment about an entity's (service's) overall excellence or superiority (Zeithaml, 1987). Rowely,1995 defined product quality in the service sector was a sort of attitude, but different from the satisfaction, occurred as perception of performance from their expectations. The main parameter for the brand loyalty was the product quality (Gurbuz,2008). He explained that when the product quality was viewed most important element of the brand, results in the occurrence of brand loyalty. The product brand quality enhanced the profitability of the

company due to the influence in brand loyalty and the increase of satisfied customers (Apéria, Back, 2004).

(Kan,2002) defined product quality is the overall knowledge and experience applied while dealing a purchase that included the attributes like product benefit, durability, reliability, function of the product. (Aaker,1996) defined the difference between perceived quality and real quality. It was occurred because the customer gets negative effect by the bad image of the product in the future as well. Moreover, the consumers would not trust the same product, even if its quality had been upgraded later. Consumer examined a product quality from their past knowledge and experiences which resulted in consumer subjective judgment in product quality (Holbrook & Corfman, 1985).

### **2.1.2 Service Quality**

The key function of the retail marketing strategy was delivery of excellent and satisfactory service. The retailers should perform delivery of quality service to not only their potential customers but also their regular customers as well. Service quality was an important dimension of customers' loyalty through customers' satisfaction in the retail business. According to Parasuraman et al. (1985) and Gronroos (1984), service quality was the assessment done by the customers' perceptions and expectations of received services as these factors comprise corporate image and service quality. Service quality was the consumers' perception of particular dimension of products or services, such as reliability, personalization assurance, tangibility, courteousness, communication and responsiveness all of which had to be incorporated into the company's strategic policies which in itself rationally affected the consumers' satisfaction by providing excellent services including personal factors, situational factors and product quality.

Service quality had a tangible link to customers' satisfaction, as in facts, the customers' satisfaction was represented by the service quality in one way or another. Hence, service quality was an antecedent to customers' satisfaction and loyalty (Su, 2004; Jamali, 2007). Service quality was a cognitive assessment which may invariably influence the customers' satisfaction (Oh, 1999).

### **2.1.3 Customer Value**

The customer was most likely an individual (or set of individuals) within a group who paid for the products and services we generated, the customer was the one who placed the value on our output (Sayer and Williams 2007; Smith and Colgate 2007). As a result of globalization, companies were encountering a huge challenge and an intense competition among their competitors. Due to this statement, the customers became more and more demanding, they wanted ever-increasing levels of quality and service at lower costs (Slater 1997). So, the firms were expected to increase the value of their customers if they wanted to remain in the market. The value definition could somehow be a bit tricky because while using it for an individual from the stand point of an organization, we were referring it to the monetary worth of the individual (customer) and while using it for the organization itself, it referred to the worth of the organization to its owners. But while using it with customer from the customer stand point, it referred to the value which was envisioned by the customers themselves towards their service or product providers (Woodruff 1997). The customers took our option because they believed our option represented the best overall value for them. The customer placed a worth on the process outputs and believed these outputs and this process best fulfill their requirements. The customers' requirements and decision criteria were many, and the customers' methods of assigning values might be formal or informal, but at the end of the day, we were become supplier as the customers had chosen. The customers assigned value based on the degree to which the process outputs fulfilled its requirements. The greater the fulfillment of requirements, the higher the customer's satisfaction, and therefore the greater the customer's attributed value. Creating a value to a customer didn't happen just by accident, on average, companies lost half of their customers every five years. It costed five times more to sell to a new customer than to an existing customer. Reducing customer defections by just 5% could double profits (Gough 2006). We would voice up more about the customer satisfaction in the section which analyzed the product vs. relationship from our customer's perspective.

### **2.1.4 Customer Communication**

Customer Communication was a very important part of any company. Moreover, good communication skills were incredibly important in the business world. In some researches we could find many ways to manage and deal with difficult communication.

The point of communication was having a conversation with another person, and this conversation might be two-way in order for communication to successfully occur. This core idea was to remember what was communicated especially during times of conflict. In fact, the person was not being effective when the person voice raised, the person body tensed, or the person temper flared. Some scientists believed that in order to have for successful communication to be occurred, two things might be kept in mind, the first was that everyone had their own ideas and perceptions and these might be respected. The second was the idea of closure, that every conversation needed closure. They needed to keep in mind that each person came to the conversation table with his or her own perception of what happened, what existed, or how to do something. It didn't help the situation to negate a person's viewpoint without facts and concrete examples of behavior or acts that were considered inappropriate, unprofessional or unacceptable. However, it was important to communicate until you got closure on the conversation. Closure meant you and the other person had discussed all of the issues and, while the person might not agree, he or she had listened to you in a non-threatening, non-defensive environment and clearly heard what you had to say. This concept was incredibly important to remember in the corporate environment. Companies were made up of various types of employees and managers, each with their own personalities and viewpoints. Therefore, it was important to remember to respect everyone's opinions no matter how different they might be. Also, the notion of closure in a conversation was essential because leaving a conversation up in the air or even with hostility could often result in damaging or breaking business relationships. Good communication was necessary in order to have for businesses to be ran successfully and smoothly. While an organization was separated from its environment, it might have some sort of ways for communicating with the environment. Anything which was external to a system belongs to the environment and not to the system itself. This was relevant to all types of organizations. The environment exerted considerable influence on the behavior of an organization at the same time; the organization could do little or nothing to control and manager the behavior of the environment.

### **2.1.5 Customer Service**

The moment of making the purchase, the buyer and seller had different sort of expectations. For the seller, the sales were a culmination of a long sales negotiation; it

was time to collect monetary reward for the labors. Sales closure opened new opportunities with new potential customers and matters shifted from the sales team to the production team. From the buyer's point of view, a sale was an initiation of a new relationship; the buyer was frequently concerned about support and the attention it would receive wishes to continue to interact with the sales team. Customer services include maintenance, repair, and upgrading. If these services could be offered at a fixed or guaranteed rate, they could be a significant competitive advantage. In maintenance, it was to be remembered that one way of solving the repair problem was to have defect-free products and then service could be bundled into the product price, which could also be of strategic value.

Customers had become more dependent on efficient operation of suppliers' equipment, services were labor intensive and cost of labor had risen, products intended for the same markets were becoming more similar, customers were increasingly selective as they searched value for money, and social changes had reflected to services, for example when a service force worked in the customer's premises, the supervision was frequently minimal. The product-service package might be defined so that it maintained costs at a level acceptable to the market. It was necessary to develop economic analysis that enabled estimates of life-cycle costs. In the USA, the concept of life-cycle costs had become relatively widespread in many industries. The relative importance of a product's material content decreased and the same applied to the manufacturing added value. For objects that were consumed, the share of logistical costs, including all the services provided at various stages such as transportation, maintenance, inventory, and planning had been growing. At the same time, supporting the tangible product had become more expensive to the supplier and to the customer. The initial purchase price represented only one element in the customer's total cost. Particularly for durable products, delivery and usage costs including maintenance represented a significant part of the total-cost price for the customer.

Customer service might not be profitable on its own, but was frequently a key determinant in the sale of the product itself. It had been estimated that the importance of services would grow in the future. Product support could be a basis for developing a close relationship between a supplier and its customers. For example, among the criteria in the purchase of computers by small and medium size companies, customer service had the strongest influence on customer behavior. Customer service was followed close by the equipment itself. Difficulties related to a relationship between a supplier and its customer

could be reduced by offering services that complement the product had a supplier's activities based on the gaining and retaining of the customers. All the supplier's activities for providing services could be referred to as "communication" or "physical management". Communication consisted of integration of customer needs and information. Physical management could be divided into preparation for use and upkeep. Upkeep meant here issues related to operation and maintenance. The product definition that underlined the time dimension was particularly applicable to services.

## **2.2 Brand Loyalty**

Brand loyalty as a concept had its origins in the 1920s" (Bennett 2001, p.3). The most commonly used definition of brand loyalty was "The biased (non-random) behavioral response (purchase) mentioned over time by some decision-making unit with respect to one or more alternative brands out of a set of brands and was a function of psychological processes" (Jacoby 1971, p.25). Fournier and Yao (1997) described the center of companies" marketing strategies was the development and maintenance of consumer brand loyalty. The phenomenon was particularly seen in markets with tough competition, highly unpredictable and low product differentiation. Carroll and Ahuvia (2006) suggested that Brand love, in turn, was associated to higher levels of brand loyalty and positive word-of-mouth. Importance of brand loyalty, brand loyalty was of paramount importance for marketers and consumer researchers (Aaker, 1991; Reichheld,1996). In service context, many scholars prioritize on importance and significance of brand loyalty (Asuncian ET AL., 2004)

The organizations that had pool of brand loyalists had greater market share and higher rates of return on investments, in turn. Many other researchers favored this (Buzzell et al., 1975; Raj, 1985; Jensen and Hansen, 2006). To obtain such targets, information about variables which caused brand loyalty became a main issue. Anderson et al. (2004) argued a loyal and contented customer base helped to increase the organizations" relative bargaining power regarding suppliers, partners and channels. So, customer loyalty should affect shareholder value in a positive manner by reducing instability and associated risk with expected future cashflows. Dick and Basu (1994) held a view that customer loyalty created positive WOM communication (word of mouth) and competitive strategies were resisted by loyal customers. Such findings appealed to strategists and marketers to build and hold strong customer loyalty. Oliver (1999) agreed

with Dick and Basu that customer loyalty was engaged in affirmative word of mouth communication. Kotler and Keller (2005) said that “based on a 20-80 principle, the top 20% of the customers might create 80% of profit for a company. Therefore, the favorable connection between a company and its customers were lucrative for the business.

### **2.3 Brand Attitude**

Similar to Brand awareness, brand attitude was also a necessary communication effect if brand purchase was to occur. However, we treated attitude in a somewhat different manner from that which was familiar to most researchers dealing with consumer behavior. The Rossiter and Percy model looked at attitude as referring to a buyer’s overall evaluation of a brand with respect to its perceived ability to meet a currently relevant motivation. This might appear to the reader to be very much like the Fishbein formulation, but there was an important difference. Our model acknowledged and accepted the general notion of cognitive beliefs interacting with evaluations to form overall evaluations of a brand, but expressed that the brand evaluation might be related to a currently relevant motivation in the sense that Fennell (1975,1978) argued all consumer’s behavior was motivated. There were four important characteristics to be understood about brand attitude:

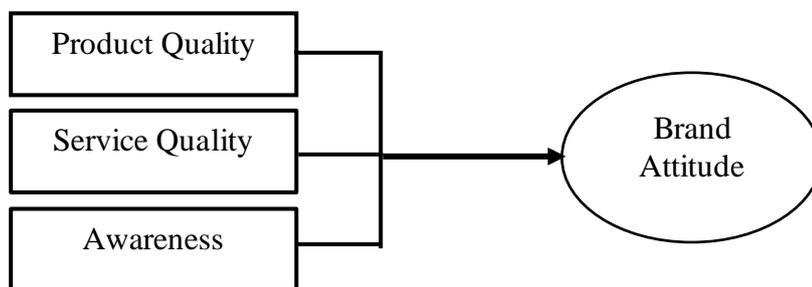
- (1) Brand attitude depended upon the currently relevant motivation. As a result, if a buyer’s motivation changed, so might the buyer’s evaluation of a brand.
- (2) Brand attitude consisted of both a cognitive and affective component. The cognitive, or logical belief component guided behavior and the affective or emotional feeling, component energized the behavior.
- (3) The cognitive component might be comprised of a series of specific benefit beliefs. In and of themselves these were not the attitude, but rather the reasons for the brand attitude.
- (4) Brand attitude was a relative construct. In almost any product category what one was looking for was the brand that, relatively speaking, met the underlying motivation better than alternative brands. As long as a motivation to behave existed, buyers would choose some brand that best met that motivation from the alternatives of which the buyer was aware. Brand attitude was not a simple construct, but it was critical to our understanding of effective advertising strategy. In the remainder of this article, we would deal in more depth with this notion,

beginning with what we meant by involvement and motivation as it related to brand attitude, and then how all of this might be implemented in generating more effective advertising strategies.

## 2.4 Previous Studies

According to the review on previous studies and reference papers for the study of the relationship of brand attitude and brand loyalty, in a study entitled “Consumers` evaluation of brand portfolios”, this study explored how consumers evaluated lodging brand portfolios and showed the important role of brand-specific associations and brand portfolio effected in forming brand attitude toward extended brands. Parasuraman et al. (2005); Goode & Harris (2004) said that service quality is a significant predictor of attitudes (Cronin & Taylor, 1992) affected intention to behave. Indicated that intentions better than customer`s attitude towards products / services quality. The degree of intent describes customer state while attitude is perceived by degree assessment of products / services quality provided by providers.

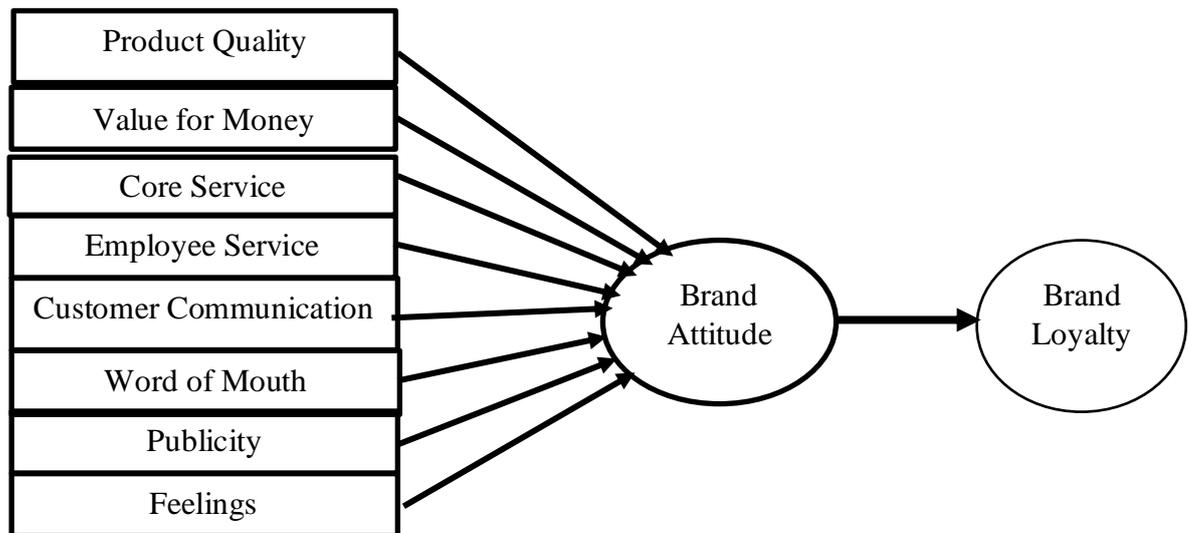
**Figure (2.1) Conceptual Framework of David Kwun, Haemoon Oh**



Source: David Kwun, Haemoon Oh (2007)

In a study entitled “An examination of the effects of service brand dimensions on brand loyalty” the objective of this study was to incorporate service brand loyalty as an ultimate dependent measure seen as the outcome of consumers` evaluation of various service brand dimensions and communication. Carroll and Ahuvia (2006) suggested that brand love in turn, was associated to higher levels of brand loyalty and positive word-of-mouth. The main parameter for the brand loyalty was the product quality (Gurbuz, 2008). He explained that when the product quality was viewed most important element of the brand, resulted in the occurrence of brand loyalty.

**Figure (2.2) Conceptual Framework of Athanasios Krystallis, PolymerosChrysochou**

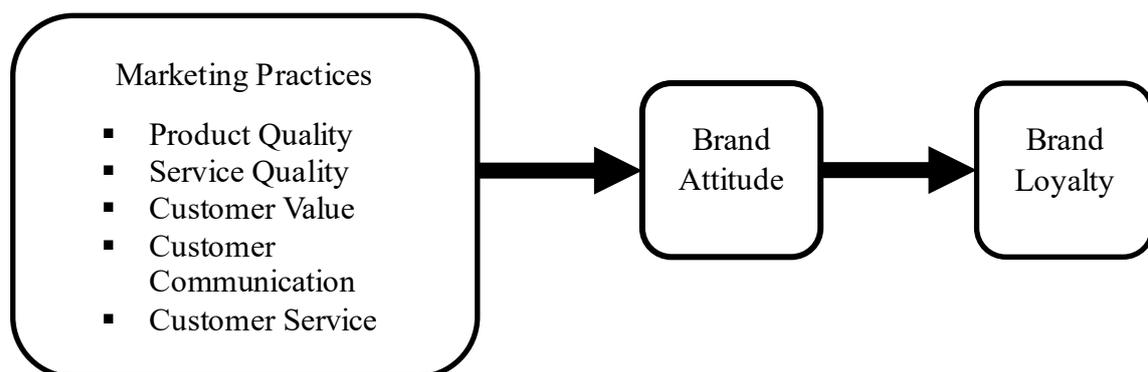


Source; Athanasios Krystallis, PolymerosChrysochou (2009)

## 2.5 Conceptual Framework of the Study

The conceptual framework of this study was based on the relationship between the marketing practices of air conditioners (product quality, service quality, customer value, customer communication and customer service), brand attitude and the brand loyalty in an air conditioners business strategy.

**Figure (2.3) Conceptual Framework of the Study**



Source: Own Compilation (2019)

Figure (2.3) was structured based on the concept of brand attitude. In the influencing factors marketing practices, such as product quality, service quality, customer value, customer communication and customer service factors were the main things to study. In the brand attitude and brand loyalty were included but other factors exclude

consideration in this study. Therefore, brand loyalty of Daikin Air Conditioners was made by these marketing practices and brand attitude.

## **CHAPTER (3)**

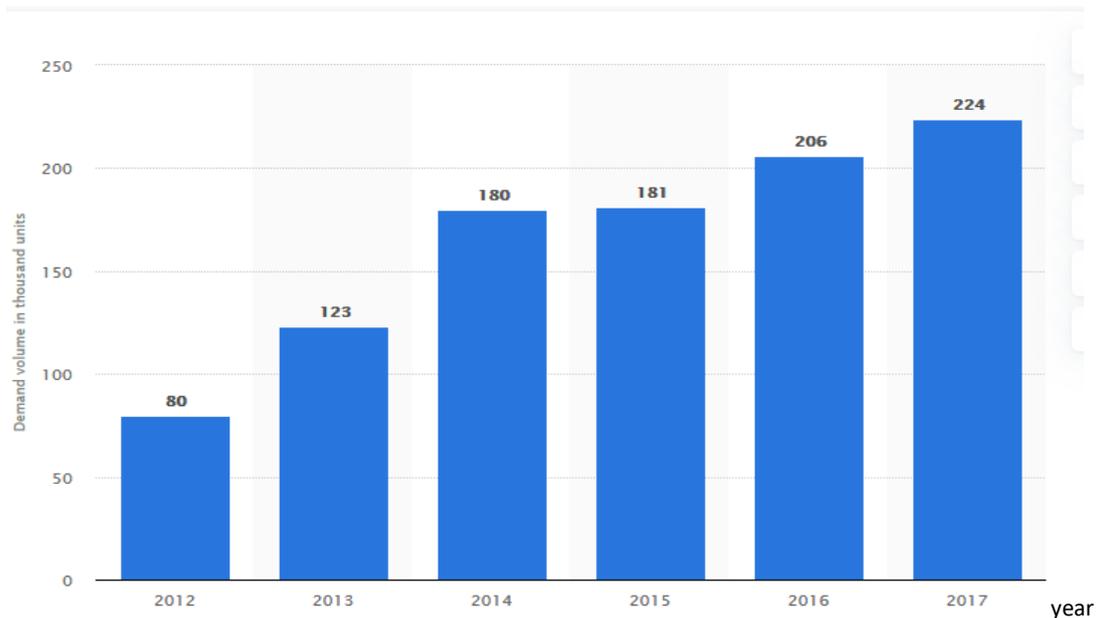
### **PROFILE AND MARKETING PRACTICES OF DAIKIN AIR CONDITIONERS IN YANGON**

Marketing Practices is very important factor for Daikin Air conditioner in Yangon. In this chapter, mainly focus on the company profile, background of air conditioner industry. High - lighted overview of marketing practices of Daikin Air conditioner in Yangon.

#### **3.1 Background of Air Conditioner Industry in Yangon**

There are many brands of air conditioners which are being used in commercial and industrial buildings. In fact, various brand of air conditioners such as Daikin, Mitsubishi, Panasonic, Hitachi, Samsung, LG, Chigo, Media, TCL, York, and etc. are manufactured in China, Korea and Japan. Nowadays, people are buying air conditioners for their own comfort and convenience at homes because of the climate change especially in Yangon. The demand and usage of air conditioners is increasing year on year and according to the statistic shows that the demand in year 2017 is reached up to 224,000 units. Normally, the type of refrigerant gas used in air conditioner is also different from its compressor & model which is so called Environmental friendly gas - R410a mainly used in Daikin air conditioners.

**Figure (3.1) Overall Demand Volume for Air Conditioners in Myanmar from 2012~17**



Source: Statista 2019

### **3.2 Profile of Daikin Air Conditioner**

World Number 1 Air Conditioning Company, that Daikin Industries Ltd has a title to take great pride in. Daikin has a long history of success that started since 1924 in Osaka, Japan and it has become the leading Japanese manufacturer of air conditioning and refrigeration systems. Daikin currently operates globally, having established production bases in 90 countries and its products being sold in more than 150 countries. With aggressive research and development, Daikin has made unique cutting-edge technology one of its strongest features. Daikin has also established a strong brand name due to the countless of awards and achievements it has obtained over the years. Daikin's Vision is to "Provide new value to the world through air and the environment"

Moreover, Daikin has its mission "To identify and realize our customers' future needs and dreams, even those that they themselves may not yet be aware of". Daikin Myanmar Branch is a subsidiary of Daikin Industries Ltd from Malaysia. For more than 20 years, Daikin has been touching the lives of Myanmar. Since 1<sup>st</sup> June 2014, Daikin Air conditioning Myanmar Branch as started branch office in Hledan Center to conduct sales and service support to Myanmar dealers and consumers. In April 2016, Daikin Myanmar

Branch has continued to reach greater heights by becoming one of the subsidiaries of Daikin Malaysia Sdn, Bhd one of the leading Manufacturer of HVAC (heating, ventilation and air conditioning) products and also a member of the Daikin group Japan.

As the global leading Japanese air conditioning specialist, Daikin apply cutting edge technologies and provide sophisticated air conditioning systems to Myanmar home, educational and recreational needs, now and in the near future. Daikin Myanmar continues to bring comfort and industrial solutions to the society while respecting the increased concern for the environment, demands the highest levels of innovation and quality. Over the years, Daikin Myanmar has dedicated to giving you the very best of high-quality air conditioner products such as VRV and inverter control with fast and excellent services. Moreover, Daikin offers confidence, the peace of mind, and reliability that come with experience and a commitment to customer satisfaction. Daikin is a trusted name for providing high quality and comfort to a wide range of living environment, it pledges to do utmost in providing the best possible products and services to meet the customers` needs.

### **3.3 Marketing Practices of Daikin Air Conditioner**

Daikin is a diverse company with a number of business divisions and products, other than air conditioners. This includes chemicals, filtration systems, oil hydraulics and more. Daikin envisions “a society where people and space are healthier and more comfortable while reducing the environmental impact. The air conditioner, which is Daikin`s main product, was invented at the beginning of the 20<sup>th</sup> Century and has revolutionized life and labor around the world but it has led to increase electricity consumption that impacts the environment, especially climate change.

#### **3.3.1 Product Quality**

Daikin strives to stay ahead of customer needs by providing high-quality products and services based on its corporate policies of “Absolute Credibility”, “Enterprising Management” and Harmonious Personal Relation”. Daikin has a quality management system in place to ensure that Daikin products are of the highest levels of safety and quality in all processes: from design and manufacture to sales and after sales service. Daikin already obtained ISO 9001 compliant and have quality management systems

conforming to this international standard. Company divisions maintain high levels of product quality and ensure proper management of each department, such as development, parts procurement and production. Daikin air conditioning divisions have reformed their development process with a tougher, more segmented design review under which the personnel in charge of the development divisions inspect the proposed products for conformity to Daikin standards using the four criteria of an individual design review: product quality, the art of manufacturing, cost effectiveness and compliance.

Product Quality covers the features, aroma, aesthetics and characteristics of a product that allows for satisfying definite or inferred needs of customers. Quality First is clearly reflected in the value delivered by Daikin such as low noise level, low power consumption, cooling efficiency, ease of installation, high reliability. How the product being offered satisfies the needs of the customers and how the product apparently communicates that brand image to build brand loyalty are crucial factors. The reason perceived quality was included because quality becomes an important frame work when choosing which brand to buy. The advantages of Daikin air conditioners are wide product range which is called a lineup that can meet all environments and applications are offered, Energy saving, high flexibility and Trusted support.

Daikin always tries to improve its product quality by holding meetings of the Global Product Structural Audit once in every two years. Actually, quality control managers from production bases participated in this meeting and the goal of this meeting is to share know-how and bring together those working on the front lines of quality so as to ensure that Daikin`s product structural auditing is conducted at the highest possible level worldwide. Moreover, Daikin applies product safety policy in order to provide ever greater levels of safety and quality in their products. These safety standards are set as common rules for the global Daikin Group regarding with fire, electrical shock and explosion and stipulate two layers of safety in the design: design that will prevent accidents from occurring and design that will minimize damage and occurrence of accident.

Customers will more likely become loyal to a Daikin brand when the Daikin brand is perceived to provide the high level of quality that can meet customers` expectation. Daikin air conditioner offers whisper-quiet performance down to further to the sense of comfort. The intelligent eye occupancy sensor, available on select models, controls comfort and conserves energy. Daikin single and multi-zone systems offer

dealers, high quality, and energy efficient comfort solutions, opportunities to spend less time on installations and more time with new customers. Differentiated product offering that deliver improved customer satisfaction.

### **3.3.2 Service Quality**

Daikin is building up after-sales service system so that customers can get the service they need according to the situation based on Daikin`s slogan of “Speed, accuracy and good manners”. At Daikin, service engineers` individual technical expertise is crucial to provide quality service for their customers. In addition to basic training on air conditioning service quality for service engineer, Daikin conduct a variety of training for each management level but also job description and provide education necessary for acquiring certification. Hence improved service quality is a influencing factor that helps in increasing customer loyalty.

Daikin holds workshops and giving technical assessment tests to all service engineers as a rule is that service engineers must be certified with a minimum level of skill before they can do repairing work alone. Therefore, Daikin is striving to provide training and education that raises skill levels and produces service engineers who carry out precise, appropriate work on the job, thus providing customers with what they demand in terms of techniques and skills. Daikin gained customer trust with diagnostic equipment and reliable service. Daikin company conduct five environment-related solution training courses that deepen particulars` understanding of the importance of environmental protection. Trainees in these courses receive eco-booklets, which contain general knowledge on global warming and ozone layer destruction, handling fluorocarbons and steps to mitigating global warming. Daikin company aims to propose optimal solutions that make customers lifestyles more comfortable. Daikin company dispatches service experts from Japan to each country to conduct brazing instruction, diagnose failures and provide technical guidance on repairs for key personnel to improve service quality. Daikin provide a foundation and support enabling key personnel to continue developing these efforts in their own country.

### **3.3.3 Customer Value**

The decision to buy a Daikin air conditioner is frequently made on the basis of the Daikin product performance, service quality and brand reputation. There are some other important customers` considerations such as the cost of ownership and resale value. Daikin believes that adding more features to a product improve the customer experience. With the knowledge that Daikin gains from its customers, the company can then introduce new product and service benefits that will truly add to the customer experience. Daikin always check and test the ways that it can use customer perceptions of a broad range of performance and cost to infer customer value in a business`s products or service. Customers choose energy-efficient air conditioners with confidence as Daikin wants customers to be satisfied with benefits such as comfort and economy, but it also wants to spread the use of environmentally conscious products. Low purchase and installation costs, highly durable and reliable, high efficiency and respectable customer representation staff are the reasons for customers to value Daikin air conditioners.

Global society is continually updating and directly encountering many issues related to climate change and other social issues, Daikin provides customers with new value and by contributing to the realization of a sustainable environment seeks growth for itself as well. Daikin provides people around the world with comfortable and rich lifestyle, while working to limit environmental impact by leveraging its accumulated technologies. The Daikin group focuses on the spread of environmentally conscious products using inverter technology, refrigerants with lower global warming potential worldwide and its services solution business that makes a reduction in power consumption by 30% or more compare to conventional models. Daikin group trusts that to achieve sustainable growth in an environment where alter and improve in both globalization and technology are accelerating remarkably. Daikin aims to integrate cutting-edge technologies by making use of IoT & AI and will pursue new value to make people and indoor spaces healthy and comfortable but also contribute to the resolution of social issues such as energy, environment and health.

### **3.3.4 Customer Communication**

Daikin brand is not something a manufacturer creates unilaterally. It is something gradually fostered in the minds of the people through communication. Creation of a

Daikin brand does not end with the finalization of a logo. Daikin air conditioner is brought to life by being connected to people throughout the ways of advertising, sales promotions, events and experience and public relations. Advertising can be a cost-effective way to disseminate messages, whether to build a brand preference or to educate people. In advertising, Daikin is the only one that has both 5 ticks and smart control technology compared to its competitors. Daikin comfort Pros will have access to professional advertising tools that highlight the dealers` professionalism to help increase sales and profit. Dealers can utilize the choices of advertising mediums such as TV, radio and internet options. Daikin is committed to increasing consumer brand awareness through multi-media efforts targeted at the residential homeowners but also commercial and industrial sectors.

Daikin offers discount and price-off in certain events and special days. The price for Daikin`s Smile series air conditioning system is lowered at various discounted price and customers will receive free gifts if they become a member of Daikin such as luggage bags. Even though, Daikin offers technology that competitors do not have some potential consumers might deem the price as too high for an air conditioner: Daikin can sell its product at lower price in order to cater to a wider market with people of various income levels. There are main Daikin dealers who are selling Daikin air conditioners but also doing installation and supporting after sales service for customers as follows. These dealers are strictly followed up with the terms of regulation for warranty and defects during their service. The important in Daikin Air conditioner marketing practices are to pay full attention to customer communication, apply the same principles of targeting to it as well as apply to the other areas of marketing practices.

### **3.3.5 Customer Service**

As a leader in Climate control, Daikin offers several support services to ensure air conditioning system continues to maintain its high performance throughout its life time but also to create the perfect indoor climate goes beyond and thus customer decide to purchase & install a Daikin product. Daikin service aims to achieve year-round comfort, energy efficiency, reliability and control. Daikin conducts surveys after-sales service has been completed to assess customer support with aim of improving customer service within after-sales service. By developing training programs to improve the installation and service skills of Daikin engineers as well as dealers. With the goal of offering customer service that is practical and easy to understand and offering this service in a

pleasant manner, the centers use the latest products videos and other instructional tools to provide training that simulates actual working conditions and situations.

Daikin focuses on the three layers of customer service area which are end users, main dealers and installers by providing different strategies. There are issues expanded on in the training courses which contain general knowledge on global warming and ozone layer destruction, handling fluorocarbons and steps to mitigating global warming. Daikin strives to raise customer satisfaction and ensure safety among Daikin workers is to continue to offer more and improved training for new employees to group companies in Japan and skill training for dealers of oversea group companies. Daikin strives to provide customers with accurate, easy-to-understand operating instructions so that customers can use Daikin's products safely and with peace of mind. Since 2012, Daikin began providing an application which is called Daikin Smart APP, that allows users to control air conditioning using smart phone.

Daikin has their official dealers who sell Daikin air conditioners in Yangon but also they provide installation & after-sale-service when customers buy any of Daikin air conditioner. Most of the spare parts are readily available in case of any break down when the service team needs to use up for repair and maintenance works. The followings are the list of Official dealers with service centers in Yangon.

**Table (3.1) Daikin Official Service Centers**

Sr.No	Name	Address
1	Ywar Taw International Trading Co., Ltd.	No.42, 4 <sup>th</sup> -5 <sup>th</sup> Floor, Pantra Tower, Pantra road, Dagon Tsp
2	Air Related Products Co., Ltd	Block-C, room (7), Highway Complex, Kyi Myin Daing
3	East Asia United Co., Ltd	No.267, Bo Myat Tun road, Botataung Tsp
4	Air Condition Master Trading Co., Ltd.	No.F.52, Thiri Yadanar Wholesale and Retail market. North Oakkalapa Tsp.
5	Thitsa Engineering Co., Ltd	184/186 Kyaikkasan road, Tamwe Tsp
6	Smile Electronic Co., Ltd	No 111, Seikkan Thar road, Kyauktadar Tsp
7	A&P Electronic Co., Ltd	No, 11(A), Bargayar road, Sanchaung Tsp
8	A1 Company Limited	No, 10 (F), Anawyahtar road, Lanmadaw Tsp
9	Happy Electronic	No, 851, Gyogone street, Thamine Tsp

Source: Daikin Co., Ltd (2019)

**CHAPTER (4)**  
**ANALYSIS ON BRAND LOYALTY OF DAIKIN AIR**  
**CONDITIONERS IN YANGON**

This chapter presents the descriptive and analytical research. In the descriptive section standard deviation and mean scores are presented based on the findings. In the analytical section, analysis on Marketing Practices Activities, Brand Attitude and Brand Loyalty are included.

#### 4.1 Profile of Respondents

In this survey, 120 questionnaires were distributed in Yangon. Especially, data was collected from the customers from other areas. A majority of the questions comprised of multiple-choice questions on marketing practices activities, brand attitude and brand loyalty, out of which the respondents have to choose the most relevant answer. Demographic characteristics of customers include gender, age, education level, Monthly income, occupation, marital status. For each question, respondents are given multiple choices, out of which the respondents have to choose the most relevant one. Table 4.1 presents profile of the respondents.

**Table (4.1) Profile of the Respondents**

Sr. No		Particular	No. of Respondents	Percent
		Total	120	100.0
1.	Gender:	Male	59	49.2
	:	Female	61	50.8
2.	Age:	Under 25 years	8	6.7
		25-35 years	34	28.3
		36-45 years	51	42.5
		46-55 years	22	18.3
		Older than 55 years	5	4.2
3.	Education Level:	Undergraduate	5	4.2
		Graduate	54	45.0

		Post Graduate	40	33.3
		Professional	20	17.5
4.	Monthly Income: Under 100,000 Kyats		1	0.8
		100,000 - 300,000 Kyats	10	8.3
		300,000 - 500,000 Kyats	16	13.3
		500,000 – 1,000,000 Kyats	21	17.5
		Above 1,000,000 Kyats	73	60.1
5.	Occupation:	Student	3	2.5
		Government staff	5	4.2
		Company staff	74	61.7
		Self-employed	22	18.3
		Other	16	9.5
6.	Marital Status:	Married	51	42.5
		Unmarried	69	57.5

Source: Survey Data, 2019

It is found that most respondents are females as females spend more time for shopping especially buying a home appliance in retail markets. The most dominant age group among respondents is between 36 to 45 years and follows by 25 to 35 years old 43% and 28% respectively. Most of the respondents are educated and they are bachelor degree holder but also other majority group is master degree holders. Most of the respondents earn more than 1,000,000 kyats per month as they are able to spend money for buying air conditioners in electronic whole sale markets as well as show rooms. Moreover, most of the respondents are single people and working in companies.

## 4.2 Reliability Test

The reliability test is very important before the analysis as it is conducted in order to ensure consistent measurement through different items in the questionnaire. According to Sekaran (2003) posited that the reliability measurement suggests stability and consistency of the mechanism. Consequently, this method indicates reliability through examining the internal consistency of the research questionnaires which are posed in Likert scale. Cronbach's alpha is very important and the range of Cronbach's alpha should become from 0.0 to 1.0 but for research purpose, some researcher suggested that the minimum standard for reliability should be 0.70 or higher.

**Table (4.2) Reliability Test**

<b>Variables</b>	<b>Number of Items</b>	<b>Cronbach`s Alpha</b>
Product Quality	6	0.868
Service Quality	6	0.880
Customer Service	5	0.741
Customer Value	5	0.577
Customer Communication	4	0.779
Brand Attitude	5	0.803

Source: Survey Data (2019)

According to Table (4.2), it illustrates that the Cronbach`s Alpha value of achievement is 0.880 which is considered as very good reliability. Besides, the result show customer value is 0.577 which is considered as adequate reliability. Product quality factor is 0.868 which is considered as good reliability. Customer service factor is 0.741 which is considered as adequate reliability. Customer communication factor is 0.779 which is considered as adequate reliability. Brand attitude factor is 0.803 which is considered as adequate reliability. Overall, the result of internal reliability test shows that most of the variables due to the coefficient of alpha value constructs fall between 0.741 and 0.880.

### **4.3 Customer Perception on Marketing Practices**

Marketing practices such as (product quality, service quality, customer service, and customer value and customer communication) are very important in order to have brand attitude of the product. Consequently, the brand attitude of the customers could be

increased significantly. In order to analyze the marketing practices factors of the Daikin Air conditioners on Yangon. In the questionnaire, 5points Likert scale are used in order to find out the perceptions of the customers towards marketing practices factors then mean scores are calculated. Each item is measured on Five-Point Likert scale ranging from 1 to 5 (from 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree). Hence, in this study, the mean scores can range from 1 to 5. It can be assumed that the mean score below 3 indicates dissatisfaction while the mean score above 3 indicates satisfaction.

### 4.3.1 Product Quality

Product quality is very important that lead toward on brand attitude. In order to find out the important of product quality on Daikin Air conditioners in Yangon, structured questionnaire was used. The percentage and mean scores of the product quality factors are presented in the study based on findings.

In this study to find out the effect of product quality in Yangon, 120 customers have been surveyed. The results are shown Table (4.3) based on survey findings.

**Table (4.3) Product Quality**

<b>Sr. No</b>	<b>Product Quality</b>	<b>Mean Score</b>
1	Noise level of Daikin air conditioner is low level	3.83
2	Power consumption is at optimal level.	3.93
3	Daikin is considered very compact.	3.77
4	Temperature, humidity is good.	3.89
5	Safe to be used.	3.78
6	Innovative design of air cons.	3.78
<b>Overall Mean</b>		<b>3.83</b>

Source: Survey Data, 2019

According to the product quality, Daikin air conditioner can be used in both domestic and commercial environments. Daikin is most commonly designed to achieve

comfortable interior environment typically for human and other animals performing to cool and dehumidify rooms filled with heat-producing electronic devices. Air conditioners often use a fan blower to distribute the cool air to an occupied space such as a building or a car to improve thermal comfort and indoor air quality. Nowadays, electricity charges are increased and everyone think about to choose less power consumption although he chooses to use air con in his home. Mean score for power consumption is at optimal level achieved highest and lowest for Daikin air conditioner is considered very compact. In fact, power consumption of Daikin air conditioner is less compared to others as it is due to their high technology. However, mean score survey data of Daikin product quality achieved as lowest but it is still above 3 and we can take it as it is satisfaction and customers accept the criteria of product quality for Daikin air conditioner.

#### 4.3.2 Service Quality

Service quality is very important that lead toward on brand attitude. In order to find out the important of service quality on Daikin Air conditioners in Yangon, structured questionnaire was used. The percentage and mean scores of the service quality factors are presented in the study based on findings.

In this study to find out the effect of service quality in Yangon, 120 customers have been surveyed. The results are shown Table (4.4) based on survey findings.

**Table (4.4) Service Quality**

<b>Sr. No</b>	<b>Service Quality</b>	<b>Mean Score</b>
1	Modernized tools & equipment.	3.78
2	Staffs never made repeated mistake	3.76
3	Follows terms and condition of warranty.	3.44
4	Staffs` services are skillful and reliable	3.76
5	Perform prompt services to customers	3.68
6	Never gets out of stock. (Availability)	3.41
<b>Overall Mean</b>		<b>3.64</b>

Source: Survey Data, 2019

According to the service quality, mean score for modernized tools & equipment used in their service teams achieved 3.78 as highest and it means that customers satisfy this reason. In nature, air cons may be getting some problem after using certain period and service team perform with modernized tools to find fault within short time in order to identify the problem area with minimal down time but also to maintain its efficiency for using such tools and equipment especially repair & servicing jobs. Availability of Daikin air conditioner achieved its mean score at 3.41 as lowest level but it is still above mean score 3 and both of the factors are considered as customer satisfaction.

### 4.3.3 Customer Service

Customer service is very important that lead toward on brand attitude. In order to find out the important of customer service on Daikin Air conditioners in Yangon, structured questionnaire was used. The percentage and mean scores of the customer service factors are presented in the study based on findings.

In this study to find out the effect of customer service in Yangon, 120 customers have been surveyed. The results are shown Table (4.5) based on survey findings.

**Table (4.5) Customer Service**

<b>Sr. No</b>	<b>Customer Service</b>	<b>Mean Score</b>
1	Quite satisfactory.	3.73
2	Services has been approachable (easy access)	3.68
3	Service keeps error-free record.	3.61
4	Complaints are resolved quickly and positively	3.77
5	Human health and provides eco-friendly products	3.69
<b>Overall Mean</b>		<b>3.69</b>

Source: Survey Data, 2019

According to Daikin`s customer service, complaints are resolved quickly and positively as far as they received from their hotline. So mean score achieved 3.77 as highest and the lowest is 3.61 in the area of service keeps error-free record. After all, mean score results are above 3 and both are considered satisfaction.

#### 4.3.4 Customer Value

Customer value is very important that lead toward on brand attitude. In order to find out the important of customer value on Daikin Air conditioners in Yangon, structured questionnaire was used. The percentage and mean scores of the customer value factors are presented in the study based on findings.

In this study to find out the effect of customer value in Yangon, 120 customers have been surveyed. The results are shown Table (4.6) based on survey findings.

**Table (4.6) Customer Value**

<b>Sr. No</b>	<b>Customer Value</b>	<b>Mean Score</b>
1	Best choice for me.	3.84
2	Not switch to another brand	3.81
3	Continue to do business with Daikin.	3.44
4	Intend to keep buying Daikin	3.45
5	Long lasting in nature. (Durability)	3.67
<b>Overall Mean</b>		<b>3.64</b>

Source: Survey Data, 2019

According to the Table (4.6), customer value is the satisfaction the customer experience by taking a given action relative to the cost of that action. Most of respondents make the casual talk about the entire experience after used it. Thus, Word of Mouth is most effective here and people around who had using experiences can influence people's buying decision on air conditioners. Many customers usually used air conditioners from their favorite air conditioners based on the past experience and recommendation from others. In addition, Myanmar people main focus to the brand. So, they can neglect price and they would continue to do business with Daikin air conditioners when their price will increase. According to the overall mean score, customer value factor is moderately influencing on brand loyalty because Daikin air conditioners is good brand in Yangon.

#### 4.3.5 Customer Communication

Customer communication is very important that lead toward on brand attitude. In order to find out the important of customer communication on Daikin Air conditioners in

Yangon, structured questionnaire was used. The percentage and mean scores of the customer communication factors are presented in the study based on findings.

In this study to find out the effect of customer communication in Yangon, 120 customers have been surveyed. The results are shown Table (4.7) based on survey findings.

**Table (4.7) Customer Communication**

<b>Sr. No</b>	<b>Customer Communication</b>	<b>Mean Score</b>
1	Service opens call center without holidays.	3.48
2	Services asks customer feedback	3.53
3	Provides immediate answer to any complaint.	3.43
4	Sale promotion to customer	3.41
<b>Overall Mean</b>		<b>3.46</b>

Source: Survey Data, 2019

According to the customer communication, customer feedback has become one of the primary drivers of long-term growth. Daikin's services are spending millions of dollars on setting up feedback channel: emails, reviews, surveys, and website analytics. Customer feedback is important because it serves as a guiding resource for the growth of Daikin Air conditioner. Therefore, the most respondents prefer feedback service of Daikin because they feel valued and treated almost as a part of the creative team. When the customers feel listened to, they begin to have positive connotations with Daikin Air con and direct their good experience back, which in turn could lead to more sales in the future. Sale promotion is the one of the elements of the promotional mix. Sales promotion includes several communications activities that attempt to provide added value or incentives to consumers. More of respondents used to buy the air conditioner at the promotions. According the overall mean scores, customer communication can be moderately influence on customers because customer communication is the first priority for all.

#### **4.4 Analysis on Effect of Marketing Practices on Brand Attitude**

Daikin air conditioner is a well-known brand in air conditioner market and it is required to analyze how related and influence of marketing practices such as (product quality, service quality, customer service, customer value and customer communication) towards the brand attitude of Daikin air conditioner.

#### 4.4.1 Brand Attitude

Brand attitude is very important that lead toward on brand loyalty. In order to find out the important of brand attitude on Daikin Air conditioners in Yangon, structured questionnaire was used. The percentage and mean scores of the brand attitude factors are presented in the study based on findings.

In this study to find out the effect of brand attitude in Yangon, 120 customers have been surveyed. The results are shown Table (4.8) based on survey findings.

**Table (4.8) Brand Attitude**

<b>Sr. No</b>	<b>Brand Attitude</b>	<b>Mean Score</b>
1	Preferable for buying Daikin brand.	3.80
2	Very good to buy Daikin brand	3.84
3	Fun to buy Daikin.	3.63
4	Value for money to buy Daikin.	3.70
5	Fashionable to buy Daikin.	3.63
<b>Overall Mean</b>		<b>3.72</b>

Source: Survey Data, 2019

Regarding to the brand attitude, many customers feel comfortable and trust on their product. Many customers perceive that air conditioners make them comfortable and convenience at moderate level. According to the overall mean score, many customers have affective characteristics that can influence on brand loyalty.

#### 4.4.2 Effect of Marketing Practices on Brand Attitude

In order to find out the effect of marketing practices on brand attitude of Daikin Air conditioner on Yangon, linear regression model is used to analyze the findings of survey collected from 120 respondents of customer in Yangon. Table (4.9) shows the relationship between marketing practices and brand attitude of customer on Daikin air conditioners in Yangon.

**Table (4.9) Effect of Marketing Practices on Brand Attitude**

Variable	Un-standardized Coefficients		$\beta$	t	Sig
	B	Std Error			
(Constant)	-.158	.274		-.578	.564
Product Quality	.166	.127	.192	1.303	.195
Service Quality	-.147	.130	-.171	-1.128	.262
Customer Service	.449***	.099	.424	4.562	.000
Customer Value	.250***	.079	.193	3.181	.002
Customer Communication	.345***	.097	.330	3.549	.001
R <sup>2</sup>	.672				
Adjusted R <sup>2</sup>	.658				
F value	47.078***				

Source: Survey Data 2019

Note: \*\*\* Significant at 1% level, \*\* Significant at 5% level, \*Significant at 10% level

According to Table (4.9), the specified model could explain very well about the variation of the attitude component of the respondents in Yangon since the value of R<sup>2</sup> is almost 67 percent. The model can explain 67.2 percent about the variance of the independent variable and dependent variable because Adjusted R square is .658. The value of F test, the overall significance of the model, is highly significant at 1 percent level. This specified model can be said valid.

Customer service has the expected positive sign and highly significant coefficient value at 1 percent level. The positive relationship indicates that the increase in customer service factor lead to the effect on customers who have brand loyalty of the customers. An increase in achievement by 1 unit will also raise the effect on customers who have customer service of the customers by .449 units.

Customer value has the expected positive sign and highly significant coefficient value at 1 percent level. The positive relationship indicates that the increase in customer value factor lead to the effect on customers who have brand loyalty of the customers. An

increase in achievement by 1 unit will also raise the effect on customers who have customer value of the customers by .250 units.

Customer communication has the expected positive sign and highly significant coefficient value at 1 percent level. The positive relationship indicates that the increase in customer communication factor lead to the effect on customers who have brand loyalty of the customers. An increase in achievement by 1 unit will also raise the effect on customers who have customer communication of the customers by .345 units.

The standardized coefficient (Beta) of customer service has the largest value (.424) among five explanatory variables indicating that customer service factor has the greatest contribution to the effect on customers who have brand loyalty of the customers when the variance explained by other variables is controlled for. The overall evaluation reveals that models explain the variation in component variable of the customers well because the estimation produced expected signs and significant coefficients for most variables. The increases of the product quality, customer service, customer value and customer communication have the positive effects on employees who have job satisfaction of the employees. On the other hand, service quality could reversely affect on customers who have brand attitudes of the customers.

Based on the regression results, three out of five influencing factors are achieved significant value which mean customer service, customer value and customer communication factors are most influencing on Brand Attitude and customers accepted the Daikin services resolved complaints quickly and positively which would gain customer satisfaction. Moreover, Daikin cares about Human health and provides eco-friendly products that would be sustainable for community and environment. In addition, customers accept Daikin air conditioner as the best choice for them to purchase and it would never make to change another brand as well. However, Customer communication factor for Daikin air conditioner is not achieved higher value compared with customer service and customer value but it has rooms to improve in business likewise sales promotion and call centers to be opened 24 hours in Yangon. Daikin is to keep their high-quality standard in accordance with their quality management plan especially their research and development department will be able to drive this to improve and achieve for long term.

#### 4.5 Analysis on Effect of Brand Attitude on Brand Loyalty

The analysis of brand attitude on brand loyalty will show the result of the relationships between brand attitude and customer loyalty to Daikin air conditioner resulting to the customers` acceptance level in air conditioner market.

##### 4.5.1 Brand Loyalty

In order to analyze the brand loyalty of the customers, 120 customers are surveyed. The results of the brand loyalty are shown in Table (4.10).

**Table (4.10) Brand Loyalty**

<b>Sr. No</b>	<b>Brand Loyalty</b>	<b>Mean Score</b>
1	Recommend Daikin brand to others.	3.94
2	Positive things about Daikin	3.93
3	I would enjoy.	3.92
4	Would feel good about using.	3.88
5	Trust Daikin brand air conditioner	3.89
<b>Overall Mean</b>		<b>3.91</b>

Source: Survey Data, 2019

Regarding to the brand loyalty, the only way for customers that wish to buy Daikin product is to try Daikin`s product from their friends` recommendation. When they confront their friends talking about Daikin product, their friends will praise Daikin`s product if they are satisfied with the quality that Daikin is able to provide. This boosts the confidence of the consumers because their friends are satisfied with Daikin`s product and if they are also satisfied with the product, they will recommend to their friends that have not own Daikin`s product. Technological product always shows drastic and tremendous changes or development in the technology market. New models of air conditioners are launched to the market from time to time in order to gain the competitive advantage in the market. [n

##### 4.5.2 Effect of Brand Attitude on Brand Loyalty

In this research, linear regression model is used in order to find out the relationship between brand attitude and brand loyalty by surveying 120 customers from customer on Daikin Air conditioners in Yangon. Table (4.11) shows the effect of brand attitude on brand loyalty.

**Table (4.11) Effect of Brand Attitude on Brand Loyalty**

Variable	Un-standardized Coefficients		$\beta$	t	Sig
	B	Std Error			
(Constant)	1.881	.170		11.089	.000
Brand Attitude	.586***	.048	.744	12.143	.000
$R^2$	.553				
Adjusted $R^2$	.550				
F Value	147.449***				

Source: Survey Data 2019

Note: \*\*\* Significant at 1% level, \*\* Significant at 5% level, \*Significant at 10% level

As the output of Table (4.11), the specified model could explain well about the variation on brand attitude toward brand loyalty the value of  $R^2$  is about 55 percent. The model can explain 55 percent about the variance between the independent variable and dependent variable because Adjusted R square is 0.550. The value of F test, the overall significance of the model, is highly significant at 1 unit-level. This specified model can be said valid.

The brand attitude has the positive sign and highly significant coefficient of the variable because sig value is less than 0.01 and it is significant at 1% level. The positive relationship means that the increase in brand attitude towards customers makes more positive impact on brand loyalty. An increase in attitude 1 unit will also raise the brand loyalty by customers by 0.586 units. That can be defined as highly impact.

In summary, the results show that brand loyalty has highly significant value. In according to the survey findings; the more positive brand attitude on brand loyalty could significantly raise brand loyalty as well. Customers accept the concepts that it is very good to buy Daikin air conditioner in local market but also it is preferable for buying if customers require for their home use or office use. Moreover, Daikin brand air conditioner is accepted as it is value for money to buy and it is fashionable to buy as well.

## **CHAPTER (5)**

### **CONCLUSION**

This chapter is organized with findings and discussions, suggestions and recommendations from the study of the paper. This chapter also includes the suggestions for the further study needs for Daikin Air conditioners.

#### **5.1 Findings and Discussions**

Brand attitude and brand loyalty can be developed through excellent product quality, service quality, customer service, customer value and customer communication. Customer is the important factor to be considered in business organization. Brand attitude is deeply interrelated with brand loyalty. In this study, the result found that customer service is the mediating construct which has strong relationship to brand attitude. The higher customer service level results in a higher brand attitude.

In this study, demographic profile of respondent's analysis, frequency and characteristics of different types of influencing factors. In demographic profiles of respondents, according to the survey data, most of the respondents are females. They are between 36 and 45 years old and these categories of people are mostly working adult. Majority of the respondents are educated and they are company staffs. Among the 120 respondents, 42% respondents represent the least portion as they are married. Most respondents' users earn more than 1,000,000 MMK and they are able to spend money for buying air conditioners in electronic whole sale markets as well as show rooms.

The product quality of Daikin air conditioners has direct influence on the brand attitude of middle age customers in Yangon. From the survey done and the results obtained, the Daikin product quality has been positioned in customers mind strongly in a

positive manner. Product quality does not have a very strong relationship with the brand attitude. This strong perceived positive product quality of the Daikin air conditioners has induced brand attitude. Therefore, Daikin air conditioners companies and its marketing team should to closely align their product quality methods to perfectly suit their respective targeted customers segments. The Daikin Company has to study and analyze the perceived customers on the product quality if the need arises.

Regarding service quality factor, service quality is also direct factor on brand attitude towards Daikin air conditioners for Myanmar people. Service quality has a relationship with the brand attitude because of Myanmar people focus service quality and service team of the Daikin air conditioner is identify the problem area with minimal down time. Based on the survey done, graduate level of spending falls under the moderate level of monetary value allocated for Daikin air conditioners. Many customers also care product quality because they need the better service, treatment rather than materials.

In addition, customer service also one of the variables investigated in this research has a significant impact on the brand attitude towards Daikin air conditioners. According to the results, service team should focus on quick service to the Myanmar people customers. Besides, they need to identify and realize their customer's future needs and dreams. By providing high quality products, materials, and service, as well as proactively proposing new products, they want to not only improve convenience and comfort for customers, but also increase the level of customer satisfaction. Hence, Daikin Company should enhance the comfort and convenience of customers; thereby increasing their satisfaction by taking the initiative to make proposals and follow up in addition to continually enhancing the skills of our engineers and level of dedication to provide high quality products and services.

According to the customer value, customer Value is the level of satisfaction of Daikin customer towards business. It's often related to price for that in business, as well as for many customers like if the customer were to ask you the value of your home when you purchased it. It could also be interpreted as the worth of something, not necessarily tangible products either. Both products and services have value. Daikin should hear customers talking about getting the value for money, used typically when talking about price sensitive customers. On the flipside, there's money for value, which means people are willing to pay for the things they see as valuable benefits.

Lastly, customer communication is also having a relationship with the brand attitude for Myanmar people. The respondents make decision expects satisfaction to occur their decision. At this point, the Daikin Company may lose the chance to make this customer a loyal user. So, the company make sure that their consumer is completely satisfied does not develop any negative communication feelings. Besides, Daikin users can receive updates on the other status for items purchased. Perhaps, Daikin Company shall survive in a competitive market place it is necessary to effectively manage all customer communications. Reduced customer acquisition costs, increased client retention and maximized lifetime value of each customer are the end objectives of every communication strategy.

According to the findings, among the five independent factors such as product quality, service quality, customer service, customer value and customer communication have the greatest contribution to the effect on customers who have brand attitude of the customers. The increases of the product quality, customer service, customer value and customer communication have the positive effects on customers who have attitude component of the customers. On the other hand, service quality could negative effect on customers who have brand attitude component of the customers.

By analyzing all factors, it can be concluded that customer service has the greatest influence on brand attitude and brand attitude has the highest effect on brand loyalty.

## **5.2 Suggestions and Recommendations**

Today`s world of unprecedented and rapid technological change requires the creation of new value which is only possible through collaborative innovation that fuses a wide range of knowledge and technologies and takes us beyond current boundaries. The key to success will be how well internal strength of Daikin and its external partners to create and provide new products and services that bring happiness and joy to people`s lifestyles but also it contributes to solving the problems society faces in the fields of environment and health.

The product quality of Daikin air conditioner is maintained at high level of product quality and ensure proper quality management system continuously carries out internal audits, assesses the operational system and carries out the PDCA cycle`s plan, do, check, and act steps. Moreover, Daikin has to formulate the basic policies in efforts to

provide ever-greater levels of safety and quality in products such as legal compliance, ensuring product safety, collecting and providing accident information, immediate and appropriate response to product accidents, product safety promotion, Education, Training and Monitoring.

Daikin is to achieve the highest level of service quality in terms of in speed, accuracy and politeness. In nature, Daikin is to ensure greater energy savings, long product life and comfort, preventive maintenance service is needed and thus Daikin needs to offer superior service in terms of procedures, tools and reports with the highest standards. One of the Daikin`s service solution is to be assured that consumable parts are replaced by Daikin service partners in order to maintain its maximum efficiency and performance as Daikin has Dedicated service specialists. Service policy of Daikin is that a customer complaint has to go from dealers which give unnecessary work burden on them. If Daikin open 24 hours call center in Yangon, customers still pass the complaints to dealers and dealers finally have to log these complaints to the call center. Therefore, Daikin should change their policy in order to reduce downtime and burden for dealers.

Customer value for Daikin air conditioner is not only service quality but also product performance. Again, Daikin needs to listen customers` opinions and request so that Daikin can anticipate customer needs and bring them greater satisfaction. Customer feedback is important and utilize this feedback in product development in a continued pursuit of customer satisfaction throughout the product life cycle. The safety standards are set common rules for Daikin air conditioners regarding things like fire, electrical shock, and explosion which are required to maintain all the time for long term use of Daikin air conditioner.

Daikin has proved their efforts to design logos and symbols that not only condensed the ideas and brand concepts but also to do Business-to-consumer transaction and Business-to-Business transactions. However, Daikin air conditioner looks simple and not represents the brand quality even the logo on Daikin air conditioners are not attractive as compare to others. Therefore, Daikin should improve their logo design and feature of the indoor unit. Advertising on TV and media is still lack of doing it and more promotional activities are favorable to end users. Lucky-draw promotions and special discount promotions are attractive to customers and Daikin should proceed doing it. Nowadays, technology drives so fast as customers are easily accessible to the communication channel likewise social media and apps in which update information is

available from time to time. Daikin should adopt aggressive marketing strategies to cut down competition and visibility at market place.

Daikin customer service is required to improve in some area especially for emergency response and service solution includes spare parts are readily available. Daikin air conditioner is designed for a typical useful life of 15 years with full confident in supplying a warranty longer than any other manufacturer but the condition will depend on the location where there is an inconsistent of power supply area will be affected this warranty and Daikin should review their commitment to customers. Moreover, Daikin should give appropriate product knowledge to dealers as and when require and dealers also need to create awareness towards quality.

### **5.3 Needs for Further Research**

This study is only for influencing factors on brand loyalty towards Daikin air conditioner. It does not study the other air conditioners` products. Sample respondents are mainly from Yangon regions. It does not cover all over the country. All of respondents are customers from Daikin service showrooms in area of Yangon. It does not include studying for brand attitude on imported Daikin brand. Myanmar has been relying on imported air conditioners. It should be made comparative study among the customers. Therefore, further researches should study brand attitudes and brand loyalty towards all types of air conditioners in Myanmar to cover the whole air conditioners industry.

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# APPENDIX I

## Brand Loyalty of Customers on Daikin Air Conditioner in Yangon

### Part (A) – Demographic Factor

#### 1). Gender

- Male
- Female

#### 2). Age

- Under 25
- 25 ~ 35 years
- 36 ~ 45 years
- 46 ~ 55 years
- Over 55 years

#### 3). Education level

- High school and Under
- Undergraduate
- Graduate
- Post Graduate
- Professional

#### 4). Average monthly income (in kyats)

- Under 100,000
- 100,000 ~ 300,000
- 300,000 ~ 500,000
- 500,000 ~ 1,000,000
- Above 1,000,000

#### 5). Occupation

- Student
- Government staff
- Company staff
- Self-employed
- Others.

6). Marital Status

- Married
- Unmarried


Part (B)

For the following questions, indicate your level of agreement to the statement by encircling the number that corresponds to your choice.

(1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree)

<b>1</b>	<b>Marketing Practices</b>					
<b>1.1</b>	<b>Product Quality</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
7	Noise level of Daikin air conditioner is low level.					
8	Power consumption of Daikin air conditioner is at optimal level.					
9	Daikin air conditioner is considered very compact.					
10	Cooling effect like temperature, humidity of Daikin air conditioner is considered good.					
11	Daikin air conditioner is safe to be used.					
12	Daikin always provides innovative design of air cons.					
<b>1.2</b>	<b>Service Quality</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
13	Daikin`s air con services uses modernized tools & equipment.					
14	Staffs in Daikin`s air con service never made repeated mistake.					
15	Daikin follows and serves terms and condition of warranty for their air cons.					
16	Staffs in Daikin`s air con services are skillful and reliable to customers.					
17	Staffs in Daikin`s air con service perform promptly to customers					
18	Daikin air con never gets out of stock. (Availability)					

<b>1.3</b>	<b>Customer Service</b>	1	2	3	4	5
19	Daikin`s customer services is quite satisfactory.					
20	Daikin`s air con services has been approachable (easy access)					
21	Daikin`s air con services keeps error-free record. (e.g. keeping record correctly).					
21	Customer complaints are welcomed and resolved quickly and positively.					
22	Daikin cares about human health and provides eco-friendly products					

<b>1.4</b>	<b>Customer Value</b>	1	2	3	4	5
23	I use Daikin air con because it is the best choice for me.					
24	I would not switch to another brand even if I had a problem with Daikin air con					
25	I would continue to do business with Daikin air con if its price increased somewhat.					
26	I intend to keep buying Daikin air cons if I had to do.					
27	I would say Daikin air conditioners are long lasting in nature. (Durability)					

<b>1.5</b>	<b>Customer Communication</b>	1	2	3	4	5
28	Daikin`s air con service opens call center without holidays.					
29	Daikin`s services asks customer feedback about their air cons quarterly.					
30	Daikin`s services provides immediate answer to any complaint.					
31	Daikin`s sale promotion to customer coincide with palm flag advertisement					

<b>2</b>	<b>Brand Attitude</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
32	I like to buy Daikin brand air conditioner					
34	I think it is very good to buy Daikin brand air conditioner					
35	I think it is fun to buy Daikin brand air conditioner					
36	I think it is value for money to buy Daikin brand air conditioner					
37	I think it is fashionable to buy Daikin brand air conditioner					

<b>3</b>	<b>Brand Loyalty</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
38	I would love to recommend Daikin brand air conditioner to others					
39	I would say positive things about Daikin brand air conditioner					
40	Daikin is a brand which I would enjoy					
41	Daikin is a brand that I would feel good about using					
42	I trust Daikin brand air conditioner					

## APPENDIX II

### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin - Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.820 <sub>a</sub>	.672	.658	.51013	.672	47.078	5	115	.000	1.988

a. Predictors: (Constant), Customer Communication Mean, Product Quality Mean, Customer Value Mean, Customer Service Mean, Service Quality Mean

b. Dependent Variable: Brand Attitude Mean

### ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	61.257	5	12.251	47.078	.000 <sup>b</sup>
Residual	29.927	115	.260		
Total	91.184	120			

a. Dependent Variable: Brand Attitude Mean

b. Predictors: (Constant), Customer Communication Mean, Product Quality Mean, Customer Value Mean, Customer Service Mean, Service Quality Mean

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	-.158	.274		-.578	.564	-.701	.384					
Product Quality Mean	.166	.127	.192	1.303	.195	-.086	.418	.325	.121	.070	.131	7.620
Service Quality Mean	-.147	.130	-.171	1.128	.262	-.404	.111	.347	.105	.060	.124	8.072
Customer Service Mean	.449	.099	.424	4.562	.000	.254	.645	.774	.391	.244	.331	3.023
Customer Value Mean	.250	.079	.193	3.181	.002	.094	.406	.503	.284	.170	.779	1.284
Customer Communication Mean	.345	.097	.330	3.549	.001	.152	.537	.739	.314	.190	.330	3.035

a. Dependent Variable: Brand Attitude Mean

## Appendix II

**Model Summary<sup>a</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.744 <sup>a</sup>	.553	.550	.46113	.553	147.449	1	119	.000	2.320

a. Predictors: (Constant), Brand Attitude Mean

b. Dependent Variable: Brand Loyalty Mean

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.354	1	31.354	147.449	.000 <sup>b</sup>
	Residual	25.305	119	.213		
	Total	56.659	120			

a. Dependent Variable: Brand Loyalty Mean

b. Predictors: (Constant), Brand Attitude Mean

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics		
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF	
1	(Constant)	1.881	.170		11.089	.000	1.545	2.216						
	Brand Attitude Mean	.586	.048	.744	12.143	.000	.491	.682	.744	.744	.744	1.000	1.000	

a. Dependent Variable: Brand Loyalty Mean