

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

**THE EFFECT OF CUSTOMER PERCEIVED VALUE ON  
CUSTOMER LOYALTY OF PIZZA HUT IN YANGON**

**AYE AYE KAUNG**

**MBA II – 20**

**MBA 23<sup>rd</sup> BATCH**

**SEPTEMBER, 2019**

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**ACADEMIC YEAR (2017 – 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)”

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## ACCEPTANCE

This is to certify that this thesis entitled “**The Effect of Customer Perceived Value on Customer Loyalty of Pizza Hut in Yangon**” has been accepted by the Examination Board for awarding Master of Business Administration (MBA) degree.

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## **ABSTRACT**

The main purpose of this study is to examine the effect of customer perceived value on customer satisfaction and customer loyalty towards Pizza Hut in Yangon. The study explored the functional value, social value, economic value and emotional value as the customer perceived value dimensions. One hundred and twenty respondents who come to Pizza Hut outlets in Yangon are surveyed by using simple random sampling method. Analytical research method is used to explore the objectives of the study. According to the study, it is found that functional value, economic value and emotional value have significant effect on customer satisfaction. Furthermore, the study indicates that the customer satisfaction has highly significant effect on customer loyalty of Pizza Hut. Therefore, the branch managers of Pizza Hut should be aware and emphasize on the food quality, service quality and pricing options to improve the level of customer satisfaction and thereby, to enhance the customer loyalty of Pizza Hut.

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## **LIST OF ABBREVIATIONS**

CPV	Customer Perceived Value
WTP	Willingness to Pay
HR	Human Resource
HRM	Human Resource Management
IT	Information Technology

# CHAPTER 1

## INTRODUCTION

Nowadays, lifestyle of the people is changing everyday according to the globalization of the competition, development of information technology and saturation of markets because they can enhance customer awareness about product quality and price. Usually Myanmar people used to prefer their own cuisine rather than fast food. But they prefer fast food restaurants for their convenient and relaxing dining experience. Dining at fast food restaurants lead to time saving too. Due to intense competition in fast food restaurants, organizations are looking for the ways of offering more than just core value to the customers but also additional value in order to satisfy them and make them loyal.

Customer satisfaction is an overall essential evaluation of customer experience with service or product. In addition, this is a sense that customer's consumption provides result to against a standard of pleasure or displeasure (Oliver, 1999). Satisfaction is also related to psychological attitude that feel during customer consumption. Customer satisfaction is conceptualized as customer fulfillment response and also is a judgment of product or service feature through pleasurable level including over or under fulfillment (Oliver, 1997). When the customer is satisfied with food and service in restaurant, they will be more likely to revisit the restaurant to increase its profit.

In order to have a competitive advantage in the service industry; it is important to find out the impact of perceived value. Perceived value has grown into a popular subject to marketing managers and to researchers since it has been considered as one of the most effective measurement method of customer satisfaction and loyalty (Eggert & Ulaga, 2002; Parasuraman & Grewal, 2000). When customers have a positive perceptive value, they are motivated to make well-disposed decisions to a company. Maximizing a customer's perceived value is a successful strategy of a company in terms of long-term business success.

Creating loyal customers is at the heart of every business. Loyalty has been a primary concern in marketing planning for various reasons including global competition, market saturation, technological development, and customer awareness. A long-term success id not just a function of fair price but it is a function of quality of products and

services and many corporations prefer to build a long-term relationship with their customers using customer-oriented preferences. Thus, it is important to extend and retain loyal customers, which may serve as a main factor in long-term success of corporations. Corporations attempt to absorb and satisfy customers and develop a long-term relationship through creating loyalty among them (Akhter, Abbasi, Ali, & Afzal, 2011).

## **1.1 Rationale of the Study**

Nowadays, people are busy with their daily life activities like studying, working, and socializing. Dining out has become popular among Myanmar people. Instead of cooking themselves, they choose to consume food in restaurant as it not only helped them save time, joining the social attraction also one of the reason people choose to dining outside. The real reason people dining out in a restaurant are because they want to relax, to socialize or to entertain. People also have a wide range to choose where to eat and what to eat. Restaurant or food industry does not only sell foods and drinks to customers, people are able to choose the restaurant based on the service, price and others criteria as they have a lot of choices (Robson, 2004).

The sector of restaurant is one of the competitive sectors where they try different experiments in respect to meet the customer expectations and achieve the customer satisfaction towards delivered services. The restaurants are highly depended on their customer experience and engagement. Customer perceptions about food and service attributes are considered to be very crucial in influencing their satisfaction and loyalty in the food and service industry.

Customers are at the main focus of organizations and the customer loyalty is the main reason of acquiring competitive of organizations. Loyal customers are valuable resources for organizations because it is easier to sell to an old customer than a new one. Only customers who receive satisfaction can be loyal customer to the business. Customer satisfaction plays an important role in within every business and it is also a key point of differentiation that helps you to attract new customers in competitive business environments and can get feedback from the customers for any business as the feedback of customers is important for the growth of business.

Therefore, in order to success in their key business, marketers and owners need to be up to date with consumer perceptions of many aspects of their business. It is very

important for the restaurant owners to be aware of customer perception and satisfaction to offer sufficient value of products and services while meeting growing customer demand. Therefore, this study is exploring the customer perceived value that influence the customer's satisfaction which in turn leads to customer loyalty of Pizza Hut in Yangon.

## **1.2 Objectives of the Study**

The two specific objectives of the study are:

- (1) To examine the effect of customer perceived value on the customer satisfaction of Pizza Hut in Yangon
- (2) To analyze the effect of customer satisfaction on the customer loyalty of Pizza Hut in Yangon.

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

This study focuses how customer perceived value influence on their satisfaction and the effect of customer satisfaction on the customer loyalty of Pizza Hut in Yangon. Analytical research method is used in this study. The model PERVAL scale, is used in this study in which four distinct value dimensions: functional value, social value, economic value, and emotional value, are used to measure customer perceived value (Sweeney & Soutar, 2001). The sample size of this study is 120 respondents who are consuming at Pizza Hut restaurants in Yangon. The survey is conducted to total 6 outlets of Pizza Hut in Yangon.

The primary data are collected from 120 consumers of Pizza Hut with the structured questionnaire which is designed 5-point Likert scale to find out how the perceived value influence on the customer satisfaction. The respondents are surveyed by simple random sampling method from 6 Pizza Hut outlets in Yangon. The secondary data is collected from the international research papers, journals, articles and reference text books. The study only focused on Pizza Hut consumers, therefore, this study cannot be applied other pizza consumers.

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

This study is organized into five chapters. Chapter one describes the introduction of the study, rationale of the study, objectives of the study, scope and method of the study and organization of the study. Chapter two is about the theoretical background concerned with customer perceived value, customer satisfaction and customer loyalty. Chapter three explores the profile of the Pizza Hut and customer perceived value on Pizza Hut. Chapter four analyzes the effect of customer perceived value on customer satisfaction and loyalty towards Pizza Hut. Chapter five includes findings and discussions, suggestions, and recommendations and needs for further research.



## **CHAPTER 2**

### **THEORETICAL BACKGROUND**

This chapter presents the theoretical background of all the applied theories in this study. It includes the definition of the customer perceived value, customer satisfaction, customer loyalty and the relationship between each of variables. And then, the conceptual framework of the study is described at the end of the chapter.

#### **2.1 Customer Perceived Value**

For several years the notions of Customer Perceived Value have been scrutinized within the marketing field. Nevertheless, because of the very extensive review of observable facts, no widespread description has been established. As a result, quite a few authors created diverse definitions of CPV; therefore, in an effort to combine these varied definitions, customer value is a customer's perceived inclination for and appraisal of product features, feature performances, as well as outcomes occurring from use that make easy (or block) achieving the customer's objectives and idea in use conditions (Woodruff, 1997).

A competitive advantage of a firm comes from its capability to create value for its customers that exceeds the company's costs of creating it (Porter, 1985). customer perceived value is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given (Zeithaml, 1988). In addition, customer perceived value means the customer received trade-off between benefit or quality and costs that include financial, mental transaction cost, time and energy (Oliver & De Sarbo, 1988).

Nevertheless, other literature has taken two distinct approaches to conceptualize customer perceived value, either as a uni-dimensional or a multidimensional construct (Ruiz, Gremler, Washburn, & Carrion, 2010). The uni-dimensional approach is based on the price perception or the trade-off between perceived quality and sacrifice. Due to its simplicity, this approach has been criticized for not being able to discern the complex and multifaceted nature of perceived value. This multi-dimensional approach has been demonstrated via two research streams, namely benefits/costs models and means-end models.

Benefits-costs models best explain customer value in exchange (Khalifa, 2004). Of these, a model of perceived value related with a specific product or service, indicating that customers draw a comparison between monetary value in the form of economic, functional and psychological benefits, and total costs with respect to monetary, time, energy and psychic factors (Kotler & Keller, 2009). Customer value is the customer's perception and evaluation of how useful the relationship with a supplier is in terms of benefits received and sacrifices made (Hutt & Speh, 2007).

Customer's perceived value consists of 5 components: price, product quality, service quality, image and relationship between a customer and a vendor (Naumann, 2011). Five basic types of value exist that are derived from customers' needs. Functional value which is known as perceived utility derived from ability to perform its functional, practical or physical purposes. Social value represents perceived advantage deriving from its image and symbolism the product/service provides. Emotional value which is described as ability to arouse feelings such as security, pleasure, enthusiasm, romance, passion fear or guilt. Epistemic value is the ability of a product or service to create a person curious or satisfy his desire for knowledge or novelty. Conditional value is a perceived benefit gained in the specific situation or some particular social or physical context (Sheth, Newman, & Gross, 1991).

The "PERVAL" scale, in which four distinct value dimensions (i.e. performance/quality, price/value for money, emotional value, and social value) can be used to assess consumer perceptions of the value of durable goods, in the pre- and post-purchase stages. Social value which reflects the enhancement of social self-concept. Emotional value represented as the utility derived from feelings generated by the product. Functional value that reflects the advantage obtained from product's quality, performance and price/value received for the money (Sweeney & Soutar, 2001).

Due to the saturation of markets, the lack of product differentiation, and cut-throat competition eroding customer loyalty, a number of researchers have addressed the need to improve customization value and relational value in order to achieve higher levels of customer loyalty (Chang & Chen, 2007; Coelho & Henseler, 2012).

### **2.1.1 Functional Value**

Functional Value is an individuals' realistic and economic evaluation of the superiority of the product and service (Woodruff, 1997). Functional value is connected to responsiveness, dependability, suppleness, sympathy as well as price (Sweeney & Soutar, 2001). Thus, this aspect resembles the derived compensations from the quality of the product, product performance and derived product's value for money.

Consequently, functional value is however related to the SERVQUAL model's second and third dimensions; reliability is the second dimension of the model and also contains two sub-dimensions which are assurance (Dabholkar, Thorpe, & Rentz, 1996) and accessibility of goods/services (Westbrook, 1981). The guarantee sub-dimension estimates the consumer's perception that the store will keep its promise, whereas the accessibility dimension involves the perception of the consumer whether the consumer can rely on the accessibility of goods/services.

The third dimension is individual communication. It has two sub-measurements: first – responsiveness and second – politeness. These sub-measurements are in close relation and acquire how instantly and how well the customer is taken care of by the staffs of the business. Nevertheless, functional value above all displays how practical a product is, and whether it fulfills the functions expected of it (Smith & Colgate, 2007). These measurements have manipulated on CPV for the consumer, which is an important aspect that affects the satisfaction of the customer (Gill, Byslma, & Ouschan, 2007).

### **2.1.2 Social Value**

Social value has an undeviating relation with social position. To obtain the approval of social groups and observe existing social norms, a person would try to form self-image by consuming the features of products. Hence, if a product can connect consumers with other social groups and create efficacy, it is equipped with social value (Sheth, Newman, & Gross, 1991). These measurements of social capital and the well-being of social citizens create massive impression on the customers' mind. The social factor signifies benefits which may come from referrals of others like friends and family (Tabassum, Zafar, Ali, Alam, & Ali, 2013). Therefore, social value is the value gotten from the product's or service's capability of improving social self-concept (Sweeney & Soutar, 2001). The

perceived efficacy obtained as a result of having relations between single or multiple social groups as well as consumer choice (Panda, 2007).

Under the influence of social value, consumers do not give priority to the actual features or functions of products but attach importance to if products can raise their social statuses, shape their social images and satisfy their desires. Social value includes the value of pursuing identity, and consumers display their social statuses and abilities through products to gain approval in society and communities and obtain a sense of belonging. The consumption pattern is not only a kind of show-off but also a symbol of a person's identity and power and action consumers take to seek social approval. However, social values are measured as the majority of imperative multi-dimensional variables which manipulate purchasing intentions of consumers, which has an undeviating effect on customer satisfaction as well as plays a vital role in encouraging individuals to stay loyal to the company.

#### **2.1.4 Economic Value**

Perceived value is a multifaceted dimension that comprises additional simple reasonable appraisal of 'value'. In addition, 'price' is, in itself; an unclear as well as indefinable notion (Woodruff & Gardial, 1996). Even though 'price' is frequently unspoken as the financial worth of a product, a jam-packed admiration of the perception also adds deliberation of time, endeavor and exploration included in the general cost or sacrifice formulated by the customer in the experience of consumption. It is consequently noticeable that perceived value is a wider and better construct than a simple trade-off between 'value' and 'price' (Zeithaml, 1988).

Price has been identified as an extrinsic cue reflecting product's quality and value (Zeithaml, 1988). Consumers generally seek to maximize value for money during their consumption process (Sweeney, Soutar, & Johnson, 1999). Linking this to food choice behavior, consumer perceived value is directly associated with the price/quality ratio (Erickson & Hung, 1997). Cost saving elements are the main concern of food choices (Sanlier & Karakus, 2010). Consumers place emphasis on foods' price as they aim to save money and avoid waste (Nielsen, Bech-Larsen, & Grunert, 1998). Lowering consumers' cost via price reductions can improve values of foods resulted in increasing sales (French, 2003).

#### **2.1.4 Emotional Value**

Emotional value involves the belief that a customer derives from the consumption experience of product and service. If a product has the capability or efficacy of changing the feeling or emotion of consumers, it is endowed with emotional value (Sheth, Newman, & Gross, 1991). The emotional factor is momentous to determine customer satisfaction (Yu & Dean, 2001). There is a well-built effect on satisfaction from pessimistic rather than optimistic emotions. Therefore, emotions are dominant in outlining the outcomes and influence of several organizational experiences like: customer satisfaction (Liljander & Strandvik, 1997). The perception of consumption emotion is a reply throughout the experiences of consumption (Westbrook & Oliver, 1991).

Consumers' emotional response to surroundings may have direct influence on their decision on consumption. Emotion was a cyclic organizational structure which was made up of two dimensions - unpleasantness and arousal/quietness (Mano & Richard, 1993). Emotional response is closely related to product experience satisfaction (Mano & Richard, 1993). Positive emotions like loyalty, nostalgia and excitement and negative ones like fear and guilt may create direct impact on the decision on consumption (Foxall & Greenley, 1999). Creating a favorable atmosphere for consumption also has great effects in stimulating emotional response, and many non-textual clues may also become the factors that stimulate consumption (Hirschman & Holbrook, 1982). Consumption emotions are represented by a variety of experiences and terms, such as concern, happiness and resentment.

#### **2.2 Customer Satisfaction**

Customer satisfaction has been one of the top appliances for a successful business. Customer satisfaction is defined as an overall evaluation based on the total purchase and consumption experience with the good or service over time (Fornell, Johnson, Anderson, Cha, & Bryant, 1996). With marketing, customer satisfaction also comes along with it which means it makes certain the expectation of the customer on how the goods and services are being simplified by the companies. Actionable information on how to make customers further satisfied is therefore, a crucial outcome (Oliver, 1999). Customer satisfaction is a crucial component of a business strategy as well as customer retention and product repurchase.

Customer satisfaction is described as customers' perception about a service and is attributed to their assessment of the quality of service received. Dissatisfaction is deemed as the consequence of a product or service failing to meet the customer's expectations whereas satisfaction is what a customer feels when a product or service meets his or her expectations. Customers are delighted when the product or service performance surpasses their expectations (Philip & Hazlett, 1997).

Customer satisfaction as the customer fulfillment response that used to evaluate products and services through the overall pleasurable level of over or under level of consumption-related fulfillment (Oliver, 1997). In addition, satisfaction as customer's evaluation process to compare with previous expectation and perceived service experience (Gilbert, Veloutsou, Goode, & Moutinho, 2004). Moreover, customer satisfaction as the individual perception of product or service that related to customer expectation (Torres & Kline, 2006). Also, attitude of customer satisfaction changed through the consumption experience (Oliver, 1981).

Satisfaction is an outcome from customer after purchased and used, comparison between the benefit and cost of the purchase, in relation to the anticipated consequences (Churchill & Surprenant, 1982). Customers' satisfaction as the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals. To what extent a firm able to fulfill a customer's needs, expectation and desire, and it's better than the competitors also able to explain customers' satisfaction (Singh & Saluja, 2013).

Nowadays, customers' satisfaction is a key element to differentiate a company to another in this competitive marketplace and it also a key element in every companies' business strategy (Homburg, Koschate, & Hoyer, 2005; Singh & Saluja, 2013). The product and its features, functions, reliability, sales activity and customer support are the most important topics required to meet or exceed the satisfaction of the customers. Satisfied customers usually rebound and buy more. Besides buying more they also work as a network to reach other potential customers by sharing experiences (Hague & Hague, 2016).

Customer satisfaction is influenced by specific product or service features and perceptions of quality. Satisfaction is also influenced by customer's emotional responses, their attributions and their perception of equity (Zeithaml & Bitner, 2003). Increased customer satisfaction can contribute company benefits like customer loyalty, increasing the

life cycle of a customer developing the life of merchandise the customer purchase and increases customers positive word of mouth communication. When the customer is satisfied with the product or service of the company, it can make the customer to purchase frequently and to recommend products or services to potential customers.

Customer satisfaction is dynamic and relative. Only the idea “customer-centric” can support companies improve satisfaction and keep customer truly, conversely, if competitors improve customer satisfaction, then it may loss corporate customers. While improving customer satisfaction, customer expectations should be noticed. Service quality, product quality and value for money have a direct positive impact on customer satisfaction. Employee satisfaction is equally important before achieving the customer satisfaction. If employees have a positive influence, then they can play a big role to raise customer satisfaction level.

Besides, success of a restaurant depends on whether the marketer understands their target customers’ needs and wants (Gregory, Smith, & Lenk, 1998). Meeting expectations of customers will contribute competitive advantage for the restaurant to compete with other competitors. Therefore, it is necessary to obtain customer perception of the service regarding to the important attributes including quality of food, service quality and value for price, menu variety, employee friendliness (Reid & Bojanic, 2001), location and atmosphere (Cebzynski, 2008), speed of service, cleanliness, and parking for determining what customers are looking for their satisfaction. Due to customer satisfaction is key importance in the restaurant industry, it is very important for the owner to ensure customer satisfaction is reached.

### **2.3 Customer Loyalty**

Customer loyalty can be described as a customer’s engagement with a company and willingness to continue doing business with a company permanently (Zineldin, 2006). Loyalty is a deeply held commitment to rebuy or re-patronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behaviors. Customer loyalty is considered as the strength of the relationship between an individual’s relative attitude and re-patronage (Oliver, 1999).

Loyalty as customers staying on with their service providers, making use of word-of-mouth to recommend it to their friends, and even influence their friends’ decisions

(Fisher, 2001). Further, loyalty is considered as the intention of the buyers to make the purchases again and again to build a continuous relationship with the organization (Fornell, 1992; Dick & Basu, 1994). Loyalty building requires the company to focus the value of its product and services and to show that it is interested to fulfill the desire or build the relationship with customers (Griffin, 2002).

Thomas and Tobe (2013) emphasized that “loyalty is more profitable”. To ensure customer will revisit to the restaurant, retaining customer would be the most important strategy to be used by restaurant. Loyalty customers will encourage other to purchase from the seller and always review their decision time and again before changing mind to purchase the alternative products or services. Customer loyalty is not gained by an accident, it is well constructed through the sourcing and design decisions (Thomas & Tobe, 2013).

Loyalty is viewed as a multiple construct consisting of three dimensions: behavioral loyalty, attitudinal loyalty, and cognitive loyalty. Behavioral loyalty is interpreted as the type of customer behavior such as repeat or continuous purchasing from the same supplier or the act of recommendation (Yi, 1990). Attitudinal loyalty is described as different feelings that create a general attachment to a product, service, or organization (Gremler & Brown, 1996). Cognitive dimension of loyalty is explained as the “first choice” of a customer among alternatives or as the first brand, store or supplier that comes up to customers mind when they make a purchase decision (Newman & Werbel, 1973). These three loyalty dimensions define a loyal customer as the regular user of one service provider or supplier, who has positive feelings toward the organization and does not consider using alternative provider (Gremler & Brown, 1996).

Customer loyalty comprises two meanings: long-term and short-term loyalty. Customers with long-term loyalty do not easily change to other service providers, while customers with short-term loyalty switch more easily when offered a perceived better alternative. The behavior and attitude of the customers towards the particular goods and services matters the most. Customer loyalty has two types based on behavioral and emotional loyalty on the goods and services. Behavioral loyalty concern with frequent shopping in a particular retailer and emotional loyalty relates to the customers' concern towards certain retailer on the basis of past buying experience and attitude. In these behavioral and emotional loyalty model, increased satisfaction should enhance customer loyalty.



Nowadays, the customer loyalty is considered as the key to business success and it is in fact one of the marketing strategies, which raise the business profitability in the long term and it leads to the firm profitability due to the customer repurchase (Yoon, Hostler, Guo, & Guimaraes, 2013). Understanding the market by planning and adopting appropriate strategies for making the customers loyal and enhancing their loyalty rates facilitates the achievement of long-term benefits for enterprises (Liu, 2007).

#### **2.4 Empirical Studies on Relationship between Customer Perceived Value, Customer Satisfaction and Customer Loyalty**

The aspects of value and satisfaction are the important contextual conditions that have been found related to various marketing concept (Zemguilene, 2013). In marketing research, the relationship between perceived value, satisfaction and behavioral intentions have been widely discussed in relation to consumers' decision-making process (Kang & Schrier, 2011). The relationship between perceived value and customer satisfaction has revealed that customer satisfaction is the result of a customer's perception of value received.

Many studies have found that customers' perceived value had a strong and significant impact on satisfaction. The proposed relationship between perceived value and satisfaction is supported by value disconfirmation experience when customer waits for receiving benefit greater than the cost on each purchase made. An unexpected decrease or increase in the cost or benefit after the purchase change the perceived value, leading to either decreased or increased customer satisfaction (Omar, Alam, Aziz, & Nazri, 2011). So, customer satisfaction can be expressed as a function of perceived value. Customer's satisfaction after purchase depends on a level of customer perceived value (Lin, 2003).

Perceived value is one of the important elements for gaining competitive edge and is considered to be a significant predictor of customer satisfaction (Milfelner, Snoj, & Korda, 2011). The impact of consumers' perception on satisfaction is investigated by including both the rational and emotional aspects of value dimensions (price, functional, emotional and social) whether they have an influence on satisfaction with the product or not. These four aspects show not only the practical principles concerning about price and quality but also emotional and social needs of the consumers (Peng & Liang, 2013).

Companies receive some benefits from satisfying customers. One of them is the generation of higher profitability. Satisfied customers behave positively and present positive intentions. The effective management of satisfied and faithful customers gains the company an improvement of economic and competitive situation. Thus, providing superior value has become important for a company to maintain long-term relationships with their customers (Yang & Peterson, 2004).

Customer satisfaction is a key element for every organization wishing to increase customer loyalty and create a better business achievement. Satisfying dining experience has a significant positive influence on customer's behavioral intention and increase customer's retention rate (Oliver, 1980). Another study showed the relationship between dining satisfaction and repeat visit intention is significant within a restaurant (Kivela, Inbakaran, & Reece, 1999). In addition, customer satisfaction is important attribute to marketers as it is assumed to be a significant determinant for repeat sales, positive word-of-mouth as well as building customer loyalty (Bearden & Teel, 1983).

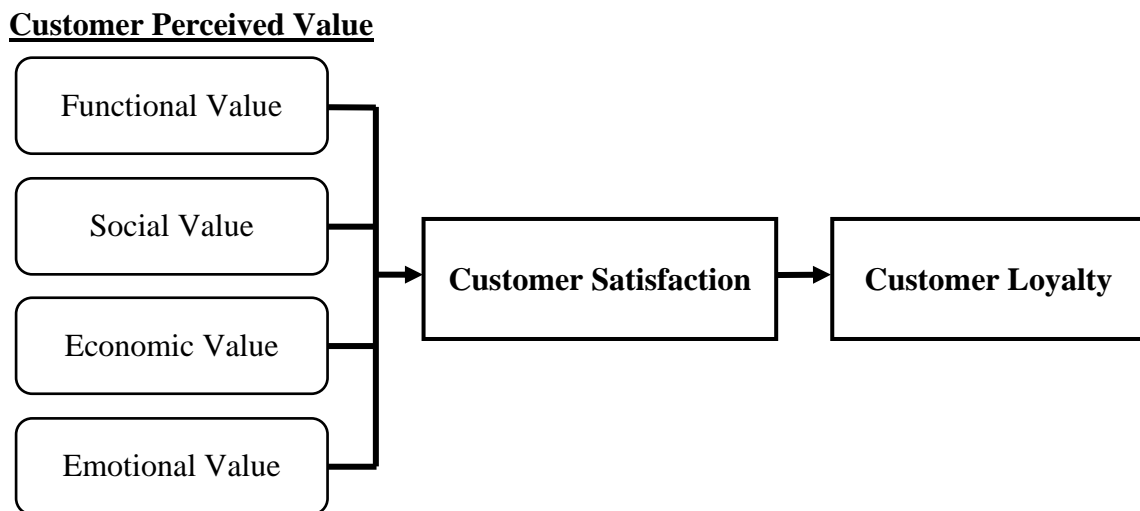
Customer satisfaction and customer loyalty are interrelated because the outcome of satisfaction may reinforce a customer's decision to revisit or not to revisit to a restaurant (Oliver, 1980). In the highly competitive fast food industry, satisfying customer is the critical objectives of businesses to build repeated purchase. Satisfaction is an excellent predictor of repurchase intention. In fast food restaurant setting, improving customer satisfaction level is essential to increase revisit and recommendation intentions. A satisfied customer has higher possibility to reject competitive offers and will return to the same restaurant that offers them great experience (Han & Ryu, 2007).

Customer loyalty can be regarded to be a byproduct of customer satisfaction. The satisfaction of business customer leads to customer loyalty (Fornell, 1992). Moreover, highly satisfied customers are more likely to be loyal than the customers who are rarely satisfied. Satisfied customers are more likely to repurchase, lower their price sensitivity, engage in positive word-of-mouth recommendation, and become loyal customers (Chen & Wang, 2009). Overall, it is clear that customer satisfaction and customer loyalty have a significant positive relationship. Customer loyalty leads to an increase in both sales and profitability.

## 2.5 Conceptual Framework of the Study

The following Figure (2.1) illustrates the conceptual framework of the study. For the achievement of the objectives, conceptual framework involves three parts: first involves the customer perceived value such as functional value, social value, economic value and emotional value. Second part involves the customer satisfaction and the last one involves the customer loyalty.

**Figure (2.1) Conceptual Framework of the Study**



Source: Own Compilation, 2019

In this study, the framework shows the effect of customer perceived value on customer satisfaction and the influence of customer satisfaction on customer loyalty of Pizza Hut. The independent variables are perceived values which include functional value, social value, economic value and emotional value. Customer loyalty is derived from customer satisfaction affected by customer's perception based on perceived values. The findings of this framework could also have practical applications in business.

## CHAPTER 3

### PROFILE AND CUSTOMER PERCEIVED VALUE ON PIZZA HUT

This chapter is composed of three sections. The first section introduces about background and profile of Pizza Hut. In the second section, the demographic factors of the respondents with numbers and percentages, research design and reliability test are examined. The last section explores the customer perceived value that affect customer satisfaction and is represented with the mean value based on the survey results.

#### 3.1 Profile of Pizza Hut

Pizza Hut is a US based international restaurant chain that is known for its Italian-American cuisine menu, including pizza and pasta, as well as side dishes and desserts. The brand had started their journey in 1958 in Wichita, Kansas, when two college students Frank and Dan Carney; opened their first pizza restaurant. They laid the foundations for what would later become the largest and most successful pizza restaurant in the world.

At Pizza Hut, the core belief that drives us forward is that great food builds great memories. But that is possible when delicious meals are shared amongst one and all. And to bring this thought to life, Pizza Hut relentlessly tries to bring in the best food offers of the country, to make these fun sharing experiences into great memories to cherish.

The vision of Pizza Hut is that the whole Pizza Hut family takes pride in creating GREAT experiences that keep our customers and colleagues hungry for more.” Pizza Hut’s mission is “Each time enjoying Pizza Hut’s globally loved food and our warm hospitality.” Pizza Hut’s values stand for “PEARLS” which represents passion, execute, accountable, recognize, listen and safety.

The very first entry of Pizza Hut, the World’s No.1 Pizza Chain, into Myanmar was celebrated with the opening of Myanmar’s first Pizza Hut Restaurant in Yangon on November 24, 2015. Pizza Hut Myanmar is a joint venture between City Mart Holding, leading retailer in Myanmar with over 100 retail outlets of different formats, and Jardine City Mart Restaurant Group.

Pizza Hut Myanmar is convinced that it will benefit the locals as in a number of ways; the company has already provided over 100 job opportunities and will also provide over 500 job opportunities within next three years. Pizza Hut employs 97% of the workforce with local people and majority of the raw materials and ingredients are sourced locally. Pizza Hut also invests deeply in the professional training and career development systems for its staffs to ensure effective transfer of global best practices, processes and knowledge to the local staffs in order to grow local. This is only the beginning of Pizza Hut Myanmar's journey and it also has a plan to open 15 to 20 branches across the country in coming 5 years or more years.

Pizza Hut is capable of competing with other established pizza houses in Yangon as the prices are affordable and the taste of the pizzas is compatible with Myanmar palette. Pizza Hut's first restaurant is located in Golden Valley, within the market place compound operated by City Mart Market Place. The Pizza Hut restaurant is open to the public daily from 10am to 10pm. There are totally 7 restaurants in Yangon and 1 restaurant in Mandalay currently. From our tantalizing appetizers to signature pan pizzas, pastas, risottos and desserts, Pizza Hut's menu has something for everyone. Pizza Hut brand experience resonates generosity, friendships, naturalness and fun; making it stand for much more than the Pizza.

Pizza Hut Myanmar is now serving world famous Pan and Stuffed Curst pizzas as Supreme series of pizza that regard as best globally loved dishes. Pizza Hut Myanmar also serves a wide range of delicious starters, pasta and rice dishes and restaurant's specialty like BBQ pork ribs from U.S. Pizza Hut is the ideal host for friends and family to enjoy great times over delicious food.

### **3.2 Research Design**

The research design identifies the methods of the data gathering, in which instruments are used, how they are dealt with and how the gathered information is arranged and analyzed. Furthermore, the design, data analysis method, the statistical techniques and the different instruments are used for collecting data in this study. This study uses analytical research method. To achieve objectives, both primary and secondary data is used in this study. Secondary data are obtained from the previous research papers, text books and related sources from internet websites.

A structural questionnaire is constructed to collect the primary data. To obtain the primary data, the simple random sampling method is applied to 120 respondents from 6 outlets of Pizza Hut in Yangon whether they have satisfaction and loyalty towards Pizza Hut or not. The sample size of the survey is obtained from 20 respondents per outlet. The questionnaire is developed with the closed type questions and five-point Likert scale is used to measure positive and negative perception of respondents to each statement. There are altogether four sections to specifically address each variable applied in this study.

The first section consists of questions for demographic data of the respondents. The second section is to explore customer perceived value divided into four parts named functional value, social value, economic value and emotional value. The third section is questions for customer satisfaction and the final section is to examine customer loyalty of Pizza Hut. The questions in the first section are closed question and are discussed by descriptive research method. The questions in other three sections except first section are measured with a five-point Likert scale ranging from strongly disagree to strongly agree. After conducting survey, gathered questionnaires were summarized and then analyzed with regression which is done by using SPSS software.

Reliability test is a process of measuring the consistency or repeatability of the scale. Reliability is determined by the Cronbach's alpha coefficient which was calculated to ensure the reliability of the instrument by assessing the degree of internal consistency among a set of questionnaire items. Cronbach's alpha test to see if multiple question Likert Scale surveys are reliable.

**Table (3.1) Reliability Analysis**

Category	Cronbach's Alpha	No. of Items	Interpretation
Functional Value	0.897	8	Good
Social Value	0.851	5	Good
Economic Value	0.92	6	Excellent
Emotional Value	0.889	6	Good
Customer Satisfaction	0.92	6	Excellent
Customer Loyalty	0.938	9	Excellent

Source: Survey Data, 2019

According to Table (3.1), Cronbach's alpha coefficient for all the constructs measured in the research are ranging from good ( $\alpha = 0.851$ ) to excellent ( $\alpha = 0.938$ ). It indicates that items measuring each variable have high intercorrelations and measure the same construct. The Cronbach's alpha suggests that functional value ( $\alpha = 0.897$ ), social value ( $\alpha = 0.851$ ) and emotional value ( $\alpha = 0.889$ ) variables have good level of internal consistency. The economic value ( $\alpha = 0.92$ ), customer satisfaction ( $\alpha = 0.92$ ) and customer loyalty ( $\alpha = 0.938$ ) variables have excellent level of internal consistency. In general, the high internal consistency level indicates the high reliability of test scores.

### **3.3 Profile of Respondents**

In this study, the respondent's demographic characteristics are explored into five categories. They are gender, age, education, occupation and monthly income level. All of these data are described in the Table (3.2) as below. There are total 120 respondents who were surveyed with structured questionnaire.

According to Table (3.2), the majority of the respondents are females (70 respondents out of 120) and is accounted for 58 percentage of the total respondents while the minority respondents are male respondents (50 respondents out of 120) and it is made up of 42 percentage of the total. As fast food is not consumed by gender differences, both male and female percentages are in average consumption.

There are five different types of age group in the survey such as under 21 years, 21-25 years, 26-30 years, 31-35 years and above 35 years. The major age group of respondents are the age between 21-25 years old and it represents 55 percentage of the total respondents. The second largest group is the age group of respondents who are between 26-30 years old and it is accounted for 36 percentage of the total. And then age group between 31- 40 is 8 percentage of the total and respondents under 21 ages are 1 percentage. This represents that most of the young aged consumers between 21 and 25 years old like to eat fast food most of the time rather than other aged groups.

**Table (3.2) Demographic Factors of Respondents**

<b>Demographic Factors</b>	<b>Description</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
	Total	120	100
Gender	Male	50	42
	Female	70	58
Age Group	Under 21 years	1	1
	21-25 years	66	55
	26-30 years	44	36
	31-35 years	9	8
	Above 35 years	0	0
Education	High-school	0	0
	Undergraduate	3	3
	Graduate	57	47
	Postgraduate	60	50
Occupation	Student	37	31
	Dependent	9	7
	Self-Employed	19	16
	Employee	55	46
Monthly Income (MMK)	Under 100,000	14	12
	100,000 – 300,000	27	22
	300,001 – 500,000	27	22
	500,001 – 700,000	10	9
	Above 700,000	42	35

Source: Survey Data, 2019

In education level, the respondents are classified into four groups such as high-school, under-graduate, graduate and post-graduate. According to survey, 60 out of 120 respondents which represents 50 percentage of the total respondents are post-graduated. The graduated level of respondents is 57 out of 120 respondents and it represents 47 percentage of the total. The education level of minority respondents is under-graduate which is 3 out of 120 respondents accounted for 3 percentage of total. This means that most of the educated people spend time for their dining in Pizza Hut because they have more product awareness on Pizza Hut.



The occupation of the respondents is also divided into four groups such as students, dependent, self-employed and employee. The majority of occupation of respondents is employee which account for 55 respondents out of 120 with 46 percentage. The second largest group is the group of students which accounts for 37 out of 120 respondents which takes 31 percentage of the total respondents. The occupation of minority of respondents is self-employed and dependent which are 19 and 9 out of 120 respondents accounted for 16 percentage and 7 percentage respectively. This represents that most of the employees can spend more on fast food restaurants such as Pizza Hut because they can earn more money than other respondents such as students.

For the income, the monthly income level of respondents is grouped into five. The majority of the respondents earns above 700,000 MMK which is 42 respondents out of 120 and it is accounted for 35 percentage of the total. The respondents with monthly income between 100,000-300,000 MMK and between 300,001-500,000 MMK are the second largest group, 27 respondents out of 120 and each is accounted for 22 percentage respectively. The third group is the respondents who earn under 100,000 MMK which is 14 out of 120 respondents accounted that 12 percentage. The minority of the respondents' income is between 500,001-700,000 MMK which is 10 respondents out of 120 and consists of 9 percentage of total. This means that consumers who can earn more than 700,000 MMK can consume at Pizza Hut more than other ranges.

### **3.4 Customer Perceived Value on Pizza Hut**

In this study, the effect of customer perceived value on customer satisfaction towards Pizza Hut. This study analyzes the four dimensions such as functional value, social value, economic value and emotional value to explore the customer perceived value by using the Likert scale questions. Based on the survey result, the mean value of each factor is described in Table (3.3), (3.4), (3.5), and (3.6).

#### **3.4.1 Functional Value**

The following Table (3.3) shows that the mean values of the functional value among customer perceived values that influence customer satisfaction of the Pizza Hut. The

functional value of Pizza Hut is analyzed by addressing survey to 120 respondents with 8 different questions. The mean value of each and overall mean are shown as follow.

**Table (3.3) Functional Value**

<b>No.</b>	<b>Category</b>	<b>Mean</b>
1.	Well-made and good for health food	3.62
2.	Reliable food	3.84
3.	Acceptable standard of safety food	4.03
4.	Consistent food quality	3.97
5.	Dependable and compatible service	3.73
6.	Exact service for order	3.96
7.	In time service	3.68
8.	Competent and efficient takeaway service	3.68
	<b>Overall Mean</b>	3.82

Source: Survey Data, 2019

The customers' perception on the functional value of the Pizza Hut is analyzed about the qualities of food and the service. For the food quality, the customers perceive that Pizza Hut offers the acceptable standard of safety food and it has the highest mean value 4.03. It means that the food is made by standardized process. The second highest mean value is the mean of quality consistency which value is 3.97 and followed by the mean value of reliability of food which has the mean value 3.84. However, the mean score of well-made and healthy food is the lowest mean value, its mean scores 3.62 which is above the neutral.

For the service quality, most of the customers are satisfied with the right serving for order which scores 3.96. The second highest mean value for service quality is the mean of dependable service quality which scores 3.73 followed by the mean values of serving time and takeaway service which are the same and they have score 3.68 each. According to Table (3.3), the overall mean value is 3.82 which is above the neutral score 3 and all items get the mean score greater than 3.5. This result shows that most of the consumers agree with and have positive perception towards functional value of the Pizza Hut. The overall

result shows that consumers believe that Pizza Hut has reliable food and their food has consistent quality of standard.

### 3.4.2 Social Value

The following Table (3.4) represents that the mean values of the social value among customer perceived values that influence customer satisfaction of the Pizza Hut. The social value of Pizza Hut is analyzed by addressing survey to 120 respondents with 5 different questions. The mean value of each and overall mean are shown as follow.

**Table (3.4) Social Value**

<b>No.</b>	<b>Category</b>	<b>Mean</b>
1.	Feeling acceptable	3.83
2.	Good impression on family member	3.62
3.	Fitting in with food culture and tradition	3.61
4.	Reflecting the social status	3.28
5.	People with similar lifestyle	3.37
	<b>Overall Mean</b>	3.54

Source: Survey Data, 2019

The result shows that social value of customer perceived value has the positive influence on customer satisfaction because the overall mean score is 3.54 which is above the neutral score 3. The highest mean score is 3.83 which states that most of the respondents feel acceptable consuming at Pizza Hut. The second highest mean value is that Pizza Hut makes good impression and accepted by family member with the mean score 3.62 and followed by mean value of Pizza Hut fits in with food culture and tradition which scores 3.61. The mean score for people consuming at Pizza Hut are with similar lifestyle is 3.37. The lowest mean score is 3.28 which can be concluded that respondents think that Pizza Hut do not reflect the social status of them. It can be concluded that consuming Pizza Hut is socially acceptable although Pizza Hut does not reflect their social status very much. Consumers also have a good impression on their family with Pizza Hut.

### 3.4.3 Economic Value

The following Table (3.5) presents that the mean values of the economic value among customer perceived values that influence customer satisfaction of the Pizza Hut. The economic value of Pizza Hut is analyzed by addressing survey to 120 respondents with 6 different questions. The mean value of each and overall mean are shown as follow.

**Table (3.5) Economic Value**

No.	Category	Mean
1.	Reasonable price	3.62
2.	Value for money	3.78
3.	Good product for the price	3.88
4.	Economical	3.48
5.	Best possible price plan	3.61
6.	Appropriate cost	3.73
	<b>Overall Mean</b>	3.68

Source: Survey Data, 2019

As shown in the Table (3.5), most of the customers perceive that Pizza Hut is the good product for the price and it has the highest mean value which score 3.88. The second highest mean score is 3.78 which states that Pizza Hut offer value for money and is well worth spent. The third highest mean score comes from appropriate cost. This means that the cost is appropriate for what the customer get and the mean score is 3.73. And also, most of the customers perceive that Pizza Hut offer the reasonable price and the best possible price plan that meet their needs with the mean scores 3.62 and 3.61 respectively. Although customers have the positive perception on the price offered by Pizza Hut, most of them think that Pizza Hut is not economical because it has the lowest mean score 3.48. The overall mean score of the economic value of Pizza Hut is 3.68 which is above the neutral score 3. It can be concluded that customers' perception on the economic value of Pizza Hut is positively influence on the customer satisfaction towards Pizza Hut. It can be concluded that Pizza Hut provides good product for the price paid and the price consumers pay for Pizza Hut is worth it. Consumers are pleased with the appropriate cost by Pizza Hut.

### 3.4.4 Emotional Value

The following Table (3.6) states that the mean values of the emotional value among customer perceived values that influence customer satisfaction of the Pizza Hut. The emotional value of Pizza Hut is analyzed by addressing survey to 120 respondents with 6 different questions. The mean value of each and overall mean are shown as follow.

**Table (3.6) Emotional Value**

No.	Category	Mean
1.	Feeling good	3.81
2.	Want to use more	3.70
3.	Enjoyable	3.78
4.	Feeling relax	3.63
5.	Handling the complaints makes untroubled	3.52
6.	Handling the complaints reinforces repurchase intention	3.62
	<b>Overall Mean</b>	3.68

Source: Survey Data, 2019

According to Table (3.6), the overall mean score is 3.68 which means that most of the customers have the positive perception about the emotional value of Pizza Hut. The highest mean value is 3.81 which indicate that most of the customers feel good when consuming the products and service of Pizza Hut. The second most significant factor is that the customers enjoy the products of Pizza Hut which accounts for 3.78 and followed by the mean value that comes from the customers want to use more for Pizza Hut which scores 3.70. And the mean score of the feeling relax is 3.63 which indicates that customers feel relax about consuming at Pizza Hut. Most of the customers perceived that the way the staffs of Pizza Hut handle the complaints reinforces the customers to repurchase intention because it gets the mean value 3.62. But customers perceive that the way the staffs of Pizza Hut handles the complaints do not comfort and helpful them because it has the lowest means values and it scores 3.52. To be concluded that consumers are feeling good and enjoyable and they will always want to consume more on Pizza Hut.

### 3.4.5 Summary of Customer Perceived Value

In this study, there are four dimensions to determine customer perceived value of Pizza Hut such as functional value, social value, economic value and emotional value. The following Table (3.7) represents the summary of mean value of each value that affect customer satisfaction of Pizza Hut.

**Table (3.7) Summary of Customer Perceived Value**

<b>No.</b>	<b>Customer Perceived Value</b>	<b>Overall Mean</b>
1.	Functional Value	3.82
2.	Social Value	3.54
3.	Economic Value	3.68
4.	Emotional Value	3.68

Source: Survey Data, 2019

According to the Table (3.7), the results indicate that the functional value has the highest mean value and then followed by economic value and emotional value. It means that customers are more concerned and prefer functional value. The customers tend to have the destructive perception on received social value by comparing with other three dimensions. Therefore, it can be assumed that functional value has the highest effect on customer satisfaction towards Pizza Hut.

## CHAPTER 4

### ANALYSIS OF CUSTOMER PERCEIVED VALUE ON CUSTOMER SATISFACTION AND CUSTOMER LOYALTY OF PIZZA HUT IN YANGON

This chapter presents analytical analysis of the study. In this chapter, there are four parts. The first part included the mean value of customer satisfaction of Pizza Hut and the second part described the mean value of customer loyalty of Pizza Hut based on the survey data. In third part, the effect of customer perceived value on customer satisfaction towards Pizza Hut is analyzed. The final part analyses the effect of customer satisfaction on customer loyalty towards Pizza Hut based on the data collected from the respondents.

#### 4.1 Customer Satisfaction of Pizza Hut

This section presents the descriptive statistics for each of the customer satisfaction of Pizza Hut. To explore customer satisfaction on Pizza Hut, 6 structural questions are constructed and data are collected from total of 120 respondents. The following Table (4.1) shows the mean value of customer satisfaction towards Pizza Hut and the results are as follow.

**Table (4.1) Customer Satisfaction**

No.	Category	Mean
1.	Provided food quality fulfill the expectation	3.89
2.	Customer service make satisfaction	3.78
3.	Dining experience was pleasing	3.96
4.	Decision to choose it was a wise one	3.86
5.	Getting what I wanted when I leave	3.81
6.	Exceed expectation and make satisfaction	3.78
	<b>Overall Mean</b>	3.84

Source: Survey Data, 2019

According to survey result, most of the respondents are agree with all the statements of customer satisfaction and all the mean values are more than 3.5. Most of the customers are satisfied with dinning at Pizza Hut because of the mean value 3.96 which is highest score. The second highest mean score is 3.89 which indicate that the food quality provided by Pizza Hut fulfills the customers' expectation. Most of the customers recognize that their decision to choose Pizza Hut is a wise one and its mean value is 3.86. The mean value 3.81 refers that customers feel that they have get what they wanted when they leave Pizza Hut. Also, customers satisfy with the service of Pizza Hut and they agree with that the food and service offered by Pizza Hut exceed the customers' expectation and that leads their expectation. Both of these two statements have the mean value 3.78 respectively. However, the lowest mean value gets 3.78, it still makes the satisfactory result. Moreover, the overall mean score of customer satisfaction is 3.84 which represents the customers have a higher customer satisfaction level on Pizza Hut. To be concluded that consumers are always pleased about their dining experience and they always feel that choosing Pizza Hut is a wise decision.

#### **4.2 Customer Loyalty of Pizza Hut**

Table (4.2) describes the descriptive statistics for each of the customer loyalty of Pizza Hut. To explore customer loyalty on Pizza Hut, 9 structural questions are constructed and data are collected from total of 120 respondents. The mean of customer loyalty towards Pizza Hut and the results are illustrated in the following Table (4.2) based on the survey data.



**Table (4.2) Customer Loyalty**

<b>No.</b>	<b>Category</b>	<b>Mean</b>
1.	Continue to visit again	3.99
2.	Intention to dine in again	3.92
3.	Recommend to friends and others	3.83
4.	Say positive things to others	3.87
5.	Right choice by dining at Pizza Hut	3.87
6.	Despite of other alternatives, Pizza Hut will be chosen	3.62
7.	Despite of free products, Pizza Hut will still be bought	3.51
8.	Will buy other products and services of Pizza Hut	3.78
9.	Pizza Hut is prioritized first despite of other fast food stores' discounts	3.45
	<b>Overall Mean</b>	<b>3.76</b>

Source: Survey Data, 2019

As shown in Table (4.2), the result brought out that respondents would like to continue to visit again in the future and it has the highest mean value 3.99. The second highest mean value is 3.92 which indicate that respondents have the intention to dine in at Pizza Hut. And also, customers have right choice by dining at Pizza Hut, resulting the mean score 3.87. Furthermore, customers agree that they tell positive things about Pizza Hut to other people and recommend Pizza Hut to friends and others with the mean scores 3.87 and 3.83 respectively. The mean score 3.78 indicates that customers will buy other products and services being offered by Pizza Hut in the future and followed by the mean score 3.62 refers that customers will likely to choose Pizza Hut even they have the alternatives of other Pizza shop in the future. Due to the mean score 3.51, customer would still buy the products from Pizza Hut even they got any products for free. Resulting the lowest mean score 3.45, it can be said that the customers are not sure to prioritize Pizza Hut when other fast food stores offer discounts. Since the overall mean score is 3.78 which is over the neutral score 3 indicates that customers have the high level of loyalty towards Pizza Hut and they will continue to buy Pizza Hut products. To be concluded that consumers will always choose Pizza Hut to dine again and they will recommend Pizza Hut to their friends and family by saying positive things.

### 4.3 Analysis on the Effect of Customer Perceived Value on Customer Satisfaction

In order to find out how the customer perceived value affects on the customer satisfaction of Pizza Hut, linear regression is used to analyze the findings of survey collected from 120 respondents through the 6 Pizza Hut restaurants in Yangon. The following Table (4.3) shows the analysis of the effect of customer perceived value (independent variable) on customer satisfaction (dependent variable) of Pizza Hut.

**Table (4.3) Analysis on the Effect of Customer Perceived Value on Customer Satisfaction**

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	.388	.170		2.277	.025	
Functional Value	.526***	.080	.502	6.577	.000	3.329
Social Value	.007	.056	.008	.132	.895	2.346
Economic Value	.136**	.060	.168	2.249	.026	3.178
Emotional Value	.252***	.070	.283	3.575	.001	3.592
R Square	0.799					
Adjusted R Square	0.792					
F Value	114.208***					
Durbin-Watson	1.746					

Source: Survey Data (2019)

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

In Table (4.3), the values of R square and adjusted R square are 0.799 and 0.792 respectively. The model can explain 79.2 percent about the variance of the dependent variable (customer satisfaction) with the independent variables (functional value, social value, economic value and emotional value). The value of F test, the overall significance of the model, turned out highly significant at 1 percent level.

With respect to potential problems relating to multicollinearity, variance inflation factors (VIF) were used to provide information on the extent to which non-orthogonality among independent variables inflate standard errors. As it can be seen from Table (4.2), the VIF values stand below the cut-off value of 10 which means the independent variables

are not correlated with each other. Therefore, there are no substantial multicollinearity problems encountered in this study. This means that there is no correlation among independent variables.

Regarding to the results shown in Table (4.3), functional value, economic value and emotional value have the significant positive effect on the customer satisfaction. The functional value and emotional value are significant at 1% confidence level while the economic value is significant at 5% confidence level. It indicates that functional value, economic value and emotional value lead to increase customer satisfaction. The customer satisfaction is expected to increase by 0.526 when the functional value increases by one. Every one unit increase in the economic value will make the customer satisfaction increase by 0.136. Furthermore, increasing one unit of emotion value will increase customer satisfaction by 0.252. The higher the functional value, economic value and emotional value, the more the customers are satisfied.

The customers are delighted with the functional value provided by the Pizza-Hut restaurant that include ingredients used in the restaurant are highly hygiene for consumers, the taste and quality of food is consistent whenever consumers tried at different outlets and employees gave highest attention to take notes of customer orders. Customers are also satisfied with the taste of the pizza which meets the consumers' expectation and the food can provide happiness and enjoying to try the food again and again in the future. Another value that makes customer satisfaction is economic value. The price of the menu is rational and customers feel the worthiness of money paid for the pizza.

On the other hand, social value is not significant at any significant level. It means that social value among customer perceived values does not have impact on the customer satisfaction of Pizza Hut. Customer satisfaction will not increase or decrease due to the social value provided by Pizza Hut.

Overall evaluation shows that the model explains the effect of customer perceived value on customer satisfaction well because the estimation produced the expected signs and significant coefficients for three dimensions. This can be concluded that all the customer perceived value dimensions except social value have significant positive effect on the customer satisfaction of Pizza Hut in this research. Among these, functional value is most highly significant effect on customer satisfaction compared to other customer perceived

value dimensions because nowadays people are more concerned about the quality of food and services.

#### 4.4 Analysis on the Effect of Customer Satisfaction on Customer Loyalty

In this research, linear regression model is used in order to find out the effect of customer satisfaction on customer loyalty by analyzing the findings of survey collected from 120 respondents through the 6 Pizza Hut restaurants in Yangon. The analysis of the effect of customer satisfaction on customer loyalty of Pizza Hut is shown in the following Table (4.4).

**Table (4.4) Analysis on the Effect of Customer Satisfaction on Customer Loyalty**

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	-.040	.215		-.184	.854	
Customer Satisfaction	.988***	.055	.855	17.898	.000	1.000
R Square	0.731					
Adjusted R Square	0.729					
F Value	320.351***					
Durbin-Watson	1.519					

Source: Survey Data (2019)

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

According to Table (4.4), R square and adjusted R square are at 73.1 percent and 72.9 percent respectively. The model can explain 72.9 percent about the variance of the independent variable (customer satisfaction) with the dependent variable (customer loyalty). The value of F test, the overall significant of the model, is highly significant at 1 percent level. This specific model can be said valid.

With respect to potential problems relating to multicollinearity, variance inflation factors (VIF) were used to provide information on the extent to which non-orthogonality among independent variables inflate standard errors. As it can be seen from Table (4.4), the VIF value is 1 below the cut-off value of 10. Therefore, there are no substantial

multicollinearity problems encountered in this study. This means that there is no correlation among independent variables.

Customer satisfaction has the expected positive sign and highly significant at 1% confidence level. The positive relationship indicates that the increase in customer satisfaction lead to the effect on customer loyalty of Pizza Hut. The increase in customer satisfaction by one unit raises the effect on customer loyalty by 0.988 units. The overall evaluation reveals that the model explains the customer loyalty of Pizza Hut well because the estimation produced expected signs and significant coefficient for customer satisfaction. The increases of customer satisfaction have the positive effect on customer loyalty of Pizza Hut.

To sum up, since customers from Pizza Huts are satisfied with the products and services provided, they will continue to visit Pizza Hut and have intention to dine in the Pizza Hut again. Also, the customers will tell the positive thing about the Pizza Hut and actively recommend to their friends and others. The customers also think that they make the right decision by choosing Pizza Hut as Pizza Hut is capable to satisfy most of the customers' need. To be concluded that, there is a positive relationship between customer satisfaction and customer loyalty of Pizza Hut and the customer satisfaction could significantly raise the level of customer loyalty of Pizza Hut.

## **CHAPTER 5**

### **CONCLUSION**

This chapter is conclusion of the study that is included the findings and discussion of the previous chapter, the suggestion and recommendation of the study and need for further research of the study. Findings and discussion are based on the analysis of customer perceived value on the customer satisfaction towards customer loyalty of Pizza Hut restaurants in Yangon. Suggestions and recommendations are based on the result of the findings and need for further research described on the results of the findings.

#### **5.1 Findings and Discussion**

The fast food sector exists in an intensely competitive market in Myanmar since the employment rate is getting higher and the employees are pressed for time to prepare their meals. They tend to be more dependent on fast food. Being customer satisfaction and customer loyalty the significant concept of in consumer behavior as well as business practice, it is important to know how they can provide the good service. It can help the organization to create differentiation from their competitors and modify their provided foods and services in order to retain the customers in the competitive market.

The main objective of this study is to examine how customer perceived value affects on the customer satisfaction and the customer loyalty towards Pizza Hut. The primary data was collected by distributing questionnaires to 120 respondents who usually dine in Pizza Hut fast food restaurants. According to the results, the respondents who are around 21 years to 25 years old are usually dine in Pizza Hut restaurants, for most people at this age level are employees who are pressed for time for their meals. Most of the respondents are graduates and they can earn more 700,000 MMK. With this range of monthly income, they can certainly buy Pizza Hut products often.

As a result, from this study, the respondents have highly satisfaction towards Pizza Hut restaurants. This means that the respondents are overall satisfied with this restaurant. The customer satisfaction is measured by the four dimensions of the customer perceived value: functional value, social value, economic value and emotional value. Among this, the factors except the social value are positively related with customer satisfaction.

According to the survey result, the functional value is existed as the most critical factor of customer satisfaction of Pizza Hut. The respondents feel reliable with the food because Pizza Hut provides the food with the acceptable standard of safety with the consistent quality. The respondents are satisfied with the service as the staff can serve the food exactly the same with the order. It can be said that the respondents are highly satisfied with the food and services provided by Pizza Hut.

Emotional value is the second highest critical factor of customer satisfaction of Pizza Hut. In general, most of the respondents feel good that they are enjoyable dining at Pizza Hut and the food provided by Pizza Hut make them feel relaxed. And also the respondents want to dine more because the way Pizza Hut's staffs handle their complaints reinforces them to repurchase intention.

The other factor which affects customer satisfaction is economic value which is positively related with it. According to the survey result, the respondents feel satisfied with the appropriate cost and reasonable price. The value for money of Pizza Hut can make the respondents think it's economical and can provide the good products for the price they pay. It can be said that the economic value plays highly significant role of customer satisfaction of Pizza Hut restaurants.

The last factor, social values is not related with the customer satisfaction of Pizza Hut restaurant. Despite feeling acceptable, the respondents do not agree that they would get good impression on the family member by dining at Pizza Hut. They are using fast food because it is quick, easy and easily buy. Therefore, having Pizza Hut does not reflect their social status.

The results find out that customer satisfaction has positive and highly significant with the customer loyalty of Pizza Hut. Respondents are willing to visit Pizza Hut again because it can make them exceed their expectation and feel satisfied. With the well-served food and services, the respondents intend to dine in Pizza Hut again. Been a wise decision to choose Pizza Hut, they will say positive things of Pizza Hut and recommend to their friends and others. The respondents are also willing to buy other products and services of Pizza Hut. It can be concluded that customers feel loyal towards Pizza Hut.

## 5.2 Suggestions and Recommendations

It is essential for the businesses to know their customer preferences, way to create value that are perceived as valuable by customers and increase customer satisfaction and loyalty. Therefore, the study results provide the businesses with a guide of the effective practices that should be implemented or enhanced and ineffective practices that should be improved or rejected. The findings of this study can help companies to improve and reallocate their current resources and practices of customer value creation.

The functional value was found to significantly affect customer satisfaction and loyalty. The functional value consists of food and service quality of Pizza Hut. Managers of Pizza Hut restaurants have to continuously providing higher quality foods to their customers in terms of offering tasty food with fresh ingredients and also the reasonably high-quality raw materials. Consumers assume Pizza Hut's products are always health-cautious. In order to maintain the food quality standard to meet the customer satisfaction, the food preparing process must be kept monitored and controlled from time to time.

It is recommended that managers of Pizza Hut restaurants should provide training and appropriate compensation package to the employees in order to provide a better customer service for the customers who visit to Pizza Hut restaurants. The attitudes and behavior of service providers are very important as it influences customer perception of service quality. Therefore, training is necessary to enhance to the service quality and deliver the high-quality service specifically taking the customers' order and information of the menu items. Also, the managers should implement appropriate measures to reduce waiting time for food serving and takeaway as lowest as possible.

The research finding discovered that emotional value has the positive effect on customer satisfaction. The taste of the food is important as it will affect the perception or mood of customers when they consume the Pizza Hut's products. Therefore, it is necessary for the managers to take note that they should provide the tasty food that meets the consumers' expectation and makes consumers feel happy and enjoyable. Managers and staffs should handle customers' complaints until they are fully satisfied and acknowledge the problems more and let the customers know that they are cared. Resolving customer complaints successfully will make customers retain more and stay loyal to the brand. Within the finding this study, the managers should put consideration into price factor since economic value has also high significant impact on customer satisfaction. The managers



should provide the superior pricing options and pricing plan in order to differentiate from the competitors in the competitive environment.

According to the analysis, social value is not positively related to customer satisfaction. Social appeal has high influencing to attract new customers and retain regular customers. So, Pizza Hut should increase social value by making food to be fit in Myanmar Culture and tradition. Pizza Hut should customize pizza menu with Myanmar toppings and ingredients to match with their taste. It will lead to Pizza Hut to make good impression on customers.

Restaurant industry mainly depends upon their loyal customers. Loyal customers are the treasure for the restaurant and loyalty is more profitable in today's business. The customer satisfaction is an important tool to obtain the customer loyalty. So, the managers are advised to measure the customer expectation and satisfaction regularly and able to handle the complaints made from customers timely and effectively as to satisfy the customers. It is important for the managers of Pizza Hut to foster better understanding and knowledge on customer perceived values that attract the customer satisfaction and loyalty. Therefore, the managers should enhance the food quality, deliver the better service quality and create the competitive pricing options to attain both the existing customers and attract the new customers. They should emphasize on the customer perceived values that has the significant impact on the customer satisfaction because the greater the gain in customer satisfaction, the greater the chance of obtaining loyalty.

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

In this study, there are some limitations during the progress which are important for the future researchers to learn and acknowledge as a way to improve the quality of the research. This study is only focused to identify how customer perceived value affects on customer satisfaction towards customer loyalty of Pizza Hut. It is only limited to one specific restaurant, Pizza Hut. Therefore, the further research should attempt to examine of other pizza restaurants and make comparisons between different restaurants. This study was carried out in a small number of respondents who visited to dine in Pizza Hut within Yangon Division. Only 120 questionnaires were distributed, therefore, the target population is limited. The further study may use random sample with larger population in other divisions as the findings from Yangon residents do not cover the whole country or

not even the whole city's customer satisfaction towards customer loyalty of Pizza Hut restaurants. This study was only focused on the four dimensions of customer perceived value: functional value, social value, economic value and emotional value among several perceived values. Also, there are other theories to find out customer satisfaction. Therefore, the further study should explore other theories which could affect customer satisfaction to help other marketers in the fast food industry and to make reference. (Akhter, Abbasi, Ali, & Afzal, 2011)

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## **Appendix I: Survey Questionnaire**

### **The Effect of Customer Perceived Value on Customer Loyalty of Pizza Hut in Yangon**

I am a student from Department of Management Study, Yangon University of Economics, conducting the survey on measuring the customer loyalty of Pizza Hut. The information obtained from the questionnaires will be used only for the MBA (Master of Business Administration) thesis. It is not related to any other business purpose and the information about respondents will be kept confidential. Thank you for your time and cooperation.

#### **Section I: Demographic Factor of the Respondents**

Please tick [√] the appropriate answer for each of the following questions.

1. Gender

- Male
- Female

2. Age Group

- Under 21 years
- 21-25 years
- 26-30 years
- 31-35 years
- 36-40 years
- Above 40 years

3. Education

- High-school Graduate

- Undergraduate
- Graduate
- Postgraduate

4. Occupation

- Student
- Dependent
- Self-Employed
- Salaried Worker

5. How much is your monthly average income (pocket money)? (in Kyats)

- Under 100,000
- 100,000 – 300,000
- 300,001 – 500,000
- 500,001 – 700,000
- Above 700,000

6. Have you ever eaten at Pizza Hut?

- Yes
- No

## Section II. Customer Perceived Value

Please circle the most suitable number to indicate the extent to which you agree with the following statements ranging from a scale of 1 to 5. (1 = Strongly disagree, 2 = Disagree, 3 = Neither disagree nor agree, 4 = Agree, 5 = Strongly agree)

<b>I. Functional Value</b>		<b>Scale</b>				
1.	The food is well-made and good for health.	1	2	3	4	5
2.	The food is reliable.	1	2	3	4	5
3.	The food has acceptable standard of safety.	1	2	3	4	5
4.	The food has consistent quality.	1	2	3	4	5
5.	The service is dependable and compatible.	1	2	3	4	5
6.	The staffs serve your food exactly as you ordered it.	1	2	3	4	5
7.	Pizza Hut serve you in the time promise.	1	2	3	4	5
8.	The takeaway service in Pizza Hut is competent and efficient.	1	2	3	4	5

<b>II. Social Value</b>		<b>Scale</b>				
1.	The food helps me to feel acceptable.	1	2	3	4	5
2.	The food makes good impression on my family members.	1	2	3	4	5
3.	The food fits in with food culture and tradition.	1	2	3	4	5
4.	Pizza Hutt reflects my social status.	1	2	3	4	5
5.	Pizza Hut tells me what people with similar lifestyle of mine are consuming.	1	2	3	4	5

<b>III. Economic Value</b>		<b>Scale</b>				
1.	The food is reasonable priced.	1	2	3	4	5
2.	The food is worth to pay.	1	2	3	4	5
3.	The food is a good product for the price.	1	2	3	4	5
4.	The food is economical compared to other products.	1	2	3	4	5
5.	It offers the best possible price plan that meets my needs.	1	2	3	4	5
6.	The costs in this Pizza Hut seem appropriate for what I get.	1	2	3	4	5

<b>IV. Emotional Value</b>		<b>Scale</b>				
1.	The food makes me feel good.	1	2	3	4	5
2.	The food makes me want to use more.	1	2	3	4	5
3.	The food is one that I enjoy.	1	2	3	4	5
4.	The food is one that I feel relaxed about using.	1	2	3	4	5
5.	The way Pizza Hut handles my complaints makes me untroubled.	1	2	3	4	5
6.	The way Pizza Hut handles my complaints reinforces my repurchase intention.	1	2	3	4	5

### Section III: Customer Satisfaction

Please circle the most suitable number to indicate the extent to which you agree with the following statements ranging from a scale of 1 to 5. (1 = Strongly disagree, 2 = Disagree, 3 = Neither disagree nor agree, 4 = Agree, 5 = Strongly agree)

		Scale				
1.	The food quality provided by Pizza Hut fulfill my expectations.	1	2	3	4	5
2.	Customer service of Pizza Hut makes me satisfied.	1	2	3	4	5
3.	My dining experience was pleasing	1	2	3	4	5
4.	Considering all my experiences with Pizza Hut, my decision to choose it was wise one.	1	2	3	4	5
5.	I will feel that I have got what I wanted when I leave Pizza Hut.	1	2	3	4	5
6.	Overall, Pizza Hut exceed my expectation and make me satisfied.	1	2	3	4	5

### Section IV: Customer Loyalty

Please circle the most suitable number to indicate the extent to which you agree with the following statements ranging from a scale of 1 to 5. (1 = Strongly disagree, 2 = Disagree, 3 = Neither disagree nor agree, 4 = Agree, 5 = Strongly agree)

		Scale				
1.	I will continue to visit Pizza Hut again.	1	2	3	4	5
2.	I have intention to dine in the Pizza Hut again.	1	2	3	4	5
3.	I would recommend Pizza Hut to my friends and others.	1	2	3	4	5
4.	I would say positive things about Pizza Hut to others.	1	2	3	4	5

5.	I believe I made the right choice by dining at Pizza Hut.	1	2	3	4	5
6.	I will likely choose Pizza Hut even I have the alternatives of other Pizza shop in the future.	1	2	3	4	5
7.	If I got any product for free, I would still buy product from this Pizza Hut.	1	2	3	4	5
8.	I will buy other products and services being offered in Pizza Hut.	1	2	3	4	5
9.	The offering of discounts from other fast food stores will not change my mind to prioritize first this store.	1	2	3	4	5

Thank you very much for your kind participation

## APPENDIX II

### Regression Analysis Model I: The Effect of Customer Perceived Value on Customer Satisfaction

**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	.894 <sup>a</sup>	.799	.792	.301	.799	114.208	4	115	.000	1.746

a. Predictors: (Constant), Emotional Value Mean, Social Value Mean, Economic Value Mean, Functional Value Mean

b. Dependent Variable: Customer Satisfaction Mean

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

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	41.463	4	10.366	114.208	.000 <sup>b</sup>
Residual	10.438	115	.091		
Total	51.900	119			

a. Dependent Variable: Customer Satisfaction Mean

b. Predictors: (Constant), Emotional Value Mean, Social Value Mean, Economic Value Mean, Functional Value Mean

**Coefficient<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.388	.170		2.277	.025		
Functional Value Mean	.526	.080	.502	6.577	.000	.300	3.329
Social Value Mean	.007	.056	.008	.132	.895	.426	2.346
Economic Value Mean	.136	.060	.168	2.249	.026	.315	3.178
Emotional Value Mean	.252	.070	.283	3.575	.001	.278	3.592

a. Dependent Variable: Customer Satisfaction



## Regression Analysis Model II: The Effect of Customer Satisfaction on Customer Loyalty

**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	.855 <sup>a</sup>	.731	.729	.398	.731	320.351	1	118	.000	1.519

a. Predictors: (Constant), Customer Satisfaction Mean

b. Dependent Variable: Customer Loyalty Mean

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

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	50.652	1	50.652	320.351	.000 <sup>b</sup>
	Residual	18.657	118	.158		
	Total	69.309	119			

a. Dependent Variable: Customer Loyalty Mean

b. Predictors: (Constant), Customer Satisfaction Mean

**Coefficient<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.040	.215		-.184	.854		
	Customer Satisfaction Mean	.988	.055	.855	17.898	.000	1.000	1.000

a. Dependent Variable: Customer Loyalty