

**YANGON UNIVERSITY OF ECONOMICS**  
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**MASTER OF BANKING AND FINANCE PROGRAMME**

**CUSTOMER PERCEPTION TOWARDS**  
**RENTAL-PURCHASE SERVICE IN**  
**RENT 2 OWN (MYANMAR) CO., LTD**

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## **ABSTRACT**

This study focused on customer perception towards rental-purchase service of Rent 2 Own (Myanmar) Co., Ltd. The main objective of the study were to review rental-purchase service activities and to explore the customer perception towards rental-purchase service provided by Rent 2 Own (Myanmar) Co., Ltd., in Yangon. To meet this objective, descriptive research method was used in the study. Primary data were also collected by face-to-face interviewing with responsible persons of Rent 2 Own (Myanmar) Co., Ltd., and interviewing with customers. The secondary data were obtained from relevant textbooks, periodical report of the company, previously prepared research papers and internet websites. The randomly selected 120 respondents were asked for the customer perception with structurally prepared questionnaires. From the obtained data, it was found that Rent 2 Own (Myanmar) Co., Ltd is serving the increasing number of customers during two years from the establishment of the company and the amount of high mean value of customer perception on available service and employee service hold the main supporting of the company, the lowest mean values is the customer perception on terms and conditions. The study concludes that it should be more emphasized on terms and conditions. And it is also needed to focus to get the potential customers of other segments and to evaluate what the necessity and difficulties of customer and how the service are effectiveness and efficiency.

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## **LIST OF ABBREVIATIONS**

AFS	Alternative Financial Service
APRO	Association of Progressive Rental Organizations
BOD	Board of Director
CEO	Chief Executive Officer
CFO	Chief Finance Officer
FTC	Federal Trade Commission
NBFC	Non-Bank Financial Company
NBFI	Non-Bank Financial Institution
R2O	Rent 2 Own (Myanmar) Co., Ltd.

# **CHAPTER 1**

## **INTRODUCTION**

Financial services play a vital role in the economic development of a country. Financial services are fundamental to economic growth and development, provided by the finance industry, which encompasses a broad range of businesses that manage money, including credit unions, banks, credit-card companies, insurance companies, accountancy companies, consumer-finance companies, stock brokerages, investment funds, individual managers and some government-sponsored enterprises. Financial services enable the consumers to obtain different types of products and services by which they can improve their standard of living. Thus, the consumer is compelled to save while he enjoys the benefits of the assets which he has acquired with the help of financial services. Financial services of developing countries differ a lot from that of developed countries. In developing countries there is a variety of social factors affecting the economy and hence financial dualism plays an important role in these countries. Access to financial services is a key factor to promoting economic development and welfare in developing economies. Some financial services are provided outside traditional banking institutions, on which many low-income individuals depend. In developed countries, the services may be similar to those provided by banks and include payday loans, rent-to-own agreements or rental-purchase, pawnshops, refund anticipation loans, some subprime mortgage loans and Motor Vehicle title loans, and non-bank check cashing, money orders, and money transfers. But in developing countries, these financial services are typically provided by non-bank financial institutions (NBFI).

NBFIs also introduces competition in the provision of financial services. While banks may offer a set of financial services as a packaged deal, NBFIs unbundle and tailor these service to meet the needs of specific clients. Additionally, individual NBFIs may specialize in one particular sector and develop an informational advantage. Through the process of unbundling, targeting, and specializing, NBFIs enhances competition within the financial services industry. The specific roles of Non-Bank Financial Company are development of sectors like transport and infrastructure, substantial employment generation, help and increase wealth creation, broad base economic development, to finance economically weaker section,

irreplaceable supplement to bank credit in rural segments, major thrust on semi-urban, rural areas and first time users. According to the World Bank, approximately 30% total assets of South Korea's financial system was held in NBFIs as of 1997 in Asia. In Myanmar, the financial sector rose the most among 15 sectors by growing 22 percent as a result of the implementation of new financial services in 2017-18 fiscal year.

Motorcycle is the secondary necessity for developing countries, especially Southeast Asia. As example, the Indonesian automobile and motorcycle financing has been growing in recent years. About 70% of car buyers and 80% of motorcycle buyers used financing services. There are over 200 finance companies in Indonesia, of which over 100 provide automobile and motorcycle finance services. In Myanmar, the motorcycle usage is 85% of the registered vehicles and the motorcycle financing business is started to expand. Among them, rental-purchase is one of the new services with the modes of motorcycle financing. To understand rental – purchase practices in practical, this study is only based on the service provided by Rent 2 Own (Myanmar) Co., Ltd. Rent 2 Own (Myanmar) Co., Ltd is started the business in 2 townships of Yangon Region since 2016 and is now doing in 25 townships across the country.

## **1.1 Rationale of the Study**

In Myanmar, most of financial services on tangible assets such as automobiles, machinery and housing loan are performing as bank products as the form of Hire Purchase. Rental –purchase with rent to own agreement financing type is differ from Hire Purchase. Rental–purchasing is a type of legally documented transaction under which tangible property, such as furniture, consumer electronics, motor vehicles, home appliances and real property, is leased in exchange for a weekly or monthly payment, with the option to purchase at some point during the agreement. These transaction differs from a traditional lease, in that the lessee can purchase the leased item at any time during the agreement (in a traditional lease the lessee has no such right), and from a hire purchase/installment plan, in that the lessee can terminate the agreement by simply returning the property (in a hire purchase the buyer has a limited time, if any, to cancel the agreement). This is frequently advantageous to dealers because the dealer receive the amount of motorcycles in cash down and the company

is fully responsible to collect installment from customers. And the financing type of rental purchase is the very helpful to people who cannot able to cost at once, and allows them to make more products. Rent 2 Own Co., Ltd is currently servicing in only motorcycle financing with the type of rental -purchase. A customer has to pay higher price for the article purchased which includes cost plus interest. The rate of interest quite high because the customer takes the delivery of the article on the payment of first installment and becomes the owner after paying the final installment or the amount for option to purchase. After the defined period of installments payment, the customer has an option to buy the motorcycle, to reschedule the installment amount, to terminate or return the vehicles in anytime of contract period. This customer might have to lose his opportunities of possession if he could not pay back regularly. It becomes important to study on the rental - purchase to be effective from both sides. This is the reason to study this topic of observing the service activities and analyzing the customer perception on rental-purchase service of Rent 2 Own (Myanmar) Co., Ltd.

## **1.2 Objectives of the Study**

This study is conducted with two objectives:

- (1) To identify rental-purchase service activities in Rent 2 Own (Myanmar) Co., Ltd
- (2) To analyze customer perception towards rental-purchase service in Rent 2 Own (Myanmar) Co., Ltd

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

This study is mainly focused on customer perception towards rental-purchase service in Rent 2 Own (Myanmar) Co., Ltd. Rent 2 Own (Myanmar) Co., Ltd is providing rental-purchase services in 6 regions. They are Yangon, Bago, Ayawaddy, Pyi, Magwe, Shan and Mandalay. Among them, this study is selected the customers from Yangon Region and focused on terms and conditions factors, financing services performance, and employees performance. The method deployed in this study is descriptive method. It used both primary and secondary data. For collecting primary data, this study contributed structured questionnaires to the respondents. Total of

respondents were 120 customers who were concerned with rental-purchase service. Besides this, it conducted interview with the responsible persons of Rent 2 Own (Myanmar) Co., Ltd. This study was also applied data from secondary source. They were text books, published journals, articles, research papers, and related websites and management reports of surveyed Rent 2 Own (Myanmar) Co., Ltd. Data collection period was from September to December, 2018.

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

This study includes five chapters. Chapter (1) is the introductory chapter with the rationale, objectives, scope and method, and the organization of their study. Chapter (2) covers the literature review of rental-purchase service and customer perception practices. Chapter (3) presents the background, information and rental-purchase service activities of Rent 2 Own (Myanmar) Co., Ltd. The Chapter (4) describes the analysis of customer perception on rental-purchase service of selected townships. Chapter (5) deals with the conclusion of findings, suggestions and need for further research.

## **CHAPTER 2**

### **LITERATURE REVIEW**

In this chapter, it presented the literature review on the customer perception towards rental-purchase services. To highlight this, it is first presented the theoretical background on customer perception with dynamic of perception, perceived quality of service. It was followed by studying of the financial services, finance companies, rental-purchase service and function, respectively.

#### **2.1 Financial Services**

A non-banking financial institution (NBFI) or non-bank financial company (NBFC) is a financial institution that does not have a full banking license or is not supervised by a national or international banking regulatory agency. NBFC facilitate bank-related financial services, such as investment, risk pooling, contractual savings, and market brokering. Examples of these include insurance firms, pawn shops, cashier's check issuers, check cashing locations, payday lending, currency exchanges, and microloan organizations. Alan Greenspan has identified the role of NBFCs in strengthening an economy, as they provide multiple alternatives to transform an economy's savings into capital investment which act as backup facilities should the primary form of intermediation fail. NBFIs supplement banks by providing the infrastructure to allocate surplus resources to individuals and companies with deficits. Additionally, NBFCs also introduces competition in the provision of financial services. While banks may offer a set of financial services as a packaged deal, NBFIs unbundle and tailor these service to meet the needs of specific clients. Additionally, individual NBFIs may specialize in one particular sector and develop an informational advantage. Through the process of unbundling, targeting, and specializing, NBFCs enhances competition within the financial services industry. They provide a limited range of financial services to a targeted sector. For example, real estate financiers channel capital to prospective homeowners, leasing companies provide financing for equipment and payday lending companies that provide short term loans to individuals.

Therefore, finance companies provide short and intermediate term credit to consumers and small business. Although other financial institutions provide this service, only finance companies specialize in it. Consumer finance operations can be conducted by an independent finance company or a unit (subsidiary) of a financial conglomerate.

Finance companies are commonly classified into the different types such as Consumer finance companies, Business finance companies and Captive Finance Subsidiaries according to the specific services that they offer. Some finance companies could fit in every category because they offer all types of services. Consumer Finance Companies provide financing for customers of retail stores or wholesalers. Many consumer finance companies also provide personal loans directly to individuals to finance purchases of large household items. Some consumer finance companies also provide mortgage loans. Finance companies are distinctly different from commercial banks and saving institutions in that they do not rely heavily on deposits. The main sources of funds for finance companies are loans from banks, commercial paper, deposits, bonds and capital. Finance companies use funds for consumer loans, business loans and leasing and real estate loans. Finance companies extend consumer loans in the form of personal loans. One of the most popular types is the automobile loan offered by a finance company that is owned by a car manufacturer. In addition to offering automobile loans, finance companies offer personal loans for home improvement, mobile homes and a variety of other personal expenses. Personal loans are often secured by a co-signer or by real property. The maturities on personal loans are typically less than five years. Finance company loans are subject to ceiling interest rates on the loan provided and to a maximum length on the loan maturity. The main competition to finance companies in the consumer loan market comes from commercial banks and credit unions. Finance companies, like other financial institutions are exposed to three types of risks, Liquidity risk, Interest rate risk and Credit risk. Because finance companies' characteristics differ from those of other financial institutions, their degree of exposure to each type of risk differs as well.

An alternative financial service (AFS) is a financial service provided outside traditional banking institutions, on which many low-income individuals depend. In developing countries, these services often take the form of microfinance. In developed countries, the services may be similar to those provided by banks and include payday

loans, rent-to-own agreements, pawnshops, refund anticipation loans, some subprime mortgage loans and car title loans, and non-bank check cashing, money orders, and money transfers. It also includes traditional moneylending by door-to-door collection. Alternative financial services are typically provided by non-bank financial institutions, although person-to-person lending and crowd funding also play a role. Among them, Rent to Own or Rental Purchase Agreement or Lease Purchase Agreement is one kind of services for the customers includes banked and unbanked.

## **2.2 History and Transactions of Rental-purchase or Rent to Own Agreement**

Rental-purchase or Rent to Own Agreement, is a type of legally documented transaction under which tangible property, such as furniture, consumer electronics, motor vehicles, home appliances and real property, is leased in exchange for a weekly or monthly payment, with the option to purchase at some point during the agreement. A rent-to-own transaction differs from a traditional lease, in that the lessee can purchase the leased item at any time during the agreement (in a traditional lease the lessee has no such right), and from a hire purchase/installment plan, in that the lessee can terminate the agreement by simply returning the property (in a hire purchase the buyer has a limited time, if any, to cancel the agreement).The usage of rent-to-own transactions began in the United Kingdom and Europe, and first appeared in the United States during the 1950s and 1960s. While rent-to-own terminology is most commonly associated with consumer goods transactions, the term is sometimes used in connection with real estate transactions.

The concept of rent-to-own transactions first emerged in the United Kingdom and continental European countries under the hire purchase model. One of the first rent-to-own retail stores established in the U.K. was Lotus Radio, which began operating as a radio rental business in 1933. Within the United States, the practice of retail-based rent-to-own businesses began to develop in the 1950s and 1960s. Individuals cited as key figures in the history of the rent-to-own transaction and application as a business model include Charles Louder milk, Sr., who in 1955 began renting out Army surplus chairs and later founded Aaron Rents, and J. Ernest Talley, who started Mr. T's Rental in Wichita, Kansas in 1963, and later helped establish Rent-A-Center. In response to a growing desire to share information, develop uniform

practices and procedures and cultivate a positive public image within the growing rent to own industry in the United States, rent to own dealers established a trade association—The Association of Progressive Rental Organizations (APRO) in 1980. The association began with approximately 40 original member companies and elected an initial board of 16. Today the association has approximately 350 member companies representing approximately 10,400 stores in all 50 states, Mexico and Canada. Rent to own serves 4.8 million customers at any given time in the year.

### **2.3 Terms and Conditions of Rental-Purchase Agreement**

These General Conditions of the agreement should have form an integral part of the rental-purchase agreement entered into between the company (lessor) and the consumer (lessee). The agreement shall consist of the Special Conditions agreed between the Parties, these General Conditions, the Payment Schedule and other annexes, including any further amendments and additions to be introduced in the future. Special Conditions are the special conditions of the Agreement, which have been separately negotiated and agreed between the Parties to the Agreement and form an integral part of the Agreement. Down payment is the first payment made by the Lessee to the Lessor under the Special Conditions and on the basis of the Payment Schedule for the possession, use and acquisition of the Property. Financed Amount forms a part of the Cost of Property, which has been fixed in the Special Conditions and is to be financed by the Lessor in the interests of and on the order of the Lessee under the Agreement. Interest shall be calculated on the Financed Amount unrepaid by the Lessee to the Lessor under the Agreement, and paid by the Lessee to the Lessor. Price List is a list of fees established by the Lessor for the additional and ancillary services to be rendered by the Lessor. The Lessor shall have the right to unilaterally change the Price List. Interest is the fee paid by the Lessee to the Lessor under the Agreement and on the basis of the Payment Schedule for use of the Financed Amount. The interest rate shall be a fixed interest rate for the entire Lease Period, agreed in the Special Conditions. Interest shall be calculated from and subject to payment from the date of entry into the Agreement (included) until the Payment Due Date of the last Instalment Payment in accordance with the Payment Schedule arising from the Agreement.

After all the payments have been made, the customer becomes the owner of equipment. As the Special conditions, the customer has the right to terminate the agreement with no further obligation by returning the tangible property. An alternative purchase option is commonly provisioned for, allowing the consumer to pay off the remaining balance on the agreement at any point in time in order to obtain permanent ownership. The period of service agreements are mostly from nine months to three years.

#### **2.4 Performance of Rental Purchase Agreement**

According to a Federal Trade Commission survey on the rent-to-own industry in the United States conducted in 2000, consumers reported that they chose to engage in rent-to-own transactions for a variety of reasons, including “the lack of a credit check”, “the ability to obtain merchandise they otherwise could not”, and “the convenience and flexibility of the transaction”. The most common reason cited for dissatisfaction within the survey was high prices. In addition, some survey respondents reported poor treatment by employees in connection with late rental payments, problems with repair services, and hidden or added costs. The cost incurred by consumers in rent-to-own transactions has been the subject of long-term debate and differing opinion. Historically, consumer advocates, some U.S. state attorneys general and some academic researchers have expressed concern that consumers entering into rent-to-own agreements may be unaware of the potentially high long-term costs of rent-to-own in comparison to traditional installment or layaway plans. Often mentioned alongside most critiques is the question of whether prices paid for services of this type are adequate for lower-income individuals who can least afford additional financial outlays. At the same time, other academic researchers and representatives of industry associations have contended that rent-to-own transactions are not comparable to traditional methods of purchasing or financing consumer goods, in that they include services such as delivery, assembly, service and repair, all of which are factored into the higher assessed value and corresponding price charged. Also frequently noted by proponents of the unique nature of rent-to-own transactions is the point that they are not obligations to purchase, since the agreement can be terminated by the lessee at any point in time with the return of the property. Research conducted by the University of Massachusetts Dartmouth in 2003 found that 90% of

rent-to-own merchandise is returned with less than 36% of the scheduled weekly payments made, suggesting that transactions of this type are "more frequently used for short-term needs rather than as a method of acquisition."

The legal controversy surrounding rent-to-own transactions has centered primarily on the question of whether the transaction should be treated as a lease or a credit sale. The industry has contended that the transaction is a lease while consumer advocacy groups have advocated for the transaction to be treated as a credit sale. As of 2011, forty-seven U.S. states, Guam, Puerto Rico, and the District of Columbia have passed laws characterizing the transaction as a lease. Of the five U.S. state supreme courts that have addressed the question, three (Massachusetts, Arkansas and Maine) concluded that the transaction was a lease. New Jersey and Minnesota concluded it was a credit sale based upon those states' credit laws. A federal district court in Wisconsin also found the transaction to be a credit sale under Wisconsin state law. As of 2011, no U.S. federal consumer protection law specifically addresses rent-to-own transactions, but through litigation, efforts have been made in attempt to bring rent-to-own agreements under the definition of "credit sale" in the Truth in Lending Act. However, courts have not, as of 2011, ruled in favor of making this change at a federal level. In 2006, the United States Department of Defense labeled rent-to-own a predatory lending practice, defining it as an "unfair or abusive loan or credit sale transaction or collection practice," along with payday loans, title loans, refund anticipation loans and other similar practices. In 2007, the United States Government Accountability Office raised concerns with the methodology and structure of this research. Later in the same year, the Department of Defense ultimately concluded that rent-to-own was not a form of credit and excluded it from its regulation on predatory lending practices.

Consumer advocates and plaintiffs testifying in legal proceedings have at times alleged that rent-to-own stores routinely repossess merchandise when a consumer is close to acquiring ownership. At the time of a 2000 FTC survey, individuals who engaged in rent-to-own transactions reported a "low incidence of late-term repossessions," which the FTC suggested might be due to the reinstatement rights mandated in most states, as these rights allow consumers to reinstate this type of contract after repossession.

The Rental-Purchase Agreement is very popular way of financing auto lending industry. In Myanmar, sales of motor cycle is raising because motorcycle remain the most popular form of transport across the country. Although riding motorcycles in central Yangon is banned from 2003, government-related officials may use motorcycles in the Yangon municipal area and motor bikes are allowed in specific area near Yangon. According to the report of Myanmar Business Today in May 25, 2017, Myanmar imported 95,000 motorbikes from China through the Muse border gate, earning the government \$30 million in import duty for April, state media has reported. Demand for bikes is high in rural areas where local people rely on them for transportation. In accordance with the statistics of the ministry, the country earned al-most \$120 million in import duty from the import of 367,000 motorbikes since October 2016.Import duty rates for motorbike imports rang-es between \$29 and \$59 depending on the model, brand name and engine size. Today, 1 million new bikes are being sold annually in Myanmar, 57% of market shares is sold by cash down, 33% is by finance companies and 11% by bank.

## **2.5 Customer perception on Service Industry**

Perception is same universe is viewed differently by different persons. It is the process through which the information from outside environment is selected, received, organized and interpreted to make it meaningful to us. It is the process by which individuals organized and interpret their sensory impressions in order to give meaning to their environment. According to Joseph Reitz, “Perception includes all those processes by which an individual receives information about his environment-seeing, hearing, feeling, tasting and smelling.”

Customer perception is a marketing concept that encompasses a customer's impression, awareness and/or consciousness about a company or its offerings. Customer perception is typically affected by advertising, reviews, public relations, social media, personal experiences and other channels. Some factors that influence individual's perceptions include advertising. Influencers, personal experience.

Advertising is that the campaigns the company runs offer implied perceptions about their products. What the company say about the brand/company and the messages they deliver help others form opinions. Influencers who surround an

individual have a massive impact on their decisions. Whether they be in person or via social media, human nature is such that individuals listen to the opinions and thoughts of those around them. Personal experience is the biggest of all factors that weigh in to customer perception. If someone has experienced firsthand the quality of a product or service or the responsiveness and usefulness of a customer service channel, it will positively or negatively impact their perception.

Customer perceptions of value, quality and satisfaction are influenced by four important factors. These factors are Service encounter, Service Evidence, Organizational Image and Price. Service encounter is that a customer estimates the quality of service throughout his/her interaction with a service provider. Because services are intangible, customers are searching for evidence of service in every interaction they have with an organization. The 3 major categories of evidence as experienced by the customer are people, process and physical environment. These categories together represent the service and provide the evidence that tangibilizes the offerings. Service personnel play an important role in defining the quality of service encounter in the mind of the customers. E.g.- Fast food restaurants such as McDonald's make their service tangible, by hiring people who are friendly and have a pleasing appearance, to serve customers. Process of service delivery- It involves various steps in the process of delivering a service and the flow of operational activities. The service process is also evaluated on the basis of the number of flexible or standard policies and the technological or human modes involved in delivering the service. Physical Environment creates an impact on customer perception. The physical environment consist of the ambience offered by a service provider and the design of the interiors or exteriors of the service facility. Image of organization has a profound effect on perception of consumers. An organization with a positive image is considered to be providing good quality service, whereas an organization with not favorable image is considered to be providing bad quality service. Perception of consumer is affected by the price of service. If a service company prices a product low, then consumer may perceive it of low quality. Whereas, if the price is high, consumer expect high quality service.

Customer perception explains customer behavior by analyzing motivations for buying or not buying. Three areas of customer perception theory are self-perception, price perception and perception of a benefit to quality of life. Customer perception

pertains to how individuals form opinions about companies and the merchandise they offer through the purchases they make. Merchants apply customer perception theory to determine how their customers perceive them. They also use customer perception theory to develop marketing and advertising strategies intended to retain current customers and attract new ones.

Self-perception theory attempts to explain how individuals develop an understanding of the motivations behind their own behavior. Self-perception by customers relates to values and motivations that drive buying behavior. A study by researchers at the University of Massachusetts at Amherst addressed how self-perception shaped consumers' buying behavior. The study considered the question on issues such as environmental impact of whether consumers believed their buying decisions had a real effect. The researchers concluded that consumers' self-perception was a driving factor in whether or not they placed a priority on socially conscious purchase and consumption practices. Consumers who viewed themselves as socially conscious tended to place more weight on issues such as environmental impact when making buying decisions than consumers who did not hold similar views of themselves.

Upscale merchants attempt to emphasize quality and value for money to appeal to potential customers while mass merchandisers such as Wal-Mart emphasize low prices as an inherent virtue. Researchers considered several factors, in determining whether online shoppers would make repeat purchases through the same website including price perception whether consumers believed they were being charged fair prices. The researchers concluded that price perception strongly influenced whether the customers were satisfied with their purchases and whether they would make future purchases. The perceived quality of the merchandise and price comparisons with merchants offering similar merchandise, are the two factors that shaped price perception.

The customer perceptions of post consumption performance are appraisals and feelings about a chosen alternative. Consumers react to it on an objective (product or service-attribute) level as well as on a subjective (emotional) level (Neelamegaham and Jain, 1999). Diversity of perceptions is one of the most fundamental concepts in intercultural communication (Limaye, 2000). According to Jandt (1995), perception is unique to each person; it begins a three-step process of selection, organization and

interpretation. It has also been found that perceptions differ due to physical environment of the service settings (Wakefield and Blodgett, 1999), cultural background (Limaye, 2000), and differences in gender (Lin et. al., 2001; Ndhlovu and Senguder, 2002). These indicate that a clear understanding of how perceptions are formed is critical to any service business as it facilitates formulation of strategies to manage customer perceptions of service performance. The evaluation of the quality and performance of a service can take place only after experiencing or consuming because customers have limited tangible pre-choice cues. The perceptions formed during this evaluative process are key indicators of customer satisfaction or dissatisfaction (Halstead et. al., 1994).

Many consumers are familiar with the phrase "It's good, and it's good for you" which is frequently associated with food advertising. Researchers from Marquette University, Louisiana State University and the University of Arkansas surveyed customers to determine how nutrition claims associated with food affected their perception of that food's nutritional value. The researchers found that especially concerning high nutritional value for foods that are traditionally viewed as unhealthy consumers tend to reject general, unsupported claims of enhanced nutrition. The researchers also theorized that consumers would demonstrate a trend toward applying more scrutiny to nutrition claims and would demand more specific information about the foods they purchase.

Perceived quality can also be defined as the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives. Therefore perceived quality is, first, a perception by customers. Customers are Brand Loyal. When clients spend money, they are likely to return to a business they know and with which they have a positive association. Quality customer service is therefore directly linked to client retention. Ultimately, all employees should be focused on enhancing customer loyalty. The perceived quality construct developed by Parasuraman *et. al.*, (1988), with its service quality instruments, is defined as the difference between perceptions and expectations. Perception is the "process by which an individual receives, selects and interprets stimuli to form a meaningful and coherent picture of the world" (Schiffman *et. al.*, 2007). In customer satisfaction and service quality dimensions, perceptions are defined as the consumer's judgment of the service organization's performance.

Boulding and Kalra (1993) in their process model of service quality, conceptualized customers' perception of each of the dimensions of service quality as a cumulative construct. This means that the perception is updated each time a customer is exposed to the service. They argue, therefore, that customer perceptions are not only influenced by expectations of the service but also by the decency of the service encountered. Boulding and Kalra (1993) stated that it is important to understand the type of expectation of the customer, in order to manage the perception of service quality and satisfaction. Even if the customers experience an identical service, the cumulative perception would be different. This is because of differences in their expectations. The main argument is that a person's expectations can change the way he or she perceives reality.

## **CHAPTER 3**

### **BACKGROUND OF RENT 2 OWN (MYANMAR) CO., LTD**

This chapter presents the background of Rent 2 Own (Myanmar) Co., Ltd. This chapter includes the four section starts with profile, organizational structure and the general administrative functions of the management.

#### **3.1 Profile of Rent 2 Own (Myanmar) Co., Ltd.**

Rent 2 Own (Myanmar) Co., Ltd is the first company in Myanmar offering a flexible rental service to help prospective buyers acquire a motorcycle. Providing tailored options to those in need of transportation, but lacking the means to buy in one go. Their main focus is helping entrepreneurs, often farmers, to buy the motorcycles they need to generate income and grow their business.

Rent 2 Own (Myanmar) Co., Ltd has been officially registered in Myanmar on November the 20th, 2015. Rent 2 Own (Myanmar) Co., Ltd (R2O) launched its unique service in January 2016. It provides rural populations of Myanmar easy access to motorcycles by offering flexible and affordable contracts. In just over 2 years, Rent 2 Own (Myanmar) Co., Ltd (R2O) has served 70,000 clients through its network of 34 branches covering an area of Central Myanmar that ranges from the Ayarwaddy delta to the mountains of Shan State. It now employs 400 staff, shared between its Yangon based head-office, and its network. R2O partnered with over 400 motorcycle dealers in the country and offer their clients a fully insured bike, as well as maintenance, against a monthly fee.

Rent 2 Own (Myanmar) Co., Ltd has their vision as “Rent 2 Own gives people freedom by providing them mobility, so they can realize their dreams without worries. Grow their business; Bring children to school, Find better jobs.”

Myanmar's motorcycle market is promised to grow strongly over the next few years, as Vietnam, Thailand or Indonesia experienced in past decades. And so is Rent 2 Own (Myanmar) Co., Ltd, who already supports one third of all motorcycle sales taking place in the motorcycle shops they cover and who is always finding more creative and innovative services to service to its clients. Maintaining mutual respect, Rent 2 Own (Myanmar) Co., Ltd is trying to build its reputation to get more trust from its stakeholders. It take pride in improving rural mobility because mobility helps the future of Myanmar.

Rent 2 Own (Myanmar) Co., Ltd is a subsidiary of Rent 2 Own Holdings Pte., Ltd that was cooperated in Singapore. According to the announcement of the company's website at November 05, 2018, Germany's development finance institution DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH and agRIF, an impact focused fund which provides funding to financial intermediaries targeting smallholder farmers and rural population and managed by Incofin Investment Management, a global impact asset manager ,two high profile impact investors specialized in promoting business initiatives in emerging markets, have jointly invested US\$ 6 million in Myanmar's mobility market leader Rent 2 Own. Daiwa PI Partners, an investment arm of a major Japanese securities firm group, is also taking a stake in the venture through fully purchasing shares from one existing shareholder.

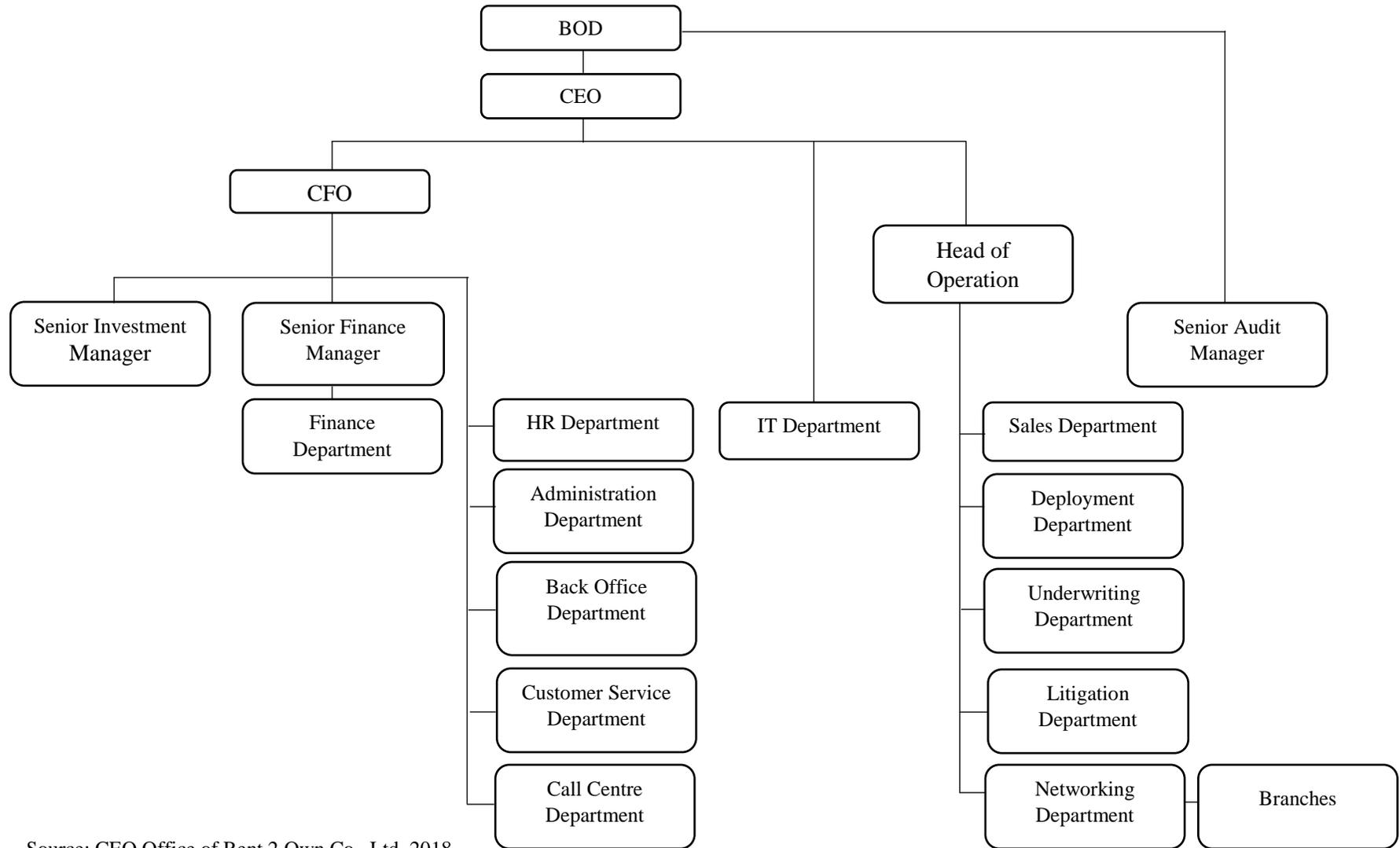
**Organization Structure:** Rent 2 Own (Myanmar) Co., Ltd.'s head office is located in Yangon and 7 full branches and 27 sub branches are located all over the country where is allowed to ride motorcycle. Organization structure of Rent 2 Own (Myanmar) Co., Ltd. Is shown in figure 3.1. In Rent 2 Own (Myanmar) Co., Ltd., actually there are two main division, Administration -Finance division and Operation division supervised by CFO.

Under the supervision of CFO, Senior Investment Manager is responsible for communicating with investors for funding, Finance Department is responsible for all finance and accounting, HR Department for human resources and training, Administration Department is responsible for administrative work, procurement and control of non-current assets of HO and all branches, Customer Service Department is responsible for insurance, maintenance and liquidation of return bike in second hand market, Call Center Department is mainly responsible to contact with customers for

notifying of monthly payments and informing about new services and promotion procedures of the company.

Under the supervision of Head of Operation, Sales Department is responsible for communicating with Merchants, Deployment Department is mainly responsible of market research, setting up new branches and giving on the job training to fresh staffs, marketing, promotions and advertising, Underwriting Department is mainly responsible for checking the application documents, Litigation Department is mainly responsible for collection of overdue and legal matters, Networking Department is mainly responsible for supervision of all branches and regions. IT (Information Technology) department is direct supervision of CEO and Senior Audit Manager is responsible for reporting to BOD directly.

**Figure 3.1 Organization Structure of Rent 2 Own (Myanmar) Co., Ltd.**



Source: CEO Office of Rent 2 Own Co., Ltd, 2018.

### **3.2 Rental-Purchase Facilities of Rent 2 Own (Myanmar) Co., Ltd.**

#### **Minimum Down payment**

The customer can choose the upfront payment 10% or more. The customer can pay a minimum down payment of 10% up to 50%. The more amount the customers pay upfront, the less interest will be charged on their payment plan. Such flexibility will enable the customers to choose the payment schedule that fits the most what their need. The customer's rental contract enables them to use the motorcycle to conduct their daily life.

#### **Asset Insurance**

The customer's motorcycle comes with a road insurance, at no additional cost Insurance. As accidents may happen on the road on daily basis, Rent 2 Own (Myanmar) Co., Ltd.'s package comes with a road insurance. Any road accident may thus be entirely covered by the company insurance policy. The customers don't need to pay for additional charges, all costs may be borne by the company. Third party liability is also provided.

#### **Life Insurance**

Life insurance is included as well. In case of death, the contract ends and the customer's family owns the motorcycle. Life insurance is one of the insurance included in R2O's package. If the owner is permanently disabled or dead due to a road accident, his family will own the motorcycle and will get benefit in compensation.

#### **Rent to Own**

When the contract ends, the customer automatically own the bike. The ownership of the bike is transferred to the customer at the end of the contract after the last rental fee is paid. Rent 2 Own will hand over to the customer the motorcycle owner book as a proof of ownership.

#### **Quarterly Maintenance**

The contract provides full maintenance: service checks, parts and consumables are included. As the company care about the customers' motorcycle, the company offer them the opportunity to have it checked and maintained for free every 3 months

until their contract expires. The company allocated the maintenance sessions to a service center near to the customers' place. Every time the customers show up for the maintenance, a new engine oil can would be given for free.

### **Option to Upgrade**

The customers can always swap their bike for a new one under the same contract. After the 3 months locked-period, the customers are automatically qualify for the option to upgrade. If the customers suddenly feel like having a new better bike, they can always upgrade their contract. The customers can come to the closest branch, pick up a new motorcycle, chose a new payment plan. The customer's former down payment would be used as the security deposit for the new motorcycle.

### **Tenure**

The customers can choose their monthly payment and duration of the contract. Rent 2 Own (Myanmar) Co., Ltd differentiates itself by its huge flexibility. According to the nature of their income, the customers can chose the most tailored payment plan (from 9 months up to 3 years). Up to 54 payment options are available to the customers from the beginning of the simulation. Once the customers have exited the locked period, they can adjust or reschedule the duration.

### **Payment Flexibility**

The customer can pay monthly or quarterly (every 3 months). According to the nature of the customers' income, they can chose the most tailored payment plan (from 9 months up to 3 years). The customers can chose to pay their rental fee monthly or quarterly (every 3 months).

### **Option to Purchase**

The customer can buy the bike anytime the customers want at a price defined in advance. The 'Option to Purchase' amount is defined in advance in their payment plan. After a 3 months locked period, the customers can choose to buy the bike by paying the remaining balance. Every month, the customers can choose to pay the OTP instead of paying their monthly rental fee. By doing the Option to purchase, the customers won't be charged the interest that would have been charged on their monthly rental fees. Any customer under contract automatically qualifies for an early Option to Purchase once out of the locked period.

## **Option to Return**

Return the bike whenever the customers want: the company will refund their down payment. Because the customers are renting the bike, they can always return it at any time. The customers can return the bike when they don't need it or when they can't afford it any longer. Like any rental service, when they return the motorcycle, Rent 2 Own would refund them their initial down payments.

### **3.3 Terms and Conditions in Contract of Rent 2 Own (Myanmar) Co., Ltd.**

There are rental-purchase contract with terms and conditions and 7appendix in one contract. Appendix 1 is about payment schedule. Appendix 2 is about OTP (option to purchase) payment. Appendix 3 is change of overnight parking address form. Appendix 4 is sales contract. Appendix 5 is agreement for insurance. Appendix 6 is detail information about equipment (plate number, brand, model, color, chassis number, engine number). Appendix 7 is maintenance schedule. In the contract, Party A is Rent 2 Own (Myanmar) Co., Ltd and Party B is the customer. Both Parties as mentioned above agree to sign this "Rental-Purchase Contract" with the following terms and conditions:

#### **1. Contract Objects & Purposes**

1.1. The customer has the need and will to rent the equipment with detailed information as described in Appendix 1 and 6 of the contract. The customer has filled in an application which form is provided by the company. By issuance of this contract, the company has studied and approved the customer's application and agreed to let the customer rent with conditional sales option the equipment described in articles 2.1 & 2.2 of this contract.

1.2. In this spirit, the customer is willing to rent the equipment from the company and pay periodically a fixed rental fee to fully enjoy the benefit of the equipment. Against The customer's payment of the rent, the company is willing to let the customer enjoy the full benefit of the equipment.

1.3. The customer may, at his own option, become the owner of the equipment in the conditions described in articles 6 and 7 of this contract.

1.4. During the contract, the company will bear all the costs for the equipment's maintenance and repairs as described in article 4 of this contract. The company will also pay, where applicable, for registration fees, all insurances, described in article 2.8 and 2.9 of this contract, covering accidental damage to, the equipment, as well as the life of the customer.

1.5. At any time during this contract and after the "locked period" defined in article 5 of this contract, the customer is free to:

(a) Terminate the contract: return the equipment to the company, as described in article 6.2 of this contract;

(b) Purchase the equipment: pay a fixed sum as described in article 7 of this contract and immediately become the legal owner of the equipment;

(c) Change the equipment for a new one: return the equipment which is subject to this contract, and replace it with a new one after signing an addendum to this contract, as described in article 8 of this contract.

1.6. Until the customer has decided to own the equipment by signing the Sales Contract as the form provided in Appendix 4 of this contract, the company remains the owner of the equipment and gives to the customer the full benefit to use the equipment, against payment of a fixed rent. After the customer has exercised the option to own the vehicle, whether at the end of the contract or before, the customer becomes the full owner. The customer has no debt whatsoever to the company.

1.7. The customer can return the equipment at any time after the locked period, in the conditions stated in article 9 below.

## **2. Particulars of the contract**

### **2.1. The Equipment**

The customer rents from the company the equipment with information as specified in Appendix 6. Information about color, chassis number, engine number, serial number (where applicable) of the equipment which is subject to this contract are listed in Appendix 6.

## 2.2. Security Deposit

The security deposit is the sum the customer accepts to pay to the company, and that the company is authorized to keep, as a security, during the entire period of the contract. It is calculated and decided by the company, ranging from 10% to 50% of the equipment's value as specified in this contract. In case the customer does not settle to the company any exact & sufficient amount due under this contract, the company may use all or part of the security deposit to cover all or part of the amount due by the customer. Once this contract is terminated, as per conditions described in articles 6, 7, 8 and 9, the company will refund the security deposit to the customer.

## 2.3. Administrative fee

The customer understands and accepts that, in order to cover administrative costs necessary to initiate this contract, the company charges a "one-time" administrative fee which amounts to a percentage mentioned in appendix 1 and applied of the equipment's value. This administrative fee applies only for the issuance of this contract, it would not apply in case the customer exerts his option to upgrade the contract, as described in article 8 below, or to amend the duration of this contract, as described in article 13 below.

## 2.4. Renting fee

In consideration of this contract, the customer accepts to pay to the company the renting fee as indicated in the schedule of payments displayed in Appendix 1 of this contract.

## 2.5. Date of effect and duration of the contract

This contract takes effect on the day the customer signs it and pays his agreed amount to the company:

- (a) The security deposit as indicated in Appendix 1
- (b) The administrative fee as indicated in Appendix 1
- (c) The first renting fee as indicated in Appendix 1

The date of effect is the date of this contract's issuance, as shown on receipt issued by the company to the customer for all the aforementioned fee. From then on, the duration of the contract is as indicated in Appendix 1.

## 2.6. Periodicity of renting fees, date of payments

The customer has decided to pay following the periodicity as indicated in Appendix 1. Detailed payment schedule is listed in Appendix 1 of this contract.

## 2.7. Equipment's storage or parking address

The customer pledges to provide clearly the usual location where the equipment is stored, used or parked at the address of the customer mentioned in the application. In case the customer decides to change the location where the equipment is stored, used or parked, the customer pledges to send a registered delivery letter to the company, indicating clearly the new address using the form supplied as Appendix 3 of this contract, to the address indicated in this contract. Failure to do so may be sanctioned by article 17 of this contract.

If the customer occasionally spends less than seven (7) consecutive nights with the equipment at another location, this clause does not apply. This clause applies only for changes of the regular, usual storage or overnight parking location of the equipment longer than six (6) consecutive nights.

## 2.8. Insurance of the equipment

During all the validity time of this contract, the company will maintain all risks insurance excluding theft, which details are indicated in Appendix 5 that covers accidental damage to the equipment. In case of damage to the equipment costs of repairs or replacement will be borne by the insurance. Maximum amount payable under this insurance is mentioned in Appendix 5 of this contract. The customer must inform the company about all damages and loss towards the equipment immediately after such incidents occur. The customer shall be responsible for every problem which might occur as consequences of late or no report of such incidents.

## 2.9. Insurance covering the life of the customer

During all the validity time of this contract, the customer accepts to maintain a life insurance contract with an insurance company indicated by the company, and the customer accepts that the beneficiary of the insurance when insurance conditions occur is the company, details as indicated in Appendix 5. This insurance covers the life of the customer, for the amount of equipment value as specified in this contract.

All the insurance cost is born by the company. In the event of death or permanent disability, the Life insurance company indicated in Appendix 5 will pay to the company the sum corresponding to the "option to purchase" of the equipment at the time of the death (or the event leading to permanent disability) of the customer. The equipment will then become the property of the customer, or the estate of the customer. In addition, the amount of money exceeding the difference between the insured amount and the cost of the option to purchase at the date of death or permanent disability will be paid to the customer, or to the estate of the customer.

### **3. Payments under this contract**

#### **3.1. Date of payments**

Until the date the customer decides to return, purchase the equipment or terminate this contract, the customer agrees to pay all renting fees due to the company under this contract on or before the dates shown on the payment schedule attached to this contract in Appendix 1.

#### **3.2. Mode of payments**

The customer agrees and understands that renting fees may be paid to the company in the following manner:

- by Cash at the company branch or head office;
- by Cash on the company's bank account ,
- by bank transfer to the company's bank account

Against the customer's payment, at the request of the customer, the company would issue to the customer a legal tax invoice.

#### **3.3. Late payment charge**

The customer understands and agrees that, in case renting fees are paid to the company after the due date (as indicated in Appendix 1 to this contract), the company will charge a "late payment charge" as indicated in Appendix 1, for each renting fee having remained unpaid past due date.

#### **4. Maintenance of and repair to the equipment by the company**

##### **4.1. Periodic maintenance of the equipment**

For any maintenance visit specified by the equipment's manufacturer, at time intervals specified in Appendix 7 of this agreement, the customer understands and agrees to bring the equipment to the company's branch, or to let the company's representative examine the equipment for the performance of a maintenance check. The customer shall also bring in such occasion the original "Maintenance Book" attached to the equipment, if any. After performing the maintenance check, the company's Maintenance officers shall indicate in the Maintenance Booklet all mechanical and maintenance operations performed. The customer understands that the periodic maintenance of the equipment by the company is an obligation under this contract. After the date of the quarterly maintenance is elapsed, the company shall send, by post mail, text message, email or any other means of communication, a reminder to the customer. If one (1) reminder sent by the company to the customer remains without effect, the customer understands that the company is entitled to temporarily repossess the equipment and perform the maintenance check scheduled under the contract. Once the maintenance check is effected, the equipment would be returned immediately to the customer with the maintenance Booklet updated. The customer understands and agrees that failure to comply with this article may be sanctioned by article 17 of this contract.

##### **4.2. Exclusions from the maintenance**

The parts which are excluded from the scope of the maintenance performed by the company under article 4.1 of this contract, are listed in Appendix 7 which forms part of this agreement.

##### **4.3. Repairs to the equipment**

In case of accidental damage to the equipment, the customer agrees to comply with the procedure explained in article 15 of this contract. In case the equipment is subject to any breakdown, the customer understands and agrees that the equipment may be repaired only at a repair center approved by the company. The company commits to bear all costs for repairing any breakdown of the equipment except those

excluded in Appendix 7. Failure to comply with this article may be sanctioned under article 17 of this contract.

## **5. Definition and acceptance by the customer of the "locked period"**

5.1. The customer understands and agrees that, during the first three (3) months of this contract, called the "locked period":

- The contract cannot be terminated due to any reason.
- The equipment cannot be purchased by the customer.
- The equipment subject to this contract cannot be upgraded to a new equipment.

5.2. In case the customer wants to forcefully terminate the contract before the end of the locked period and returns the equipment to the company, the company would be entitled to keep the security deposit, paid by the customer under this contract, as a compensation due to contract violation.

## **6. The customer's Option to purchase the equipment at the end of the contract**

After payment of the last of the renting fees, as scheduled in Appendix 1, the customer will have two options:

### 6.1. Option to purchase

The customer has the right to purchase the equipment at any time during the duration of this contract after the "locked period" for the amount as indicated in Appendix 2. In such case, the customer and the company's Representative would sign the sales contract using the form attached as Appendix 4 to this contract, and the company would keep the security deposit paid at the inception of this contract by the customer.

### 6.2. Return of the equipment

The customer is free to return the equipment to the company. In such case, and after satisfactory inspection by the company that the equipment is in fair condition, as defined hereunder, the company would refund the customer of the amount corresponding to the security deposit, which is indicated in Appendix 1.

6.3. For the purpose of this contract, "satisfactory inspection by the company" and "fair condition" mean:

- The equipment meets the criteria of normal maintenance visits, as defined in article 4 above, and has not been significantly degraded since last maintenance check performed by the company;
- No part(s) of the equipment is/ are missing or has/have been replaced without the company's prior approval.

## **7. The customer's Option to purchase the equipment before the end of the contract**

7.1. At any time during the contract, after the "locked period" defined in article 5 above, the customer is entitled to purchase the equipment for a sum (the purchase value of the equipment) which is defined in Appendix 2.

7.2. In such case, against the customer's payment of the purchase value, the customer and the company's Representative will sign the Sales Contract attached as Appendix 4 to this contract. The company will keep security deposit paid at the inception of this contract by the customer.

## **8. The customer's Option to upgrade the equipment**

8.1. At any time during the contract, after the "locked period" defined in article 5 above, the customer is entitled to change the equipment, which is rented under this contract, for a new one. It is agreed and understood that exercising the option to upgrade the equipment does not cost the customer the administrative fee defined in article 2.4 of this contract.

8.2. The upgrade would be considered completed when:

- A new contract, including the details of the new equipment and revised Appendixes 1 and 6, has been revised, issued and signed by the customer and the company.
- The customer has paid or received the difference in security deposit;
- The new equipment has been delivered to the customer
- The customer has returned to the company the old equipment in fair condition, as more precisely described in article 6.2 above.

8.3. In case the equipment is returned to the company in damaged or depreciated condition, the customer understands and agrees that the company would use the security deposit, and in case the security deposit does not suffice, charge the customer for the cost corresponding to the repairs necessary to re-instate the equipment in fair conditions more precisely described in article 6.2 above.

## **9. The customer's right to terminate the contract**

9.1. At any time during the contract, after the "fixed period" defined in article 5 above, the customer is entitled to terminate this contract without giving the company advance notice, and return the equipment to the company.

9.2. After verification that all renting fees up to the date the customer wishes to terminate the contract have been paid, and after verification that the equipment to be returned is in fair condition, as more precisely described in article 6.2 above, the company would refund the security deposit to the customer.

9.3. In case the equipment is returned to the company in damaged or depreciated condition, the customer understands and agrees that the company would use the security deposit, and in case the security deposit does not suffice, charge the customer for the cost corresponding to the repairs necessary to re-instate the equipment in fair condition as more precisely described in article 6.2 above.

## **10. Transfer of the "ownership registration document" to the customer**

In case The customer decides to purchase the equipment in the conditions described in articles 6.1 and 7 above, after the company has received the current renting fees due under this contract up to the date of the purchase, as well as payment(s) corresponding to the customer's option to purchase the vehicle, the company signs on Appendix 4 of this contract so that the customer may transfer, where applicable, the ownership registration document of the equipment into his name.

## **11. Covenants by The customer to the company**

11.1. The customer shall use the equipment in a careful, lawful and appropriate manner, avoid to use the equipment in areas where the equipment may be prohibited by law, and keep the equipment in good and tenable conditions.

11.2. The customer can let other operators than himself use the equipment, but remains fully responsible that any operator is legally eligible and legally licensed to use the equipment. Besides, the customer shall be jointly responsible for any illegal acts or law violation caused by other operators in using the equipment.

11.3. The customer shall have the periodic maintenance, as well as any repairs to the equipment, performed as mentioned in Article 4 above.

11.4. The customer shall not sell, or offer for sale, assign, mortgage, sub-rent or otherwise deal with the equipment.

11.5. The customer shall not remove or change any part of the equipment.

11.6. The customer shall not allow any lien to be created upon the equipment in any manner, whatsoever.

11.7. If applicable, the customer shall pay regularly and in time all rents, including all taxes, of the premises where the equipment may be stored or parked and described in article 2.7 above.

11.8. The customer understands and agrees to notify the company of any change in his residence or contact information e.g. mobile phone, fixed phone number(s), address or postal address.

11.9. The customer shall provide unconditional cooperation to the company in the event that the customer defaults on renting fees payments and that the provisions of article 14 must be applied by the company.

11.10. The customer confirms and agrees that, during the contract's validity period, the company is the only owner of the equipment the customer rents, and thus the company have all the decision rights upon the rented assets without prior notice.

## **12. Covenants by the company to the customer**

12.1. Where applicable, the company shall provide to the customer a certified true / notarized copy of the ownership registration document of the equipment for his usage during the contract term.

12.2. The company shall provide maintenance service to the equipment, as defined in article 4 above, at its cost, during the contract term.

12.3. The company shall bear the costs of all insurance premium, as described in articles 2.8 and 2.9 above, during the contract term.

12.4. The company must support the customer in transferring the ownership registration document to the name of the customer in case the customer exerts the options defined in articles 6.1 and 7 of this contract.

12.5. The company must accept to take over the equipment in case the customer decides to terminate or upgrade this contract, as per articles 6.2, 8 or 9.

12.6. The company would advise the customer by post-mail, text message, email, or any other means of communication, in case the customer is late in paying renting fees.

**13. "Amendment of duration" of the contract (re-scheduling)**

13.1. With the consent of the company, at any time during the contract, the customer may require the duration of the R&CS contract to be changed.

13.2. In such case, articles 2.4, 2.5 and 2.6 of this contract will be modified, and new revised Appendixes 1 and 2 will be issued and signed between the customer and the company, and will become part of this contract to replace the original Appendixes 1 and 2.

13.3. The company will charge a fee as indicated in Appendix 1 for every "amendment of duration" required by the customer.

**14. Return of the equipment to the company in case the customer defaults on renting fees payment**

14.1. In case the customer defaults on paying the renting fees due to the company under this contract, the customer agrees that the company is then entitled to demand that the customer immediately returns the equipment which is rented under this contract, as per the Myanmar Civil & related Laws. The customer agrees he would provide unconditional cooperation and returns immediately the equipment to the company.

14.2. In such case, this contract would remain valid for a period of 14 days whereby the customer can settle the debt to the company, take back the equipment and continue the contract. Past 14 days after the equipment has been returned to the company, if the customer has not paid all renting fees, the company is authorized to terminate the contract and claims for proper compensation, if any.

14.3. The customer understands and agrees that returning the equipment to the company does not compensate the rent(s) that are due to the company, and the customer commits to pay all renting fees due to the company under this contract, even if the equipment has been returned to the company.

14.4. After the equipment has been returned in fair conditions, as defined in article 6.2 above, and all rents and charges due under this contract have been paid by the customer, the company shall immediately refund to the customer the security deposit as indicated in Appendix 1.

#### **15. Notice in case of damage to the equipment**

15.1. The customer understands and agrees to immediately inform the competent authorities in case of loss or theft of the Equipment;

15.2. The customer understands and agrees to immediately inform the company, via its customer service hotline or directly to the branch having issued this contract, about damage, loss, theft, destruction or otherwise of the Equipment.

15.3. In case the equipment is immobilized, whatever the cause, the customer understands and agrees to take all precautions so that the equipment is never left unattended, and that the equipment may not be damaged due to the immobilization and to immediately inform the company of the precise location where the equipment is immobilized.

#### **16. Notice between the parties**

16.1. The customer and the company agree that they will inform each other of any change, option, notice or communication of any nature regarding this contract in writing on a signed letter, sent by fax or registered delivery mail or any other means of electronic communication to the Head Office of the company, if not requested otherwise.

16.2. Date receiving notice is calculated as three (3) days after the date stamped by the post office of the receiver in case sent by post, or 1 day if sent by cable, telegram, telex, fax, or directly by hand.

16.3. The customer may give by hand the notice directly at the company's branch having issued this contract, and retain a copy of the notice stamped by the company's branch.

16.4. The customer may at any time, seven (7) days per week, between 8.00 am and 6.00 pm, call the company Customer Service's phone number for more information.

## **17. Material Breach**

17.1. In case the customer violates the liabilities specified under this contract, the company shall be entitled to demand the immediate return of the equipment, by sending a written notice to the customer, and the customer shall be required to return the equipment to the company.

17.2. After verification that all renting fees up to the date the notice has been sent to the customer have been paid, and after verification that the equipment returned is in fair condition, as more precisely described in article 6.2 above, the company would refund the security deposit to the customer.

17.3. In case the equipment is returned to the company in damaged or depreciated condition, the customer understands and agrees that the company would use the security deposit, and in case the security deposit does not suffice, charge the customer for the cost corresponding to the repairs necessary to re-instate the equipment in fair condition as more precisely described in article 6.2 above.

## **18. Applicable Law and Dispute Resolution**

18.1. The present Contract concluded between the customer and the company shall be regulated by the laws of the Union of Myanmar applied from the first day of this contract validity and modifications, if any, of these legal documents within the validity time of this contract.

18.2. Any dispute arising from, or in connection with this contract shall be first resolved through negotiation. If a fruitful negotiation is not reached, it is then resolved by the relevant appropriate Myanmar Court.

## **19. Other terms**

19.1. Entire Contract

This contract and its appendices which form integral parts of this contract constitute the entire contract between the company and the customer with respect to the subject matter of this Agreement. Amendments to and modifications and discharges of this contract and its appendices will only be effective upon the written agreement signed by legal representative of the company and the customer.

## 19.2. Copies of the Contract

This contract is made into two (2) copies. The customer keeps one (1) copy, another one (1) is archived at the company Head Office.

### **3.4 Practices on Rental-Purchase Services of Rent 2 Own (Myanmar) Co., Ltd.**

Rent 2 Own (Myanmar)'s rental-purchase service practices includes application process, acceptance of application, tax rate imposed and grantor requirement, payment method, other additional payment and process for hard collection.

#### **Application Process**

Applicant must be between 18 and 60 years old. The applicant who signs the contract must be the client, who has regular income, and would use the bike.

The necessary documents are

1. National Registration Card,
2. Police Authority Letter,
3. Original Family Book issued by Ministry of Immigration or Original temporary family book issued by village or ward authority,
4. Ward Authority Letter,
5. Proof of income,
6. Work Recommendation Letter.

#### **Acceptance of Application**

Credit Attendant (Sales) is responsible to accept the application. Underwriting Department decides. It was found that Rent 2 Own (Myanmar) Co., Ltd served more than 38,000 customers from 2016 January to 2018 September.

#### **Tax Rate Imposed and Grantor Requirement**

The stamp duty of the contract was paid by the company and tax rate was imposed accordingly with Government Tax Law. The Referee or grantor is needed if the customers could not be able to settle the payment. The Referee's National Registration Card and Family Book is necessary for application.

#### **Payment Method**

The Customer can pay their installment with KBZ Quick-Pay method (Bank Transfer) and One-Stop service (mobile-money agent). Rent 2 Own (Myanmar) Co., Ltd issue the monthly payment slips to the customers altogether with the contracts. The customers can easier transfer with the bank or agent by showing these slips.

#### **Other Additional Payment**

The customer is necessary to pay documentation fee as upfront administration fee and MMK 10,000 as penalty fee for late payment. When the customer choose option to return service, the returned motorcycle is necessary to be checked by the mechanic. If the motorcycle is needed to repair, the maintenance fees is deducted from the refund initial down payment amount to customer.

#### **Process for Hard Collection**

If the customer is absent to pay monthly installment, the call center send notification message at first, contact with phone and collection team go and remind to the customer individually. If the customer is failure intentionally, the litigation team will contact government authority to take action legally.

## CHAPTER 4

### ANALYSIS ON THE CUSTOMER PERCEPTION TOWARDS RENTAL-PURCHASE SERVICE

The survey was conducted in 120 random of customers in three regions of Yangon who used rental-purchase services with Rent 2 Own (Myanmar) Co., Ltd. To find out the customers perception towards rental-purchase service practices of Rent 2 Own (Myanmar) Co., Ltd, this chapter includes profile of respondents, customer contact and experience with services, analysis on customer perception towards rental-purchase service. The questionnaire was attached in Appendix.

#### 4.1 Profile of Respondents

There are five sub sections in Demographic factors analysis such as the genders of respondents, age, education, occupation and monthly income analysis as follow.

##### Gender of Respondents

Among 120 respondents 62% are male and 38% are female. Table (4.1) shows the result from the analysis on demographic profile of respondents.

**Table (4.1) Gender of Respondents**

Sr. No.	Gender	Frequency	Percent
1	Male	75	62
2	Female	45	38
	Total	120	100

Source: Survey Data, 2018

##### Age of Respondents

In Table (4.2), respondents 21 to 30 years of age represent 39% which is the largest age group of all replies, the age of 31 to 40 years of age group respondents at 37%, the age of 41 to 50 years of age group respondents at 16%, the age of 51 to 60 years of age group respondents at 5%, the age of under 20 years of age grouping respondent at 3% and the age of over 60 years of age grouping respondent at 1%. From the result, it was found that most of service users are young in their age group. Among 120, most of the sample respondents are between 21 years and 30 years.

**Table (4.2) Age of Respondents**

Sr. No.	Age	Frequency	Percent
1	Under 20 years old	3	3
2	21 to 30 years	47	39
3	31 to 40 years	45	37
4	41 to 50 years	19	16
5	51 to 60 years	5	4
6	Over 60 years	1	1
	Total	120	100

Source: Survey Data, 2018

### **Educational Status of Respondents**

Table (4.3) represent the educational status of the respondents. It represents that there are 24 respondents are graduated from high school level, 36 respondents are graduates from the university and 60 respondents are under graduate. From the analysis, it was found that there are no respondent in Master level and most are under graduates and it is 50%.

**Table (4.3) Educational Status of Respondents**

Sr. No.	Educational Status	Frequency	Percent
1	Graduated from High School	24	20
2	Graduated from University	36	30

3	Under High School	60	50
	Total	10	100

Source: Survey Data, 2018

### Occupation of Respondents

Table (4.4) represent the occupation level of the respondents. There are 71 respondents are self-employed, 30 respondents are company staff, 16 respondents are government staff, 2 respondents are students and 1 respondent is dependent. From the analysis, it was found that the most are self-employed with the 59% share in the categories.

**Table (4.4) Occupation of Respondents**

Sr. No.	Occupation	Frequency	Percent
1	Company Staff	30	25
2	Government Staff	16	13
3	Self-Employed	71	59
4	Dependent	1	1
5	Student	2	2
	Total	120	100

Source: Survey Data, 2018

### Monthly Income of Respondents

Table (4.5) represent the monthly income level of the respondents. There are 18 respondents have earned less than Kyat 200,000, 72 respondents have earned the monthly income above Kyat 200,000 to 300,000, 25 respondents have earned above Kyat 300,000 to 500,000. 5 respondents have earned the monthly income above Kyat 500,000 respectively. From the analysis, it was found that the most of service users have earned above Kyat 200,000 to 300,000 with the 60% share in the categories monthly.

**Table (4.5) Monthly Income of Respondents**

Sr. No.	Monthly Income	Frequency	Percent
1	Under Ks 200,000	18	15

2	Ks 200,001-300,000	72	60
3	Ks 300,001-500,000	25	21
4	Above Ks 500,001	5	4
	Total	120	100

Source: Survey Data, 2018

#### **4.2 Customer Contact and Experience with Rent 2 Own (Myanmar) Co., Ltd.'s services**

The second section is the analysis on the Customer Contact and Experience with Rent 2 Own (Myanmar) Co., Ltd.'s services. To find out this, it includes analyzing the six items named the classes of purchased motorcycle brands, service contract period, analyzing the down payment percentage, experience on rental-purchase service, analyzing on why choose this company's services and experience with Rent 2 Own (Myanmar) Co., Ltd.

##### **Classes of Purchased Motorcycle Brand**

There are three classes of Motorcycle Brand, S1, S2 and S3. S1 is the upper class of the brand with high price and high quality made in Thailand, India etc. but not included the brand made in China. S2 is the class of the brand with high price and high quality made in China and S3 is the class of the brand with normal price and normal quality. In the analysis on the classes of purchased vehicles which the respondents most use, it was found that 69 respondents purchased S2 class of motorcycle brand, 17 respondents purchased S1 and 34 respondents purchased S3. Table (4.6) state the result from the analysis on the classes which the respondents most use. The maximum class were found in the S2 with 58% of share in the study.

**Table (4.6) Classes of Purchased Vehicles**

<b>Sr. No.</b>	<b>Purchased Vehicles</b>	<b>Frequency</b>	<b>Percent</b>
1	S1	17	14
2	S2	69	58
3	S3	34	28
	Total	120	100

Source: Survey Data, 2018

### **Service Contract Period**

In analysis on the Service contract period, it was found that there are 4 respondents with less than 9 months, 88 respondents are purchased between 9 months and one year, 22 respondents are purchased between one year and one year six months contract term, 5 respondents purchased between one year six months and two years contract term and one respondents only purchased more than two years contract term. Table (4.7) and Figure (4.7) represent the result from the analysis of the term of the contract with Rent 2 Own (Myanmar) Co., Ltd, as follow.

**Table (4.7) Service Contract Period**

<b>Sr. No.</b>	<b>Service Contract Period</b>	<b>Frequency</b>	<b>Percent</b>
1	Less than 9 months	4	3
2	9months – 1 year	88	73
3	1 year – 1.5 year	22	19
4	1.5 year – 2 years	5	4
5	More than 2 years	1	1
	Total	120	100

Source: Survey Data, 2018

### **Down Payment Percentage**

In analysis on the down payment percentage, it was found that 19 respondents paid 10% down payment, 70 respondents paid 20%, 20 respondents paid 30%, 7 respondents paid 40% and 4 respondents paid 50% of the original price as down payment. Table (4.8) state the result from the analysis on the initial down payment percentage of the original price which the respondents most use. The maximum class were found in the 20% down payment with 58% of share in the study.

**Table (4.8) Down Payment**

<b>Sr. No.</b>	<b>Down Payment</b>	<b>Frequency</b>	<b>Percent</b>
1	10%	19	16
2	20%	70	58
3	30%	20	17
4	40%	7	6

5	50%	4	3
	Total	120	100

Source: Survey Data, 2018

### **Experience on Other Rental-Purchase Services**

In analysis on relationship with Other Rental-Purchase Services, 12 respondents reply that they have used other services before. 90% or most of the respondents have no relationship in other service before that. Table (4.9) represent the result from the analysis of the previous experience with rental-purchase service, as follow.

**Table (4.9) Experience on Other Rental-Purchase Services**

<b>Sr. No.</b>	<b>Experience on Other Rental-Purchase Services</b>	<b>Frequency</b>	<b>Percent</b>
1	No	108	90
2	Yes	12	10
	Total	120	100

Source: Survey Data, 2018

### **Source of Information**

Table (4.10) represent the analysis on source of information about Rent 2 Own (Myanmar) Co., Ltd.'s services received by the respondents. There are 14 respondents received information about Rent 2 Own (Myanmar) Co., Ltd from brokers, 17respondents from merchants, 10 respondents from Rent 2 Own (Myanmar) Co., Ltd.'s leaflet advertisements. 32 respondents received from Rent 2 Own (Myanmar) Co., Ltd.'s staffs and 47respondents received information passing from word of mouth name of person who reference. From the analysis, it was found that the most of service users used Rent 2 Own (Myanmar) Co., Ltd.'s services by the reference of word of mouth name of person with the 39% of source of information.

**Table (4.10) Source of Information**

<b>Sr. No.</b>	<b>Source of Information</b>	<b>Frequency</b>	<b>Percent</b>
1	Brokers	14	12
2	Merchant	17	14
3	R2O Leaflet	10	8

4	R2O Staffs	32	27
5	Word of mouth name of person who reference you	47	39
	Total	120	100

Source: Survey Data, 2018

### **Experience with R2O Motorcycle Rental-Purchase Services**

In analysis on relationship with R2O rental-purchase service, 41 respondents reply that they have used R2O services before. 66% of the respondents have no relationship in R2O service before that. Table (4.11) represent the result from the analysis of the previous experience with R2O service, as follow.

**Table (4.11) Experience on R2O**

<b>Sr. No.</b>	<b>Experience on R2O</b>	<b>Frequency</b>	<b>Percent</b>
1	No	79	66
2	Yes	41	34
	Total	120	100

Source: Survey Data, 2018

### **4.3 Analysis on Customer Perception towards Rental-Purchase Service**

The third section is the analysis on the customer perception towards rental-purchase service of Rent 2 Own (Myanmar) Co., Ltd. To find out this, it includes analysis on rental-purchase service terms and conditions, analysis on rental-purchase service practices and analysis on employees' service.

#### **4.3.1 Customer Perception on Rental-Purchase Services Terms and Conditions**

Customers are requested to answer their perception on the Rental-Purchase Service Terms and Conditions of Rent 2 Own (Myanmar) Co., Ltd with 5-point Likert Scale analysis. It included analysis on six items. Table (4.12) is the results obtained from the analysis on the Rental-Purchase Service Terms and Conditions of Rent 2 Own (Myanmar) Co., Ltd.

**Table (4.12) Customer Perception on Terms and Conditions**

<b>Sr. No.</b>	<b>Rental- Purchase Services Terms and Conditions</b>	<b>Mean</b>	<b>Standard Deviation</b>
1	All terms and conditions are clearly mentioned in the contract letter.	3.81	0.52
2	Interest rate that is fair enough for using rental-purchase facilities	3.62	0.69
3	Additional charges: Administration Fees is reasonable	3.61	0.74
4	The perceived benefits from rental-purchase service contract	3.76	0.59
5	Contract Period is fair	3.88	0.56
	Overall Mean	3.73	

Source: Survey Data, 2018

From the results, it was found that the obtained total average mean is 3.73 and all are more than 3.61. Among the Financing Services Terms and Conditions Factors, it was found that the factor named Your Perception on the Contract Period is obtained the highest perception and the factor named Your Perception on additional charges: Administration Fees is obtained the lowest perception among the other Rental-Purchase Services terms and conditions factors.

### 4.3.2 Customer Perception on Rental-Purchase Service Practices

The next analysis of the customer perception is the analysis on Rental-Purchase Service Practices provided by R2O. To know the perception on Services Practices, there are analysis on the (11) items as shown in Table (4.13) as follow.

**Table (4.13) Customer Perception on Rental-Purchase Service Practices**

<b>Sr. No.</b>	<b>Rental-Purchase Service Practices</b>	<b>Mean</b>	<b>Standard Deviation</b>
1	Application steps and procedures is acceptable	3.71	0.59
2	Documentation processing time is quick	3.71	0.54
3	Asking questions by Company is reasonable	3.68	0.67
4	Easier payment method with KBZ and One Stop	4.12	0.57
5	Asset and Life insurance services is helpful	3.99	0.54
6	Quarterly Maintenance services is effective	3.75	0.76
7	Penalty Fee on Late payment is acceptable	3.54	0.95
8	R2O is helpful and clearly explain when the customer want to use Option to Purchase service	3.92	0.51
9	R2O is helpful for return process to be easier.	3.83	0.57
10	R2O is helpful to adjust payment schedule when customer faces delay in repayment.	3.89	0.48
11	R2O collection and litigation process for hard collection is acceptable	3.98	0.51

	Overall Mean	3.83	
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Source: Survey Data, 2018

It was found that the mean satisfaction scores on the factor named Your Perception on easier payment method with KBZ and One Stop is 4.12 and the level of customers' perception is high. Generally, it can be said that the level of customers' satisfaction on the perception of Rental-Purchase Service Practices is high because the overall mean score is 3.83.

### 4.3.3 Customer Perception on Employees' Service

The last analysis of the customer perception is the analysis on the Employees Service. To know the perception on Employees' Service, there are the analysis on the (8) items as shown in table (4.14) as follow.

**Table (4.14) Customer Perception on Employees' Service**

Sr. No.	Employees Service	Mean	Standard Deviation
1	7days operation and branch location are easier to get service.	3.96	0.44
2	Employees are eagerly helpful to explain product features	4.03	0.42
3	Employees are reliable with high trust	4.03	0.37
4	Their reputation	3.98	0.39
5	Skillful in their work	4.12	0.41
6	Customer Service is effective	4.04	0.60
7	Easy availability and convenience	3.89	0.66
8	Quick reply to any inquiry	3.87	0.69
	Overall Mean	3.99	

Source: Survey Data, 2018

From the analysis of the study, it was found that the obtained overall mean is 3.99. It can be concluded that the respondent like the employees' performance of R2O. With regards to the performance of customers' services from their employees, the obtained mean is 4.04 and the mean of skill-full employees in their work is 4.12. The obtained mean of the factor name that Employees are eagerly helpful to explain product features and Employees are reliable with high trust are 4.03.

#### **4.3.4 The Overall Customer Perception on Rental-Purchase Service provided by R2O**

Finally, the all obtained data from the analysis on the customers' perception of terms and conditions of Rental-Purchase Service, Practice of Rental-Purchase Service and Service of Employees are studied. The result from the analysis of the total customer perception towards Rental-Purchase Service of Rent 2 Own (Myanmar) Co., Ltd is as shown in Table (4.15).

**Table (4.15) Overall Mean Score of Customer Perception on Rental-Purchase Service with R2O**

<b>Sr. No.</b>	<b>Customer Perception Factors</b>	<b>Mean</b>	<b>Standard Deviation</b>
1	Customer Perception on Terms and Conditions	3.73	0.62
2	Customer Perception on Rental-Purchase Service Practices	3.83	0.61
3	Customer Perception on Employees' Service	3.99	0.50

Source: Survey Data, 2018

From the result of the study, the average mean scores of each customer perception toward Rental-Purchase Services of Rent 2 Own (Myanmar) Co., Ltd is higher than the standard mean score 3, it can be concluded that customer possess higher perception toward the higher purchase practices of Rent 2 Own (Myanmar) Co., Ltd.

## **CHAPTER 5**

### **CONCLUSION**

This chapter includes findings, suggestions and need for further studies with regards to customer perception towards rental-purchase service provided by Rent 2 Own (Myanmar) Co., Ltd. This chapter is started with finding which represents why the research project was concluded, what aspects of the problem were considered, what the outcomes was and it consists of the finding of the demographic factors and the results of opinion upon customers perception towards rental-purchase service of Rent 2 Own (Myanmar) Co., Ltd. The second part present suggestion and the third part present need for further research.

This thesis included collecting both primary and secondary data to observe about the new leasing method, organization structure, the terms and conditions and customer perception on rental-purchase service and employees' service provided by Rent 2 Own (Myanmar) Co., Ltd. This research examined Company's customers via questionnaires survey on the total 120 sample respondents.

#### **5.1 Findings**

Rent 2 Own (Myanmar) Co., Ltd was incorporated in 2015 and operation was started in 2016. It was extended its branch network rapidly to provide the rental-purchase services to help the need of transportation and to realize the company main focus that is to help entrepreneurs, often farmers, to buy the motorcycles they need to generate income and grow their business. In the analysis on the customers' perception

on its rental-purchase service, this study started with the analysis on the demographic profile of respondents. From the result of the study, the most participants can be assumed as males and they are young and the following is middle age people from the study. When studying educational background, the result shows that the highest percentage of education degree of respondents in the study is under high school and second participants are graduate. From the occupation analysis, it was found that self-employment is the largest group of the respondents and one dependent in the survey. The level of monthly income MMK 200,001 to 300,000 represent the largest group of the respondents at 60% and above MMK 500,000 is the smallest group which represents.

The second section is the analysis on the Customer Contact and Experience with R2O Services. To find out this, it includes analyzing the six items named the classes of purchased motorcycle brands, service contract period, analyzing the down payment percentage, experience on motorcycle financing service, analyzing on why choose R2O services and experience with R2O. In this analysis, on the classes of purchased vehicles which the respondents most use, it was found that 69 respondents purchased S2 class of motorcycle brand, the class of the brand with high price and high quality made in China and mostly use the service contract term between 9 months and one year. For down payment percentage, 70 respondents of total 120 chose 20% down payment of the original price. In analysis on relationship with Other Motorcycle Financing Services, 90% or most of the respondents have no relationship in other motorcycle financing service before using the services of Rent 2 Own (Myanmar). Most customers chose the services of Rent 2 Own (Myanmar) Co., Ltd as the information received from word of mouth name of person with the 39% of source of information. In analysis on relationship with R2O motorcycle financing service, 41 respondents reply that they have used R2O motorcycle financing services before. According to the survey, the main factor to be considered is that the majority of all respondents in the survey is male age between 21 years and 30 years, at most are under high school, self-employment and middle income. Most of the respondents use the service to rent or purchase the bike with China brand that is high quality and high price, with between 9 months and 1 year payment plan, 20% down payment. Therefore, the customers want the quality bike with minimum down payment in short term. Most of respondents use services of Rent 2 Own (Myanmar) Co., Ltd only again

and again and choose the services of the company by the reference of their family and friends.

There is analysis on the customers' perception on rental-purchase service terms and conditions factor, service practice and employees' service provided by Rent 2 Own Co., Ltd. From the analysis on customer perception on rental-purchase service terms and conditions of Rent 2 Own (Myanmar) Co., Ltd, the obtained total average score is greater than that of standard mean, it can be said that the customers are satisfied on the service terms and condition of Rent 2 Own (Myanmar) Co., Ltd. Among the analysis of perception on terms and condition, it was found that the customers possess the highest satisfactory on contract period. All terms and conditions are clearly mentioned in the contract letter and the customers can understand easily the contract. Perception on rental-purchase practice is encountered higher, that is, the respondents are satisfied on asset and life insurance service and clearly explanation of the company that the customer has the option to purchase the motorcycle after the end of the defined periods. The highest score of the perception on rental-purchase service are payment method with KBZ bank transfer and One Stop mobile payment agent. It is assumed that the customer can easily pay monthly installment with this intermediaries. The customer is also satisfied with collection and litigation process for hard collection provided by Rent 2 Own Co., Ltd. Perception on employee service is encountered the highest, that is the respondents are satisfied on employees' service. Regarding to the skillful of the employees mean is very much higher, respondents are very satisfied on the employees' service such as customer service, their help to the customers. By conclusion on that factor, it is found that perception on employees' performance are strongly satisfied.

The overall customer perception on rental-purchase service with Rent 2 Own (Myanmar) Co., Ltd results from the analysis shows that the employees' service were the most vital factors. It means that most of customers like the service of employees trained by Rent 2 Own (Myanmar) Co., Ltd. The second respondents like the practices of rental-purchase service such as payment systems, asset and life insurance services and collection and litigation process for hard collection and help on option to purchase service and return process . A few customer doesn't like penalty fee on late payment procedure and asking questions by company, additional charges such as administration fees for documentation. But by the conclusion the study, it can be

concluded that the customers of Rent 2 Own (Myanmar) Co., Ltd possess high perception towards rental-purchase service. The study shows the desirable positive relationship between customers and the company. Therefore, it is observed that rental-purchase services of Rent 2 Own (Myanmar) Co., Ltd. is on the right way and the company is effectively managing in its innovative product.

## **5.2 Suggestion**

Motor Cycle is the essential equipment in rural transportation and 1million new bike are being sold annually in Myanmar. This aspect of financial services on motor cycle financing is also popular in continuous where most of their population is unbanked, the regulation are inflexible and difficult to apply for bank hire purchase products, loan are too small to purchase equipment. From the analysis on motorcycle financing services provided by Rent 2 Own (Myanmar) Co., Ltd, existing customers have generally positive perception.

As suggestion, Rent 2 Own (Myanmar) Co., Ltd. should focus on such segments and should perform to keep the existing customers using the current servicing methods. The company should evaluate the interest rate, additional charges such as administration fees for documentation and should explain the customers the cost of the administration and why it is needed to charge as additional fee. The company also should focus on asking questions, penalty fees, application steps and procedures, documentation processing time and quarterly maintenance services and should analyze that is actually effective on the performance of the service and should explain the customers why it is important. The company should listen the difficulties of the customers and the employees who direct deal with the customers to provide rental-purchase services. The company should also approach directly to staff from privates companies and government to increase the market shares. The company should accept all payments methods with the support of related organizations and banks and the company should make the improvement of their website by updating their services and creating online application for services because Myanmar is developing in information technology and banking systems day by day.

## **5.3 Needs for Further Study**

Among 6 regions of Rent 2 Own (Myanmar) Co., Ltd, this study is only focused on the customer perception towards rental-purchase services in Yangon Region. For more details of the rental-purchase services, it should also be extended to the other regions of Myanmar where there are the high usage of motorcycles and more customers of Rent 2 Own (Myanmar) Co., Ltd. It is also needed to study on the rental-purchase services provided other banks and non-bank financing companies to have more understanding on the success of the rental-purchase service in the future.

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## APPENDIX-A

### Rent 2 Own (Myanmar) Co., Ltd Customer Survey

We thank you in advance for completing this questionnaire. We value your input. This information will allow us to address the needs of our customers in an effort to meet our thesis. This study is about Customer Perception towards Rental-Purchase Service.

#### Part-A

#### Profile of Respondents

Please Tick “√” in the box that best describes you.

(1) Gender

(a) Male

(b) Female

(2) What is your age

(a) Under 20 years old

(b) 21 to 30 years

(c) 31 to 40 years

(d) 41 to 50 years

(e) 51 to 60 years

(f) Over 60 years

(3) Education

(a) Under High School

(b) Graduated from High School

(c) Graduated from University

(d) Master

(4) Occupation

(a) Company Staff

(b) Dependent

(c) Government Staff

(d) Student

(e) Self-Employed

(5) What is your monthly income range?

(a) Under Ks 200,000

(b) Ks 200,001-300,000

(c) Ks 300,001-500,000

(d) Above Ks 500,000

## Part B

### Customer Contact and Experience with R2O Services

Please Tick ✓ “in the box that best describes you.

(1) Motorcycles Brand

(a) S1

(b) S2

(c) S3

Please see the final page for detail brands of S1, S2 and S3.

(2) Service Contract Period

(a) Less than 9 months

(b) 9months – 1 year

(c) 1 year – 1.5 year

(d) 1.5 year – 2 years

(e) More than 2 years

(3) How much percentage of the price as down payment have you been paid?

(a) 0%

(b) 10%

(c) 20%

(d) 30%

(e) 40%

(f) 50%

(4) Have you used rental-purchase services previously?

Yes

No

(5) Where did you know about Rent 2 Own services?

(a) Merchant

(b) R2O Leaflet

(c) R2O Staffs

(d) Word of mouth name of person who reference you

(e) Brokers

(6) Have you used Rent 2 Own Motorcycle rental-purchase services previously?

Yes

No

<b>Brands</b>			
<b>S1</b>	<b>S2</b>	<b>S3</b>	
HONDA	LUOJIA	STARSKY	RATO
YAMAHA	HAOJUE	NEW ZHINENG	FOLLOW ME
SUZUKI	DAYANG	TURBOSTAR	KAMAX
TVS APACHE	KENBO	NEW AIBO	CANDA
MSX	TVS	YUNDE	FEILING
BENELLI		SHAYAN	SURKA
SUPER YEESHIN		HERLEY	ZHINENG

## Part-C

### Customer Perception on Rental-Purchase Service

Please Tick ✓ “in the box that best describes you.

(1) Strongly Disagree (2) Disagree (3) Could Not Decide (4) Agree (5) Strongly Agree

<b><u>Perception on Rental-Purchase Services Terms and Conditions</u></b>						
<b>Q. No</b>	<b>Factor</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	All terms and conditions are clearly mentioned in the contract letter.					
2	Your Perception on interest rate that is fair enough for using rental-purchase facilities.					
3	Your Perception on additional charges: Administration Fees is reasonable					
4	Your Perception on the perceived benefits from rental-purchase service contract					
5	Your Perception on Contract Period that is fair					
<b><u>Perception on Rental-Purchase Service Practices</u></b>						
<b>Q. No</b>	<b>Factor</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Your Perception on application steps and procedures is acceptable					
2	Your Perception on documentation processing time is quick					
3	Your Perception on asking questions is reasonable					
4	Your Perception on easier payment method with KBZ and One Stop					
5	Your Perception on Asset and Life insurance services is helpful					

6	Your Perception on Quarterly Maintenance services is effective					
<b>Q. No</b>	<b>Factor</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
7	Your Perception on Penalty Fee on Late payment that is acceptable					
8	R2O is helpful and clearly explain when you want to use Option to Purchase service					
9	R2O is helpful for return process to be easier.					
10	R2O is helpful to adjust payment schedule when customer faces delay in repayment.					
11	Your Perception on R2O collection and litigation process for hard collection that is acceptable					
<b><u>Perception on Employees' Service</u></b>						
<b>Q. No</b>	<b>Factor</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	7days operation and branch location are easier to get service.					
2	Employees are eagerly helpful to explain product features					
3	Employees are reliable with high trust					
4	Their reputation					
5	Skillful in their work					
6	Customer Service is effective					
7	Easy availability and convenience					
8	Quick reply to any inquiry					

