YANGON UNIVERSITY OF ECONOMICS

DEPARTMENT OF MANAGEMENT STUDIES

MBA PROGRAMME

FACTORS INFLUENCING CUSTOMER SATISFACTION OF BEAUTY DIARY RETAIL CHAIN IN YANGON

MI KON HTAW

MBA II - 14

MBA 23rd BATCH

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ACADEMIC YEAR (2017 – 2019)

Supervised by	**Submitted by**
Dr. Sandar Htwe	**Mi Kon Htaw**
Associate Professor	**MBA II - 14**
Department of Management Studies	**MBA 23rd Batch**
Yangon University of Economics	**2017 – 2019**

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A thesis submitted to the Board of Examiners in partial fulfilment of the requirements for the degree of Master of Business Administration (MBA)

Supervised by	Submitted by
Dr. Sandar Htwe	**Mi Kon Htaw**
Associate Professor	**MBA II - 14**
Department of Management Studies	**MBA 23rd Batch**
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ACCEPTANCE

This is to certify that the thesis entitled **"Factors Influencing Customer Satisfaction of Beauty Diary Retail Chain in Yangon"** has been accepted by the Examination Board for awarding Master of Business Administration (MBA) degree.

Board of Examiners

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(Chairperson)

Dr. Tin Win

Rector

Yangon University of Economics

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(Supervisor)   (Examiner)

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(Examiner)   (Examiner)

DECEMBER, 2019

ABSTRACT

This study aims to examine the factors influencing customer satisfaction of Beauty Diary Retail Chain in Yangon and to analyze the effect of customer satisfaction on customer loyalty of Beauty Diary Retail Chain in Yangon. The structured questionnaire for this survey is used to collect data from the customers who have previous shopping experience with Beauty Diary Retail Chain. By analyzing the relationship between influencing factors and customer satisfaction, it is found that only reliability, physical aspects, and policy of Beauty Diary have significant effect on customer satisfaction. The study found that customer satisfaction affects customer loyalty of Beauty Diary Retail Chain in Yangon. Based on the result of the study, it is recommended for the management of Beauty Diary Retail Chain to succeed in such a competitive business environment that they need to keep emphasizing on reliability, physical aspects and policy of the store since these factors can lead to customer satisfaction and customer loyalty as well as to put more effort on other factors which are their store's weaknesses.

ACKNOWLEDGMENTS

TABLE OF CONTENTS

LISTS OF TABLES

LIST OF FIGURES

CHAPTER 1

INTRODUCTION

The customers are the establishment of any business' success. They identify a need or desire, make a purchase and then dispose of the products. One of the essential objectives of any showcasing methodology is to distinguish and address the issues of the consumer. Considering customer importance at all stages of the marketing procedure encourages the company to ensure greater customer satisfaction and increment its semi-permanent goal of repeat business. Considering customer needs during the improvement and progression of an item is not the most ideal approach to stress client needs. Client contemplation after the item has been showcased is significant also. Customer service and interaction with the consumer once the product has been sold not solely build sturdy relationships with the consumer however additionally supply companies valuable data that helps to line up progressively successful showcasing endeavors later on.

At its most basic, customer satisfaction measures how product, service, and overall experience either falls short, meets, or exceeds customer expectations. Ways to measure varies from business to business. Some are based entirely on retention and repeat customers, while others create a numerical value based on data and/or customer feedback. Regardless, it measures, rates, and attempts to manage how happy the customers are with the business, products, and brand as a whole. Customer satisfaction is taken into account as a vital component of any business because it provides marketers and business owners with a metric that is used to measure and improve business performance from a customer perspective. Not only it is a leading indicator of consumer repurchase intentions and loyalty, but it is also a great way to understand if they become long term repeat customers or even advocates. Then again, it can likewise give the underlying cautioning signs that a client is troubled and conceivably in danger of leaving. With this considered, consumer loyalty can furnish organizations with critical data to comprehend what perspectives are effective and where upgrades need to be made.

Inside an aggressive commercial center where organizations are always going after clients, consumer loyalty is frequently observed as a key differentiator regularly going about as a last buy trigger point. Organizations that will, in general, prevail in these

threatening conditions are the ones that make consumer loyalty fundamental to their business procedure. By regular measurement and pursuit customer satisfaction informed decisions are often made to place new processes in place to extend the overall quality of the customer service and elevate self on top of the competition. Subsequently, it's one of the main measurements used to quantify buyer repurchase and client maintenance.

The retail business has encountered a critical change over the earlier decade, and it continues on advancing rapidly. Driven by headway in computerized channels, 2018 has been caring for retail in the US, with the market announcing development consistently so far after a record-setting 2017. But the face of the market is quickly evolving, and retailers must adapt to new shifts in demographics, attitudes and consumer preferences. In 2019, the market is outlined by rising technologies that change the way consumers interact with their favorite brands, a shift in preferences, and therefore, the emergence of latest battle lines for e-commerce. The old model of available (and even on the web) retail carefully centered around items being sold. Notwithstanding, purchasers have gradually been moving endlessly from carefully looking for items, rather than looking for an all the more captivating knowledge. The trend has been driven to a great extent by millennials and their preference for experiences over things. Customers believe customer service is the most important area for retailers to focus on, rating it higher than product quality and low prices.

In this study, the influencing factors such as physical aspects, reliability, personal interaction, problem solving and policy are used to measure customer satisfaction and customer loyalty is measured by customer satisfaction. Understanding the importance of customer satisfaction and customer loyalty is important for all kinds of business. Therefore, this research focuses on the factors influencing customer satisfaction and the effect of customer satisfaction on customer loyalty of Beauty Diary Retail Chain in Yangon.

1.1   Rationale of the Study

Rising wages, an extending economy, and changing purchaser examples are pulling in a developing number of universal brands to Myanmar. By fueling competitions among existing players, their presence is expected to trigger an improvement in the range and

quality of products and services on offer. While most shopping in Myanmar occurs in traditional markets, supported by a primarily rural population, significant factors favor the development of modern retailing. These include economic growth, urbanization, a largely young and digitally engaged population and the expansion of supermarkets beyond first-tier cities. Myanmar consumers in major cities are evolved from a generation of necessity to a generation of need for social appearance and lifestyles.

Since Myanmar has become a democratic country, the change of becoming an open economic country which leads to the economic growth of the country has happened. Shopping orientation is defined as shopping or shopper's style, encompassing interests, opinions, attitudes, shopping preferences, activities, and behaviors prior, during and after the shopping process (Stone, 1954; Lumpkin, 1985; Hawkins et al., 1989; Darden, 1990; Kotsiopoulos, 1992). Boshoff (2006) suggested that a satisfactory in-store shopping experience enhances cumulative or 'overall' consumer satisfaction, which in turn enhances both attitudinal loyalty and behavioral loyalty (actual sales). Successful retailers attempt to create and sustain high levels of consumer loyalty. Consumer loyalty is the unmistakable and quantifiable result of endeavors to support significant and gainful associations with purchasers. Some authors regarded consumer loyalty as the behavioral and attitudinal link between the creation of consumer satisfaction and repeat sales, market share, and profitability (Zahorik, 1993; Oliver, 1996). Different types of consumers could be faithful to various types of retail formats. Baltas et al. (2010) demonstrated that multiple store patronage is affected by variables such as customer income, satisfaction, and expenditure that are suggestive of heterogeneous cost-benefit tradeoff.

The retail stores are highly depended on the customer experience and engagement. Customer perceptions of product and service attributes are known to be very crucial in influencing their satisfaction and loyalty in the retail service industry. To be successful in the key business, marketers, and owners need to be updated with customer perceptions of many aspects of the business. A few of the most popular examples of different retail store types are department stores, big-box stores, specialty stores, discount stores, boutiques and small businesses and E-commerce stores, etc. Among them, this study is exploring the factors that influence customer satisfaction which in turn leads to customer loyalty of Beauty Diary Retail Chain which is a specialty store in Yangon.

1.2   Objectives of the Study

There are two specific objectives of the study. These objectives are as below.

(1) To examine the factors influencing customer satisfaction of Beauty Diary Retail Chain in Yangon.

(2) To analyze the effect of customer satisfaction on customer loyalty of Beauty Diary Retail Chain in Yangon.

1.3   Scope and Method of the Study

This study focuses on the factors influencing customer satisfaction of Beauty Diary Retail Chain in Yangon. The descriptive and analytical research method is used in this study. It is a quantitative study where the structures questionnaires are given out to the respondents. The sampling method is systematic random sampling and the data is collected from customers at Sayarsan Branch, Hledan Center Branch and Pyay Road Branch among 8 branches of Beauty Diary Retail Chain in Yangon according to the differences in store situations such as parking spaces, updated furniture, store layouts and so on. The sample size of this research is 102 respondents who have previous shopping experience and are members of Beauty Diary Retail Chain. Data collection time is two days (two weekends) per week and at least 15 respondents per day for each branch. Five-point Likert scales questionnaires are used to examine the factors influencing customer satisfaction and the effect of customer satisfaction on customer loyalty. The mean value of each variable is calculated in this study. A linear regression method analysis (SPSS) is also conducted to find out the influencing factors on customer satisfaction and the effect of customer satisfaction on customer loyalty of Beauty Diary Retail Chain in Yangon.

In this study, both primary and secondary data are used. Primary data are collected from the sample respondents by using a structured questionnaire. Secondary data is obtained from international research papers, journals, articles, and reference textbooks. This study is limited only to Beauty Diary Retail Chain and it may imply that the result of this study cannot be applied to other cosmetics Retail Chains. This survey is conducted in August 2019.

1.4 Organization of the Study

This study is organized into five chapters. Chapter one introduces the rationale of the study, the objectives of the study, scope and method of the study and the organization of the study. Chapter two is the theoretical background regarding customer satisfaction and customer loyalty and factors influencing customer satisfaction. Chapter three presents the profile and antecedents of customer satisfaction of Beauty Diary Retail Chain in Yangon. Chapter four involves the analysis on customer satisfaction and customer loyalty of Beauty Diary Retail Chain in Yangon. Chapter five is the concluding chapter which includes findings and discussions, suggestions and recommendations and needs for further research.

CHAPTER 2

THEORETICAL BACKGROUND

This chapter is mainly about the theoretical background of this study. In this chapter, the theories, concepts, and definitions of customer satisfaction, customer loyalty, factors influencing customer satisfaction and the effect of customer satisfaction on customer loyalty are included. Then it is followed by the conceptual framework of the study.

2.1   Customer Satisfaction

Customer satisfaction is defined as a summary of responses which was created based on the customer's experience upon trying out a product or service. Yan and Chau (2013) have researched that customer satisfaction can also be referred to as a combination of customers' feelings about different dimensions whereas the customer is comparing the actual benefit and customer cost with the customer's own expected level of benefit to decide their satisfaction. If the presentation misses the mark regarding desires, the client is disappointed. In the event that the presentation coordinates the desire, the client is fulfilled. On the off chance that the presentation surpasses desires, the client is enchanted.

Customer satisfaction is meant to influence buyers repurchase intention through positive word of mouth while low customer satisfaction leads to negative word of mouth and a complaining behavior (Selvakumar, 2015). Customer satisfaction does have a positive effect on the profitability of an organization. As indicated by Hoyer and MacInnis (2001), fulfilled clients structure the establishment of any fruitful business as consumer loyalty prompts rehash buy, brand dedication, and positive verbal.

Delivering customer satisfaction can bring about accomplishing the long-term objectives of future profits and continued business sustainability. Furthermore, customer satisfaction upgrades repetitive buying behavior and the buying of different products at the same store (Chang and Tu, 2005). Chen-Yu and Hong (2002) found that the way where consumers spend their money is oriented towards increasing their satisfaction, a favored consequence of a marketing plan. Moreover, not only does satisfaction reinforce the

assurance or resolve to repurchase, but also loyalty to a store (Patterson and Spreng, 1997; Bloemer, Kasper, and Lemmink, 1990; Kincade, Redwine, and Hancock, 1992).

Customer satisfaction is a significant construct as satisfaction is a basic measure of a firm's success (Fonseca, 2009). The level of customer satisfaction has been shown to influence attitude and word of mouth communication (Sivadas and Baker-Prewitt, 2000), to be a good predictor of future purchase behavior (Garbarino and Johnson, 1999), (Kasper, 1988), to influence profit (Anderson et al., 1994), and, in the long run, to lead to store loyalty (Oliver, 2010). According to Kotler & Keller (2011), high customer satisfaction ratings are widely believed to be a leading indicator of a company's financial health.

Many corporations use client satisfaction as a paradigm for designation of product or service performance and even attach client satisfaction ratings to executive and employee compensation (Anderson and Sullivan, 1993). Retailers, therefore, recognize that customer satisfaction plays a key role in a successful business strategy (Gomez et al., 2004) and it is, therefore, crucial for managers to understand what drives customer satisfaction (Martinez-Ruiz et al, 2010).

2.2   Customer Loyalty

There is a wide variety of brands available these days. Therefore, maintaining customer loyalty is a very difficult challenge for many businesses and organizations. However, when customers feel satisfied with products/services, they will tend to be loyal to businesses and organizations. Customer loyalty is an entrenched commitment to rebuy or re-patronize a most popular product or service among the long run despite situational influences and marketing efforts having the potential to cause switching behaviors (Oliver, 1997), as cited in (Kotler & Keller, 2009). Ndubisi and Pfeifer (2005) mentioned that the cost of serving a loyal customer is five or six times less than serving a new customer. Walsh et al. (2005) additionally expected that it is smarter to care for the current clients before securing new clients.

Gee et al. (2008) listed the advantages of customer loyalty as follows: (1) the service cost of a loyal customer is less than new customers; (2) they will pay a higher cost for a set of products; and (3) for a company, the loyal customer will act as a word of mouth marketing agent. Moreover, Auh and Johnson (2005) defined store unwaveringness as the probability or inclination of repurchasing a particular item or service. It reflects that store

loyalty is a direct result of customer satisfaction and customer loyalty. Store loyalty provides the foundation of a company's growth and performance (Lee and Cunningham, 2001; Reichheld, 1996). Other researchers suggested that store loyalty is a behavioral construct. This includes client retention, repeat purchases and positive word of mouth (Hallowell, 1996; Liu and Wu, 2007).

Customer loyalty is a customer's readiness to purchase from or work with a brand over and over, and it is the aftereffect of a positive client experience, consumer satisfaction, and the estimation of the items or services the client gets from the transaction. Buyer steadfastness falls into the two classes of frame of mind and conduct. Before, numerous researchers characterized steadfastness in social terms. On the off chance that an individual made most buys in a given item class from one provider, paying little heed to the reason, the individual was characterized as steadfast. As Kumar and Shah (2004) from the University of Connecticut's School of Business pointed out, "a majority of existing loyalty programs follow these measures to reward behavioral loyalty. That is, the more you go through with the organization, the more rewards you win". The second element of loyalty is attitudinal loyalty. Like social dependability, attitudinal definitions have existed for quite a while. This second component of steadfastness centers on how solid the mental responsibility or connection is to the brand. Both behavioral loyalty and attitudinal loyalty are important in building long-term customer relationships. This is because both these concepts not only help in understanding customers' past behaviors but also are useful in predicting future patronage by the customer (Kumar and Shah, 2004).

2.3   Factors Influencing Customer Satisfaction

There are some significant differences among services and goods. The nature of services is impalpable; estimation of the quality can be increasingly confused. Service quality estimates how much the service conveyed meets the clients' desires. Service quality has been ending up progressively significant and specialist organizations ought to improve their service quality to increase supportable upper hand, consumer satisfaction, and client loyalty. Then the marketers need to find out the factors influencing customer satisfaction.

Figure 2.1: The RSQS Model
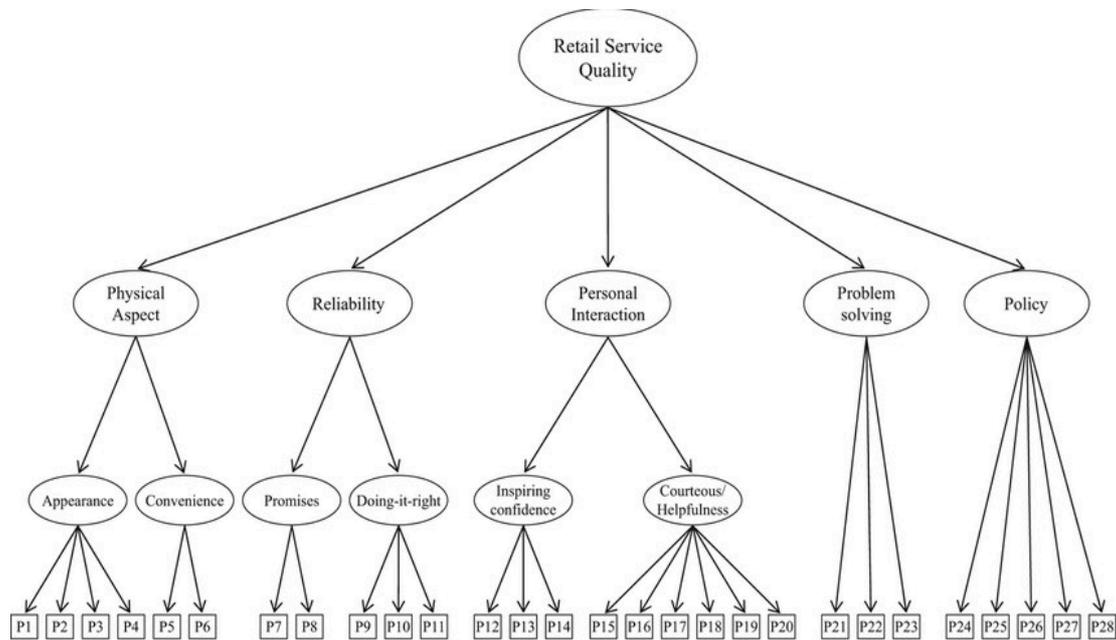
Source: Dabholkar et al. (1996)

The Retail Service Quality Scales (RSQS) is a performance-based measure of service quality which is specific to the retail context. Given the lack of theoretical support, Dabholkar, Thorpe and Rentz (1996) discovered the factor structure of service quality using a triangulation of research technique. It consisted of phenomenological interviews, exploratory in-depth interviews and a qualitative study pursuing the thought processes throughout an actual shopping experience at a store. Joining these findings, they projected a progressive component structure for retail service quality comprising of five measurements - Physical aspects, Reliability, Personal interaction, Problem solving and Policy. These are also alluded to as the second-order factors since they have sub-dimensions. Each of the initial three dimensions has two sub-dimensions each. These six sub-measurements are Appearance, Convenience, Promises, Doing-it-right, Inspiring confidence and Courteousness/helpfulness. According to Dabholkar, Thorpe and Rentz, (1996), factors such as physical aspects, reliability, personal interaction, problem-solving, and policy, which also are Retail Service Quality Scales (RSQS), are measured in order to know customers' satisfaction towards retail chains. In this study, all the factors mentioned above are discussed.

2.3.1 Physical Aspects

Physical aspects of retailers embody equipment and fixtures, physical facilities, materials associated with the store's service, the convenience of physical facilities and layouts. In addition to the presence of the facilities, it likewise considers the convenience offered the customer by the layout of physical facilities (Berry, 2004).

Bitner (1992) observed to physical/technical enablers using the term "servicescape" (a combination of service and landscape), including ambient conditions (temperature, air quality, and noise), space and function (layout, equipment, and furnishing), and signs and symbols (e.g. signage, style of decor, and personal artifacts). As such, physical/particular items or properties are significant measurements when making the conditions for a service experience (Bitner, 1992).

The retail store atmosphere additionally has been appeared to have a positive influence on consumers' patronage intentions (Baker et al., 1993).

Atmospheric cues consist of ambiance, design, and social elements (Baker, 1986). According to the research of Arun Sharma and Thomas F. Stafford (2000), store atmospherics can improve customers' quality recognitions, which lead, thus, to higher levels of persuasion. Thus, store conditions have become an undeniably important method of retail positioning (Levy and Weitz, 1995).

The environment of a store is a critical part of the shopping experience. The environment which is obtainable by a store can impact consumers' decision to visit the store (Kotler, 1973), and the retail environment can manage consumers' inferences about merchandise, service quality, and pleasure at the store (Mehrabian, 1974; Zeithaml, 1988).

2.3.2 Reliability

The reliability of retailers includes keeping promises to do something, providing the right service, available merchandise and blunder free deals exchanges and records (Mehrabian, 1974; Zeithaml, 1988). This dimension was similar to the reliability dimension of the SERVQUAL which included keeping promises and doing it right as sub-dimensions and the difference being that problem solving as part of reliability in the SERQUAL scale and in the RSQS, it is a separate dimension. Dabholkar, Thorpe and Rentz (1996) pointed out that keeping promises and doing it right was identified during their interviews and were

important sub dimensions. In their study of developed and developing countries, Malhotra et al. (1994), found that the reliability dimension aligned more with the environment with advanced technology, affluence, and competition, while service quality in developing markets should emphasize the personnel components of service.

2.3.3   Personal Interaction

The personal interaction dimension of retailers incorporates staffs having information to manage queries, inspiring confidence, providing prompt service, willing to react to customer's requests, giving customers individual attention, showing consistent courteously with customers and even treat customers properly on the phone (Mehrabian, 1974; Zeithaml, 1988). The role of interpersonal interaction in influencing customer satisfaction has been perceived in earlier literature on services marketing (Ndubisi, 2007). In contrast, for a business providing service in interactive encounters with customers, "personalization" rises as the most significant determinant of perceived service quality, and of customer satisfaction and other patronage indicators (Lassar, 1995). Thus, a significant factor in retail store loyalty is relational connections between retail salespeople and customers (Macintosh and Lockshin, 1997). This dimension was proposed as a separate dimension because interviews revealed the importance of feeling sure, feeling great when shopping at the store and the assist customers receive from employees of the store (Dabholkar et al., 1996). The personal interaction indicators included Knowledgeable, Courteous salespeople, and the Speed of Service provided (Dabholkar et al., 1996; Siu and Cheung, 2001).

2.3.4   Problem Solving

Problem solving incorporates handling of returns, exchanges, and complaints. The problem-solving dimension of retailers includes the readiness of retailers to handle returns and exchanges, sincere interest inside the downside and handling customer complaints directly and right away (Mehrabian, 1974; Zeithaml, 1988). The literature review also suggested the importance of returning and exchanging items and the way employees solve those problems (Dabholkar et al., 1996). This dimension aligned with the hierarchy value in that the legitimacy of the store, as the retailer of goods, made the store responsible for selling goods that perform as promised.

2.3.5 Policy

This dimension captures factors of service quality that are straightforwardly affected by retailers' policy. It includes high-quality merchandise, comfort of parking and operating hours as well as accepting major credit cards. Intangibles can likewise mirror the particular standards and estimations of an organization, e.g. its codes of conduct and corporate narratives (Enquist, 2002). This dimension was included based on literature reviews and the interviews (Dabholkar, Thorpe and Rentz, 1996). There was a general observation that consumer's impression of policy items falls outside the domain of service quality research. This view was based on the mixed nature of policy items as measures of service quality, product strategy and service convenience (Berry et al., 2002; Talarzyk and Blackwell, 1983; Wortzel, 1987).

2.4   The Effect of Customer Satisfaction on Customer Loyalty

Satisfaction is an attitude, whereas loyalty is depicted as a conductor. Chen and Wang (2009) prompt a view of customer satisfaction as a form of consistency evaluation between previous expectations and perceived service performance. Accordingly, the positive assessment of the product or service that the customer obtains is a significant reason to proceed a relationship with a company's service or products, and an important pillar that upholds loyalty.

Satisfied customers are thus more likely to repurchase, lower their price sensitivity, engage in positive word-of-mouth recommendations, and become loyal customers (Chen and Wang, 2009). The level of customer satisfaction increases significantly when the customers find themselves comfortable and highly satisfied with the product or service whereas if the customer loyalty is affected negatively through product or service then the level of customer satisfaction drops in a rapid way.

Customer satisfaction and loyalty ought to be consolidated into the long-haul objective of a business. Customer satisfaction is a key component for each association wishing to build client dependability and make a superior business accomplishment. Satisfaction does not consequently prompt loyalty it needs a step by step process. Steps are depicted as clients experiencing various stages such as awareness, exploration, expansion, commitment, and dissolution (Arantola, 2000). Customer loyalty can be considered to be a by-product of customer satisfaction. The satisfaction of business customer prompts

customer loyalty (Fornell, 1992). Customer loyalty increases considerably once satisfaction accomplishes at a precise level and at the same time customer loyalty declines automatically if the satisfaction level drops to a certain point. Moreover, highly satisfied customers are having a tendency to be more faithful than the customers who are merely satisfied. In general, unmistakably there is a critical positive connection between customer satisfaction and customer loyalty. Customer loyalty leads to an expansion in both sales and profitability (Chi, 2005).

Customer satisfaction and customer loyalty are two important aspects of the success of an organization (Long and Khalafinezhad, 2012). To achieve customer loyalty and customer satisfaction, the authors believe that there should be a positive impact on customer relationship management. Long and Khalafinezhad (2012), in their study to find how the customer relationship management can influence customer satisfaction and loyalty, the authors found out that certain elements linked closely with both customer satisfaction and customer loyalty which are the development of relationships, the overall behavior of employees, interaction management and the quality of customer service.

2.5   Conceptual Framework of the Study

Customer satisfaction and customer loyalty play a vital role in the success of a business. This conceptual framework for this research study is the combination of theoretical reviews and previous researches. The significant relationship between customer satisfaction and customer loyalty has been proved by previous studies. The conceptual framework of the study is as per the following.

Figure 2.2: Conceptual Framework of the Study

Source : Own Compilation (2019)
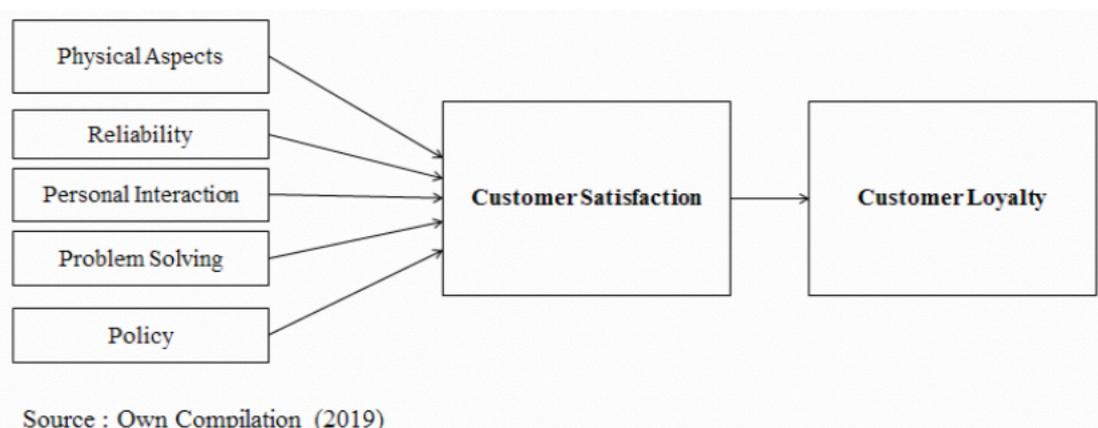
According to the conceptual framework mentioned above, physical aspects, reliability, personal interaction, problem-solving and policy are the factors influencing customer satisfaction and customer satisfaction has an effect on customer loyalty. This conceptual framework is about the factors influencing customer satisfaction and the effect of customer satisfaction on customer loyalty.

CHAPTER 3

PROFILE AND ANTECEDENTS OF CUSTOMER SATISFACTION OF BEAUTY DIARY RETAIL CHAIN IN YANGON

This chapter is divided into three sections. The first section is the introduction of Beauty Diary Retail Chain. The second section includes research design and reliability analysis. The third section examines the demographic factors of respondents and is presented with a number of respondents and percentages. Moreover, the third which also is the last section analyzes the antecedents of customer satisfaction, is shown with mean scores and the standard deviation is presented based on the findings.

3.1 Profile of Beauty Diary Retail Chain

Established in 2015, Beauty Diary Co., Ltd., which also is Myanmar's Largest Cosmetics Specialty Retail Chain, is a cosmetics and health products retailer and distributor. Today, Beauty Diary remains as a one-stop Health and Beauty Chain store with 5 working branches in key vital areas all through Yangon. Carrying over 200 cosmetics, skincare, and personal care brands, Beauty Diary stores highlight an assortment of products from value and affordable to prestigious and luxury brands. Beauty Diary provides products from drugstore brands to high-end brands. Nowadays, many local cosmetics brands like SAI Cosmetix, MOEZY, Pantra Beauty, etc. are available at Beauty Dairy. The foreign brands that are also available at Beauty Diary are as presented in Figure 3.2 in Appendix C. The branches of Beauty Dairy are as follows.

Figure (3.1) Branches of Beauty Diary
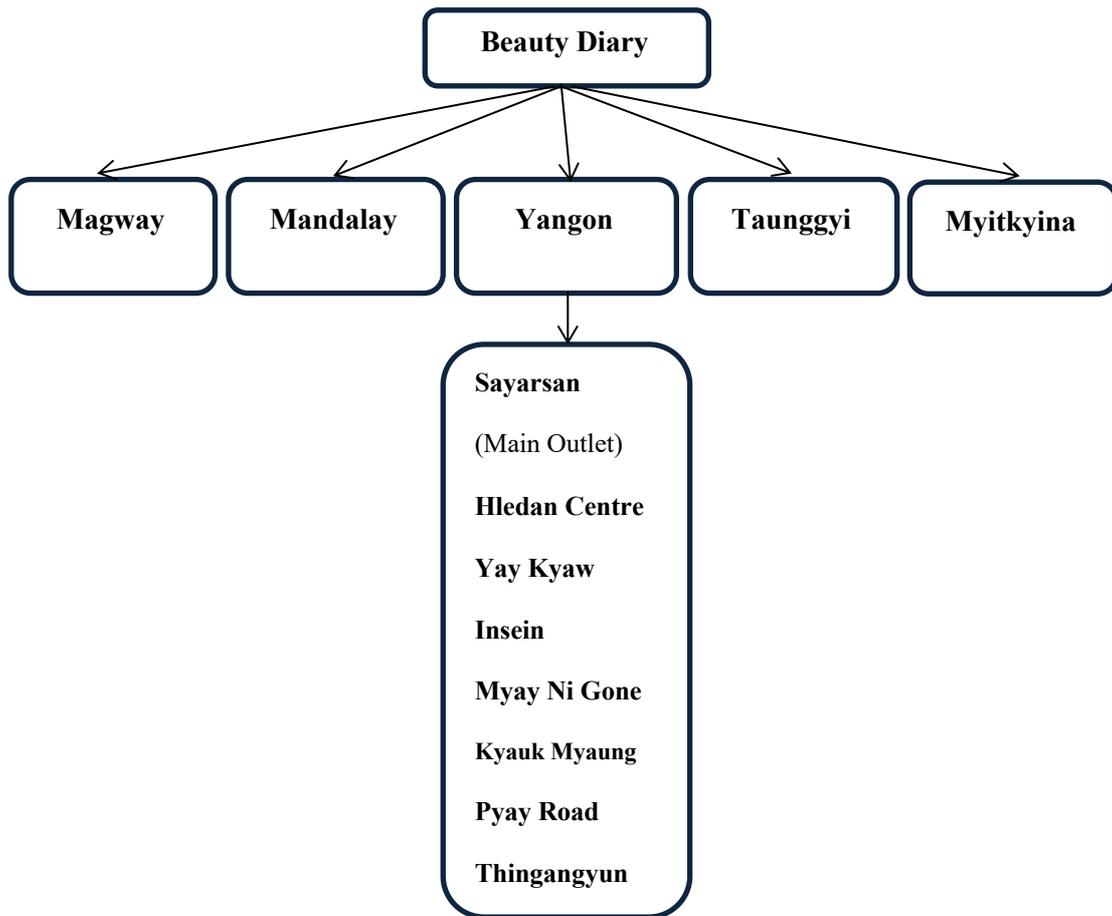
Source: Shwe Pyi Nann Website (2019)

There are 12 branches of Beauty Diary in Myanmar. Eight branches are in Yangon and each in Magway, Mandalay, Taunggyi and Myitkyina. Among eight branches in Yangon, Sayarsan branch is the main outlet of Beauty Diary Retail Chain.

3.2 Research Design

This study focuses on examining the factors influencing customer satisfaction of Beauty Dairy Retail Chain and analyzing the effect of customer satisfaction on customer loyalty of Beauty Diary Retail Chain in Yangon. The analytical research method is utilized in this study. To achieve these objectives, both primary and secondary data are used in this study. Secondary data are obtained from textbooks, previous research papers and internet websites.

Primary data is especially meant for making a survey using a structured questionnaire to a total of 102 respondents. To obtain the primary data, the respondents at

Sayarsan, Hledan Centre and Pyay Road Branches of Beauty Diary Retail Chain were asked whether they are satisfied and loyal to Beauty Diary Retail Chain or not. Since the daily customers on weekends who visit and shop at the above branches of Beauty Diary Retail Chain and who also are the members, are around 204 customers, in order to get a positive implication, 50% of daily customers on weekends are regarded to be the sample size. Therefore, the sample size of this study is only 102 respondents. The respondents were being surveyed with the systematic survey questionnaire in Yangon. The systematic random sampling method is being used.

After the survey data were collected, the results were being entered into SPSS which is a data management and statistical analysis tool which has a very versatile data processing capability, to analyze the results and test the reliability analysis. A descriptive and analytical research method was used in this study. Descriptive research aims to describe characteristics of consumer behavior and to count frequency in consumer behavior. The survey questionnaire used for this study consists of three main sections. Section (A) involves the questions for demographic (personal) information. In Section (B), there are questions for the factors influencing customer satisfaction. Section (C) involves the questions for customer satisfaction and customer loyalty of Beauty Diary Retail Chain. The questions in Section (A) are closed questions where the respondents are required to choose one or more out of given possible answers. Those in Section (B) and Section (C) are measured with a five-point Likert scale ranging from "strongly disagree to strongly agree" (1 = strongly disagree to 5 = strongly agree). In this chapter, all parts of the profile of the respondents are discussed by the Descriptive Research Method.

3.3   Reliability Analysis

Reliability alludes to the degree to which a scale produces predictable outcomes if the estimations are rehashed on various occasions. Reliability analysis is controlled by getting the extent of precise variety on a scale, which should be possible by deciding the relationship between the scores got from various organizations. In this way if the relationship in reliability analysis is high, the scale yields steady outcomes and is in this way solid. The Reliability Analysis technique ascertains various ordinarily utilized proportions of scale dependability and furthermore gives data about the connections

between individual things in the scale. Cronbach's Alpha is a model of interior consistency, in view of average inter-item correlation.

Table (3.1) Reliability Analysis

Category	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items	Interpretation
Physical Aspects	0.836	0.836	6	Good
Reliability	0.797	0.801	5	Good
Personal Interaction	0.930	0.933	9	Excellent
Problem Solving	0.783	0.785	3	Acceptable
Policy	0.772	0.784	5	Acceptable

Source: Survey Data (2019)

Table (3.1) showed that Cronbach's Alpha of all the factors in this study was more than 0.6. Therefore, it can be interpreted that the data is considered to be reliable and valid.

3.4 Demographic Factors of Respondents

According to the survey data, the respondents' demographic (personal) factors are divided into five categories such as gender, age, education, occupation, and income level. All of these categories are discussed in Table (3.2) as follows. The data are presented in terms of number and percentage as below.

Table (3.2) Demographic Factors of Respondents

Demographic Factors	Description	No. of Respondents	Percentage (%)
	Total	102	100.00
Gender	Male	12	11.76
	Female	90	88.24
Age (Years Old)	Under 21 years	5	4.90
	21-25 years	55	53.93
	26-30 years	23	22.55
	31-35 years	5	4.90
	36-40 years	7	6.86
	Above 40 years	7	6.86
Education	Undergraduate	2	1.96
	Graduate	61	59.80
	Postgraduate	39	38.24
Occupation	Student	26	25.49
	Self-Employed	20	19.61
	Salaried Worker	56	54.90
Income (MMK)	Under 100,000 MMK	7	6.86
	100,000-300,000 MMK	31	30.39
	300,001-500,000 MMK	18	17.65
	500,001-700,000 MMK	21	20.59
	Above 700,000 MMK	25	24.51

Source: Survey Data (2019)

As shown in Table (3.2), there is no gender bias in selecting the respondents for the research. In this study, female respondents are more than male respondents because the female population is higher than the male population according to the Myanmar population and females are more interested in skincare and cosmetics shopping. Then, six different age groups are surveyed for this research. The largest distribution of the respondents is the group of respondents who are between 21 and 25 years old. The second largest group is who are between 26 and 30 years old. The third place is occupied by the group of respondents who are both between 36 and 40 years old and above 40 years old. The fourth, as well as the smallest portion of distribution, are respondents who are in the age group of

under 21 and between 36 and 40 years old. Therefore, it can be verified that young people between 21 and 25 years old like to go skincare and cosmetics shopping at a specialty store.

The education level of the respondents is divided into four groups such as high-school graduate, undergraduate, graduate and postgraduate. From the survey of 102 respondents, the majority of the education level of the respondents is graduates. The second largest group is postgraduates. The education level of the minority is undergraduates. It indicates that almost all of the consumers are well educated and the only tiny number is undergraduates.

In this study, the four groups of classification of the occupation of the respondents are student, dependent, self-employed and salaried worker. The majority of the respondents' occupation is the salaried worker and the second is the group of students. The third largest group is self-employed. The smallest portion is dependents and there are no dependents at all. This result represents that most of the consumers of Beauty Diary are salaried workers since the companies these days provide attractive salaries to employees and the employees need to put on makeup to work every day. Moreover, one interesting hobby of women which is also stress-relieving is skincare and cosmetics shopping with friends.

As for the income, the monthly income levels of respondents are divided into five groups. The majority of respondents' income is between 100,000 and 300,000 MMK. The second largest group is the respondents with above 700,000 MMK of monthly income, followed by the respondents with monthly income between 500,001 and 700,000 MMK and between 300,001 and 500,000 MMK. The minority is the respondents with income under 100,000 MMK. Therefore, it indicates that most of the respondents who shopped skincare and cosmetics at Beauty Diary have an income level between 100,000 and 300,000 MMK in this study and are seemed to be fond of skincare and cosmetics shopping.

It can be concluded that the age of 21 to 25 years, graduate, salaried worker, female customers with income level between 100,000 and 300,000 MMK are the majority of the consumers of Beauty Diary Retail Chain in Yangon.

3.5   Antecedents of Customer Satisfaction of Beauty Diary Retail Chain

In this topic, the factors influencing customer satisfaction and customer loyalty of Beauty Diary Retail Chain will be analyzed. According to the conceptual framework in Chapter (2), the factors influencing customer satisfaction of Beauty Diary Retail Chain and comparison of influencing factors were analyzed. The mean value and standard deviation of each factor were used to analyze the Likert scale questions. The results are presented in Table (3.3), (3.4), (3.5), (3.6) and (3.7) as follows.

3.5.1   Physical Aspects

The following Table (3.3) shows the mean value and standard deviation of physical aspects factor that influence consumer satisfaction of Beauty Diary Retail Chain. In the physical aspects category, there are six questions to analyze. The mean values and standard deviation of each and overall mean are shown as follows.

Table (3.3) Physical Aspects

No.	Description	Mean	Standard Deviation
1.	Modern looking equipment and fixtures	3.59	0.85
2.	Attractiveness of store and its physical facilities	3.49	0.85
3.	Visually appealing store materials	3.45	0.90
4.	Clean, attractive and convenient physical facilities	3.61	0.96
5.	Convenient store layout to find things	3.59	1.03
6.	Convenient store layout to move around	3.44	0.95
	Overall Mean	**3.53**	

Source: Survey Data (2019)

As shown in Table (3.3), most of the respondents agree with all six statements and their mean value is more than 3. The mean score of clean, attractive and convenient physical facilities is the highest mean score. The second highest mean score is the mean value of modern looking equipment and fixtures and convenient store layout to find things are the

highest mean scores. It indicates that the respondents visit and shop at Beauty Diary because the store provides modern looking equipment and fixtures and its store layout is convenient enough to find things. Followed by them is the mean value of clean, attractive and convenient physical facilities (restrooms, corners with mirrors for product testing). It means that all physical facilities the store provides are clean, attractive and convenient to use. The overall mean value of the physical aspects factor is 3.53 which means the physical aspects factor has a positive influence on the customer satisfaction towards Beauty Diary Retail Chain. Therefore, the customers are pleased with all physical aspects such as modern looking equipment and fixtures, attractiveness of store and its physical facilities, visually appealing store materials, clean, attractive and convenient physical facilities, convenient store layout to find things and convenient store layout to move around.

3.5.2 Reliability

The following Table (3.4) shows the mean value and standard deviation of the reliability factor and there are five questions to analyze. The mean values and standard deviation of each question and overall mean are shown below.

Table (3.4) Reliability

No.	Description	Mean	Standard Deviation
1.	Keeping promise at a certain time	3.28	0.77
2.	Providing services at the time it promises	3.48	0.81
3.	Performing service at right the first time	3.43	0.86
4.	Availability of merchandise	3.36	0.93
5.	Insisting on error-free sales transactions and records	3.23	0.99
	Overall Mean	**3.36**	

Source: Survey Data (2019)

As mentioned in Table (3.4), it is found that the respondents are recognized the reliability of Beauty Diary Retail Chain with the overall mean value of 3.36 because the value is above the neutral score of 3. The highest mean value is from providing services at the time it promises which means that the customers are highly satisfied with the store's

way of keeping promises. The second highest score comes from performing the services right. It can be said that the store provides its services right even the first time. The third highest score is the mean value of the availability of merchandise. The lowest mean value score is insisting on error-free sales transactions and records where the mean value is 3.06. It can be concluded that the reliability of Beauty Diary Retail Chain is high based on the above facts. Moreover, the customers are mostly fascinated by the store's keeping promises, performing services right the first time, the availability of merchandise and keeping promises at a certain time.

3.5.3   Personal Interaction

Table (3.5) analyzes the mean value and standard deviation of the personal interaction factor and there are nine questions to analyze. The mean values and standard deviation of each question and overall mean are shown below.

Table (3.5) Personal Interaction

No.	Description	Mean	Standard Deviation
1.	Knowledgeable employees to answer customer's question	3.28	0.89
2.	Behavior of employees instills confidence	3.07	0.93
3.	Feeling safe in transactions	3.58	0.91
4.	Prompt service	3.37	0.97
5.	Ability to tell customers about the exact service	3.29	1.00
6.	Welcoming customers' requests	3.23	1.00
7.	Customers' individual attention	3.33	1.01
8.	Courteous employees in store	3.33	0.92
9.	Courteous employees on phone	3.34	0.87
	Overall Mean	**3.32**	

Source: Survey Data (2019)

As shown in Table (3.5), the overall mean value of the personal interaction factor is 3.32 and since the value is above the natural score of 3, the respondents agree with all

nine statements. The mean value of feeling safe in transactions is the highest which is 3.58. It indicates that the respondents shop at Beauty Diary Retail Chain because the store gives the feeling of being safe in transactions. The second highest mean score is the mean value of immediate service, followed by the mean value of giving customers individual attention. The mean score of courteous employees on phone is the third highest mean score. The lowest mean score is the mean score of the behavior of employees instills confidence. However, the overall mean value of personal interaction factors shows that this factor influences positively on customer satisfaction towards Beauty Diary Retail Chain. Moreover, the customers feel safe in transactions, feel satisfied with the store's prompt service, enjoy the staffs' courteousness both on phone and in store and the individual attention given by the store's staffs.

3.5.4 Problem Solving

Table (3.6) presents the mean value and standard deviation of the problem-solving factor and there are three questions to analyze. The mean values and standard deviation of each question and overall mean are shown below.

Table (3.6) Problem Solving

No.	Description	Mean	Standard Deviation
1.	Willingness in handling returns and exchanges	3.25	0.86
2.	Sincere interest in solving problems	3.20	0.77
3.	Ability to handle customer complaints	3.11	0.90
	Overall Mean	**3.17**	

Source: Survey Data (2019)

According to Table (3.6), most of the respondents agree with three of the statements and their mean value is more than 3. The mean value of willingness in handling returns and exchanges is the highest. It indicates that the respondents are extremely satisfied with the willingness of Beauty Diary Retail Chain in handling returns and exchanges. The second highest mean score is the mean value of sincere interest in solving problems and the lowest mean score is that of the ability to handle customer complaints which means the ability to

handle complaints is neutral for the respondents. However, the overall mean value of a problem-solving factor is 3.17 which shows this factor has a positive influence on customer satisfaction towards Beauty Diary Retail Chain. It can be assumed that the customers are unconcerned much about the ability to handle customer complaints, they are just attached to the willingness in handling returns and exchanges and sincere interest in solving problems.

3.5.5   Policy

Table (3.7) presents the mean value and standard deviation of the policy factor and there are five questions to analyze. The mean values and standard deviation of each question and overall mean are shown below.

Table (3.7) Policy

No.	Description	Mean	Standard Deviation
1.	High-quality merchandise	3.69	0.77
2.	Plenty of convenient parking	3.36	0.99
3.	Convenient operating hours	3.90	0.76
4.	Accepting all major credit cards	3.56	0.95
5.	Own member card	3.67	1.05
	Overall Mean	**3.64**	

Source: Survey Data (2019)

As shown in Table (3.7), the respondents agree with all of the statements of policy factor and all of the mean value is more than 3. The highest mean value is the convenience of operating hours that indicates the operating hours of Beauty Diary are essential for the customers. The mean value of high-quality merchandise is the second highest. It can be said that the store provides high quality merchandise. The third highest mean score comes from having its own member card, followed by the mean value of accepting all major credit cards. It can be concluded that the overall mean value of the policy factor is 3.64 which means the policy factor has a positive influence on customer satisfaction towards Beauty

Diary Retail Chain. Moreover, the customers are satisfied with convenient operating hours, high-quality merchandise, acceptability of own member card and all major credit cards which is more convenient for customers in making transactions.

3.5.6 Summary of Influencing Factors

The following Table (3.8) represents the summary of the mean value of influencing factors such as physical aspects, reliability, personal interaction, problem solving and policy.

Table (3.8) Summary of Influencing Factors

No.	Description	Mean
1.	Physical Aspects	3.53
2.	Reliability	3.36
3.	Personal Interaction	3.32
4.	Problem Solving	3.17
5.	Policy	3.64

Source: Survey Data (2019)

Results shown in Table (3.8) indicate that the policy factor is slightly higher than the physical aspects factor. After the physical aspects factor is the reliability factor followed by the personal interaction and the problem-solving factors. According to the result, the respondents shop skincare and cosmetics at Beauty Diary Retail Chain because of the policy, physical aspects, and reliability. Therefore, it can be assumed that the policy has the highest influence on consumer satisfaction towards Beauty Diary Retail Chain.

CHAPTER 4

ANALYSIS ON CUSTOMER SATISFACTION AND CUSTOMER LOYALTY OF BEAUTY DIARY RETAIL CHAIN IN YANGON

In this chapter, the analysis on the effect of customer satisfaction on customer loyalty of Beauty Diary Retail Chain in Yangon is covered. This chapter consists of four parts. In the first part, the mean value and standard deviation of customer satisfaction towards Beauty Diary Retail Chain is presented. In the second part, influencing factors on customer satisfaction of Beauty Diary Retail Chain is analyzed. The third part presents the mean value and standard deviation of respondents' customer loyalty and the final part analyses the effect of customer satisfaction on customer loyalty of Beauty Diary Retail Chain in Yangon.

4.1 Analysis on Factors Influencing Customer Satisfaction of Beauty Diary Retail Chain

This section analyzes the influencing factors on customer satisfaction and explores the most influencing factors on customer satisfaction. The five factors which are physical aspects, reliability, personal interaction, problem-solving and policy are analyzed.

4.1.1 Customer Satisfaction of Beauty Diary Retail Chain

The following Table (4.1) shows the mean value and standard deviation of customer satisfaction of Beauty Diary Retail Chain. There are five questions to be analyzed. The mean values and standard deviation of each and overall mean are shown as follows.

Table (4.1) Customer Satisfaction

No.	Description	Mean	Standard Deviation
1.	Enjoying at this store	3.37	0.91
2.	Feeling pleased for visiting this store	3.56	0.96
3.	Visiting this store is a wise decision	3.44	0.93
4.	Product quality and services of this store meet customer expectations	3.53	0.85
5.	Overall satisfaction of this store	3.50	0.88
	Overall Mean	**3.48**	

Source: Survey Data (2019)

As shown in Table (4.1), the respondents agree with all of the statements of customer satisfaction and all of the mean value is more than 3. Three of the mean values are above 3.5. Although all of the mean values are above 3, the overall mean value is 3.48 which means that the respondents are slightly satisfied with the decision to visit and shop at Beauty Diary Retail Chain. Therefore, the customer satisfaction level on Beauty Diary Retail Chain is moderate because services and product quality of the store meet customers' expectations.

4.1.2 Factors Influencing Customer Satisfaction

This section analyzes the influencing factors on customer satisfaction and explores the most influencing factors on customer satisfaction. The five factors which are physical aspects, reliability, personal interaction, problem solving and policy will be analyzed. To know the detail about this, the linear regression method is used. The result is shown in Table (4.2).

Table (4.2) Analysis on Factors Influencing Customer Satisfaction

Model	Unstandardized Coefficient		Standardized Coefficients	t	Sig	VIF
	B	Std. Error	Beta			
(Constant)	-0.494	0.260		-1.902	0.060	
Physical Aspects	0.423***	0.077	0.372	5.472	0.000	1.712
Reliability	0.526***	0.111	0.438	4.759	0.000	3.137
Personal Interaction	0.122	0.093	0.125	1.313	0.192	3.355
Problem Solving	-0.088	0.092	-0.079	-0.954	0.343	2.545
Policy	0.162*	0.085	0.137	1.906	0.060	1.898
R	0.860					
R Square	0.740					
Adjusted R Square	0.727					
F Value	54.725***					
Durbin-Watson	2.063					

Source: Survey Data (2019)

Notes: *** Significant at 1% level; ** Significant at 5% level; * Significant at 10% level

In Table (4.2), R Square is at 74 percent and Adjusted R Square is at 72.7 percent respectively. This indicates that the model can explain 72.7 percent about the variance of the dependent variable (Customer Satisfaction) with the independent variable (Physical Aspects, Reliability, Personal Interaction, Problem Solving, and Policy). The F Value which is the overall significance of the models turned out to be significant at a 1% level. The value of Durbin-Watson is 2.063 and since it is between 1.5 and 2.5, the sample is enough.

With respect to potential problems relating to multicollinearity, variance inflation factors (VIF) were used to provide information on the extent to which non-orthogonality among independent variables inflate standard errors. As can be seen from Table (4.2), the VIF values stand below the cut-off value of 10 which means the independent variables are not correlated with each other. Therefore, there are no considerable multicollinearity problems experienced in this study. This implies that there is no relationship between independent variables.

Two variables among five are strongly significant and one is slightly significant while the other one is not significant by the regression analysis table. Therefore, physical aspects, reliability, and policy have a positive significant effect on customer satisfaction. Physical aspects and reliability are significant at a 1% confidence level while the policy is significant at a 10% confidence level. It shows that physical aspects, reliability and policy increase customer satisfaction. Every one-unit increase in physical aspects helps customer satisfaction to increase by 0.423. One unit increase in reliability will lead to 0.526 rises in customer satisfaction. Furthermore, increasing one unit of policy will improve customer satisfaction by 0.162. The higher the physical aspects, reliability, and policy, the more the customers get satisfied.

On the other hand, the other two factors, personal interaction and problem-solving, are not significant at any significant level. It means that personal interaction and problem-solving factors do not have an impact on customer satisfaction of Beauty Diary Retail Chain. Customer satisfaction will not increase or decrease due to personal interaction and problem-solving factors.

To sum up, physical aspects, reliability, and policy have significant effect while personal interaction and problem-solving do not have a significant effect on customer satisfaction in this research. Moreover, according to the regression coefficient (beta), reliability is the most important factor for customer satisfaction, physical aspects rank second place and policy is in third place. According to the T-test result that explains the significance of coefficients, reliability has a more positive effect on customer satisfaction, whereas policy has the lowest impact on customer satisfaction. It can be summarized as the retail chain offers the most reliability which is keeping the promise to do something by a certain time, performing the service right, availability of merchandise and insisting on error-free sales transactions and records. Moreover, the customers are pleased with the store's present looking equipment, fixtures, and clean, attractive and convenient physical

facilities. Finally, the store's high-quality merchandise, convenient parking, convenient operating hours and acceptability of cards draw customer satisfaction.

4.2   Analysis on the Effect of Customer Satisfaction on Customer Loyalty of Beauty Diary Retail Chain

This section analyzes the effect of customer satisfaction on customer loyalty. In order to examine the detail about this, the linear regression method is used.

4.2.1   Customer Loyalty of Beauty Diary Retail Chain

The following Table (4.3) shows the mean value and standard deviation of consumer loyalty of Beauty Diary Retail Chain. The indicators of customer loyalty are the final set of items included in the analysis. There are four questions to be analyzed. The mean values and standard deviation of each and overall mean are shown as follows.

Table (4.3) Customer Loyalty

No.	Description	Mean	Standard Deviation
1.	Willingness to revisit Beauty Diary	3.61	0.86
2.	Eagerness to recommend Beauty Diary to friends and others	3.53	0.96
3.	Feeling right choosing Beauty Diary	3.52	0.88
4.	Desire to choose Beauty Diary in the future	3.38	1.05
	Overall Mean	**3.52**	

Source: Survey Data (2019)

As shown in Table (4.3), the respondents agree with all of the statements of customer loyalty and all of the mean value except one is more than 3.5. The largest mean value comes from statement 1 which means that the customers will continue to visit Beauty Diary again mainly because of the clean, attractive and convenient physical facilities. Then the respondents are willing to recommend Beauty Diary to friends and others according to the reliable service and it is the second-largest mean value. Furthermore, the respondents

think they have the right choice by shopping at Beauty Diary and will choose Beauty Diary in the future. Since the overall mean value for customer loyalty is 3.52, Beauty Diary Retail Chain has slightly high customer loyalty. The obvious reason is that the customers are satisfied with the physical aspects, reliability, and policy. Moreover, they are satisfied with the store and the overall result represents that consumers will always choose Beauty Diary to shop again and they will recommend Beauty Diary to their friends and family by saying positive things.

4.2.2 The Effect of Customer Satisfaction on Customer Loyalty

In order to find out the effect of customer satisfaction on customer loyalty of Beauty Diary Retail Chain, the regression model is used to analyze the findings of the survey collected from the respondents. The result of the effect of customer satisfaction on customer loyalty of Beauty Diary Retail Chain is shown in the following Table (4.4).

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

Model	Unstandardized coefficient		Standardized Coefficients	t	Sig	VIF
	B	Std. Error	Beta			
(Constant)	0.571	0.235		2.430	0.017	
Customer Satisfaction	0.848***	0.066	0.789	12.858	0.000	1.000
R	0.789					
R Square	0.623					
Adjusted R Square	0.619					
F Value	165.324***					
Durbin-Watson	1.755					

Source: Survey Data (2019)

Notes: *** Significant at 1% level; ** Significant at 5% level; * Significant at 10% level

In Table (4.4), R Square and Adjusted R Square are at 62.3 percent and 61.9 percent respectively. This indicates that the model can explain 61.9 percent of the variance of the

dependent variable (Customer Loyalty) with the independent variable (Customer Satisfaction). The value of the F-test, the overall significance of the models, turned out to be highly significant at 1% level. The value of Durbin-Watson is 1.755 and since it is between 1.5 and 2.5, the sample is enough.

With respect to potential problems relating to multicollinearity, variance inflation factors (VIF) were used to provide information on the extent to which non-orthogonality among independent variables inflate standard errors. As can be seen from Table (4.4), the VIF value stands at 1.000 below the cut-off value of 10 which means the independent variables are not correlated with each other. Therefore, there are no considerable multicollinearity problems experienced in this study. This implies that there is no correlation between the independent variables.

Customer satisfaction is positively high significant at a 1% confidence level. It means that one unit of customer satisfaction can lead to 0.848 increase in customer loyalty. Overall evaluation reveals that the model explains the customer loyalty well because the estimation produces expected signs and significant coefficient for customer satisfaction. The conclusion is that there is a positive effect on customer satisfaction and customer loyalty of Beauty Diary Retail Chain in Yangon because they are satisfied with the store's physical aspects, the ability of keeping the promise, the availability of high-quality merchandise and convenient operating hours. Therefore, the store receives customer satisfaction and customer satisfaction can get customer's revisit intention and level of loyalty.

CHAPTER 5

CONCLUSION

This chapter is the conclusion of the study that includes the findings and discussions about the previous chapters, the suggestions and recommendations of the study and the needs for further research of the study. Findings and discussions are based on the influencing factors on customer satisfaction and the analysis on the effect of customer satisfaction on customer loyalty of Beauty Diary Retail Chain in Yangon. Suggestions and recommendations and needs for further research are based on the result of the findings.

5.1 Findings and Discussions

The main objectives of the study are to examine the factors influencing customer satisfaction and to analyze the effect of customer satisfaction on customer loyalty of Beauty Diary Retail Chain in Yangon. Customer satisfaction and customer loyalty is one of the significant concepts in consumer behavior as well as in business practice and academic research. It assists the organization to create differentiation from their competitors and modify their provided services to retain the customers in the aggressive market.

As a result of descriptive findings, the respondents have slight satisfaction towards Beauty Diary Retail Chain. This means that the customers are slightly satisfied with this store. Moreover, the customers enjoy and feel pleased with this store and they still believe that the store's service meets their expectations.

For the first objective of the study, customer satisfaction is measured by five determinants which are physical aspects, reliability, personal interaction, problem-solving, and policy in this study and the results, several major discussions are evolved.

The policy of Beauty Diary is obviously found as a critical factor of customer satisfaction of Beauty Diary Retail Chain according to the result of the research. In general, most of the respondents are agreed that the policy the store provided is the availability of convenient working hours, high-quality merchandise and providing own member card. It can be stated that most of the customers are highly satisfied with the policy of Beauty Diary Retail Chain with the highest mean value.

As for physical aspects, the customers are pleased with the cleanliness, attractiveness and convenience physical facilities of the store. The existence of modern-looking equipment and fixtures and the convenience store layout to find things also met customer satisfaction. Moreover, the attractiveness of the store and its physical facilities also affects the customer satisfaction of Beauty Diary Retail Chain.

With respects to the survey result, the customers are delighted with the reliability of store provided. The services provided at the time it promises by the Beauty Diary Retail Chain can attract the customers and the customers agree that the store's services and merchandise availability are reliable. Therefore, the role of reliability plays a significant role in customer satisfaction towards Beauty Diary Retail Chain.

According to the result of personal interaction, the customers enjoy safety in making transactions. The store's prompt service can also meet customer expectations. The courteousness of employees both on the phone and in-store and the customers' individual attention given by the employees attract customer satisfaction. Therefore, personal interaction is one of the influencing factors on customer satisfaction of Beauty Diary Retail Chain.

As for problem solving, its mean score is relatively low compared to other factors although the customers are satisfied with all three statements, the willingness in handling returns and exchanges, the sincere interest in solving problems and the ability to handle customer complaints. This means that problem-solving has a moderate influence on customer satisfaction.

As for the second objective of the study according to the mean value of customer loyalty, respondents are still willing to continue to visit Beauty Diary Retail Chain in the future, they also want to share their shopping experience with others and recommend them to go visit Beauty Diary. These determinations are based on customer satisfaction and the owners of the store need to encourage in gaining customer satisfaction towards Beauty Diary Retail Chain.

This study found out that policy, physical aspects and reliability have a significant positive effect on customer satisfaction towards Beauty Diary Retail Chain as stated in the statistical analysis on the factors influencing customer satisfaction. Personal interaction and problem-solving do not have a significant coefficient with the customer satisfaction of Beauty Diary Retail Chain according to the analytical research result of this study.

From the analysis on the effect of customer satisfaction on customer loyalty, it is found that customer satisfaction has a positive effect and is highly significant with the customer loyalty of Beauty Diary Retail Chain. Therefore, it can be concluded that there is a positive effect of customer satisfaction on customer loyalty of Beauty Diary Retail Chain in this study.

5.2   Suggestions and Recommendations

As for the first objective of the study, it can be found that policy has a highly significant impact on customer satisfaction and customer loyalty of Beauty Diary Retail Chain in Yangon according to the research result. Therefore, the store's authorized person should try to keep the store's policy points the customers feel satisfied with as it is. Moreover, the authorized person should make some improvements in the availability of convenient parking and acceptability of all major credit cards to enhance the policy factor to meet customers' satisfaction.

The factor, physical aspects also have a positive impact on customer satisfaction and customer loyalty of Beauty Diary Retail Chain in Yangon. Thus, the store's authorized person should maintain the cleanliness, attractiveness, convenience of physical facilities, the presence of modern-looking equipment and fixtures, the convenient store layout to find things and attractiveness of the store and its physical facilities in order to make differentiation from the competitors in the competitive market. The authorized person should also make improvements in creating convenient store layout to move around and presenting visually appealing store materials.

According to the finding of this study, the authorized person of the store should take some considerations into reliability factors since the reliability factor also has a significant impact on customer satisfaction and customer loyalty. Therefore, the authorized person and the staffs of the store should keep up with their process in making the store reliable especially with providing service at the time it promises, performing service right at the first time and availability of merchandise because the customers evaluate the reliability based on these elements. Furthermore, they should put more effort in insisting on error-free sales transactions and records and keeping their promise at a certain time.

As the other factors such as personal interaction and problem-solving do not have good impacts on customer satisfaction and customer loyalty, there are a lot of

improvements need to be done to these factors. Since the customers gain confidence depending on the behavior of employees and the customers really care about individual attention, there should be a good training program for the staff that will improve the staffs' customer service and the staffs' product knowledge in order to meet customer satisfaction. The store's authorized person and the staffs should make the customers feel safer in transactions, and satisfied with the prompt service, the staffs' behaviors, the ability to tell customers about the exact service and the ability in welcoming customers' requests. Handling customers' complaints is one of the most important things that can make customers feel pleased. The staffs should put a sincere interest in solving problems and be always willing to handle returns and exchanges to please the customers. Therefore, the presence of well-trained staff is vital.

The retail industry mainly relies on its loyal customers. Loyal customers are the most valued treasure for the retail chain and loyalty is something that can make more profit in nowadays' business. Therefore, customer satisfaction is an essential tool to obtain customer loyalty. For the second objective of the study, the authorized people of the store are facing difficulties with the factors that might hamper customer satisfaction and customer loyalty with the rapid growth of cosmetics, skincare and health care products specialty stores which keep products as in stock. On that account, it is important for the owners and authorized people of Beauty Diary Retail Chain to support better understanding and knowledge on factors that actually attract the customer satisfaction and loyalty. The reliability, physical aspects, and policy of Beauty Diary are the main drivers for customer satisfaction which can lead to customer loyalty according to this study so that the owners and the authorized people should put more effort into making improvements in the more convenient policy, updated physical aspects and making the store more reliable for customers to keep both the existing customers and attract the new customers. Hence, they should also enhance the remaining two factors that influence customer satisfactions because of the more increase in customer satisfaction, the greater the chance of customers being loyal.

5.3 Needs for Further Research

This research only focuses on identifying the factors that influence customer satisfaction and customer loyalty of Beauty Diary Retail Chain. It is only limited to a specific cosmetics, skincare, and health care products specialty store, Beauty Diary Retail Chain. Therefore, further research should attempt to examine other cosmetics, skincare and health care products specialty stores and make comparisons between different stores. Furthermore, the problem in this research is the small amount of limited sample and limitation of time and resources. The survey questions were collected from only 102 respondents who have the shopping experience in Beauty Diary Retail Chain in Yangon. Thus, the survey does not cover the whole country or not even the people's satisfaction towards customer loyalty of Beauty Diary Retail Chain of the whole city. There are different consumer behaviors in different cities and different regions as in the Myanmar market. Hence, further research should take a larger sample size of respondents from different cities in order to analyze the data more precisely.

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APPENDIX A

Rule of Thumb for Results

Cronbach's Alpha	Internal Consistency
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

Source: Tavakol and Dennick, 2011

APPENDIX B

QUESTIONNAIRE

This is an anonymous survey to find out **the factors influencing customer satisfaction of Beauty Diary Retail Chain in Yangon**. This survey is for **educational research purpose only**. This will only take a few minutes. All responses **will be kept strictly confidential**. Thank you for your participation.

SECTION (A): DEMOGRAPHIC PROFILE OF THE RESPONDENTS

1. Gender

Male
Female

2. Age

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

3. Education

High-school Graduate
Undergraduate
Graduate
Postgraduate

4. Occupation

Student
Dependent
Self-Employed
Salaried Worker

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

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

SECTION (B): FACTORS INFLUENCING CUSTOMER SATISFACTION

Please tick (Â) in the box to indicate how agreeable you are with the following statements. (1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

I. Physical Aspects

No.	Statement	1	2	3	4	5
1.	The store has present looking equipment and fixtures.					
2.	The store and its physical facilities (corners with mirrors for product testing or restrooms) are visually attractive.					
3.	Materials related to this store's service (shopping baskets, member cards and catalogs) are visually appealing.					
4.	The store has clean, attractive and convenient physical facilities (restrooms, corners with mirrors for product testing).					
5.	The store layout at this store makes it simpler for customers to discover what they need.					
6.	The store layout at this store makes it simpler for customers to move around in the store.					

II. Reliability

No.	Statement	1	2	3	4	5
1.	When the store promises to do something (such as exchanges) by a certain time, it will do so.					
2.	The store gives its services at the time it vows to do so.					
3.	The store performs the service right at the first time.					
4.	The store has merchandise available when the customers want it.					
5.	The store insists on error-free sales transactions and records.					

III. Personal Interaction

No.	Statement	1	2	3	4	5
1.	Employees have the knowledge to answer customer's question.					
2.	The behavior of employees instills confidence in customers.					
3.	Customers feel safe in their transactions with this store.					
4.	The employees in this store give prompt service to customers.					
5.	Employees tell customers exactly when services will be performed.					
6.	Employees are never too busy to respond to customer's requests.					
7.	The store gives customers individual attention.					
8.	Employees are consistently courteous with customers.					

No.	Statement	1	2	3	4	5
9.	Employees in this store treat customers courteously on the telephone.					

IV. Problem Solving

No.	Statement	1	2	3	4	5
1.	The store willingly handles returns and exchanges.					
2.	When a customer has a problem, the store shows a sincere interest in solving it.					
3.	Employees can deal with customer complaints straightforwardly and right away.					

V. Policy

No.	Statement	1	2	3	4	5
1.	The store offers high quality merchandise.					
2.	The store provides plenty of convenient parking for customers.					
3.	The store has working hours helpful to every customer.					
4.	The store accepts all major credit cards.					
5.	The store has its own member card.					

SECTION (C): CUSTOMER SATISFACTION AND CUSTOMER LOYALTY

Please tick (Â) in the box to indicate how agreeable you are with the following statements. (1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

I. Customer Satisfaction

No.	Statement	1	2	3	4	5
1.	I really enjoyed myself at this store.					
2.	I am pleased that I have visited this store.					
3.	Considering all my experiences with this store, my decision to visit it was wise one.					
4.	The product quality and services of this store fulfill my expectations.					
5.	Overall, I am satisfied about this store.					

II. Customer Loyalty

No.	Statement	1	2	3	4	5
1.	I will continue to visit Beauty Diary again.					
2.	I would recommend Beauty Diary to my friends and others.					
3.	I believe I made the right choice by shopping at Beauty Diary.					
4.	I will likely choose Beauty Diary even I have the alternatives of other cosmetics retail stores in the future.					

APPENDIX C

Figure 3.1 BRANDS AVAILABLE AT BEAUTY DIARY

APPENDIX D

STATISTICAL OUTPUT

Regression Analysis Result for Factors Influencing Customer Satisfaction

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.860[a]	.740	.727	.40960	2.063

a. Predictors: (Constant), Policy Mean, Personal Interaction Mean, Physical Aspects Mean, Problem Solving Mean, Reliability Mean

b. Dependent Variable: Customer Satisfaction Mean

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.906	5	9.181	54.725	.000[b]
	Residual	16.106	96	.168		
	Total	62.013	101			

a. Dependent Variable: Customer Satisfaction Mean

b. Predictors: (Constant), Policy Mean, Personal Interaction Mean, Physical Aspects Mean, Problem Solving Mean, Reliability Mean

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.494	.260		-1.902	.060		
	Physical Aspects Mean	.423	.077	.372	5.472	.000	.584	1.712
	Reliability Mean	.526	.111	.438	4.759	.000	.319	3.137
	Personal Interaction Mean	.122	.093	.125	1.313	.192	.298	3.355
	Problem Solving Mean	-.088	.092	-.079	-.954	.343	.393	2.545
	Policy Mean	.162	.085	.137	1.906	.060	.527	1.898

a. Dependent Variable: Customer Satisfaction Mean

Analysis on the Effect of Customer Satisfaction on Customer Loyalty

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.789[a]	.623	.619	.51953	1.755

a. Predictors: (Constant), Customer Satisfaction Mean
b. Dependent Variable: Customer Loyalty Mean

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	44.622	1	44.622	165.324	.000[b]
	Residual	26.991	100	.270		
	Total	71.613	101			

a. Dependent Variable: Customer Loyalty Mean
b. Predictors: (Constant), Customer Satisfaction Mean

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.571	.235		2.430	.017		
	Customer Satisfaction Mean	.848	.066	.789	12.858	.000	1.000	1.000

a. Dependent Variable: Customer Loyalty Mean