

**YANGON UNIVERSITY OF ECONOMICS  
DEPARTMENT OF COMMERCE**

**BRAND EQUITY AND CUSTOMER RETENTION  
(A Case Study of Three Cosmetic Brands in Myanmar)**

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**BRAND EQUITY AND CUSTOMER RETENTION**  
**(A Case Study of Three Cosmetic Brands In Myanmar)**

This Thesis is submitted to the Board of Examiners in Partial Fulfillment of the  
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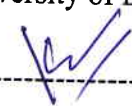
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## ABSTRACT

This study aims to investigate the relationship between marketing action, brand equity and customer retention for cosmetic products. There are two objectives in this study: to explore the effect of brand equity on customer retention and to find out the effect of marketing actions on brand equity and the customer retention for three cosmetics industry. The quantitative research approach was applied in this study. The required data was collected from 150 cosmetic customers for the case study. Data analysis for the study was conducted using SPSS (Statistical Package for Social Sciences) software. The analysis used descriptive statistics (mean, percentage and frequency) as well as inferential statistics (correlation and regression analysis) to facilitate the meaningful analysis. The result showed that there is a significant positive relationship between marketing action, brand equity and customer retention. As the results, marketing action of advertising has a stronger influence on the customer retention in building brand equity. Therefore, this study suggests that the companies have to build strong marketing action to be able to guarantee customer retention and followed by brand equity to their products.

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## LIST OF ABBREVIATIONS

AMA	American Marketing Association
CAGR	Compound Annual Growth Rate
CBBE	Consumer – Based Brand Equity
MCA	Myanmar Cosmetics Association
SPSS	Statistical Package for Social Sciences

## CHAPTER 1

### INTRODUCTION

The development and application of marketing metrics has been both a major focus and a key issue for practitioners, having been a top priority of the Marketing Science Institute for the last decade (Srivastava et al. 1998; Lehmann and Reibstein 2006; Srinivasan and Hanssens 2009). Marketing actions – advertising, pricing, promotions, product innovations, market presence – drive both constructs. Some researchers show how marketing actions are associated with brand equity. Others show how brand equity are associated with customer retention. Many different methods have been proposed for measuring brand equity, share the premise that “the power of a brand lies in the minds of consumers”. (Leone et al. 2006)

Branding has been around for centuries as a means to distinguish the goods of one producer from those of another. In modern society, Brands have become a major player. Today, every organization strives to build a strong, favorable, and unique brand image. They almost have a trading name, from the smallest market trader to the largest multi-national corporation. The American Marketing Association (AMA) defines a brand name, term, sign, symbol or any other feature that identifies one seller’s good or service as distinct from those of other seller. Brand equity is significant in assisting consumers to process information, especially, when the information is overloaded. For firms, growing brand equity is a key objective to be achieved by gaining more favorable associations and feelings of target consumers. In other words, financial meaning from the perspective of the value of the brand to the firm and customer-based meaning from the perspective of the value of the brand to the customer which both come from a marketing decision-making context.

From the consumer’s point of view, a strong and reliable brand means tranquility. In fact, if a customer is fully satisfied with a certain product, he/ she will easily choose the same brand for further purchases. The brand in his/her head transmits quality, trustworthiness satisfaction to expectation. The consumer will once more trust the brand that has respected all his/her expectation and he/she will not take the risk to purchase a different product.

Hence, branding allows customers to recognize goods or services by giving a name, other brand elements and added values to identify them. It creates mental structures that help customers organize their knowledge about goods or services in a

way that clarifies their decision-making and provides value to the firm (Yoo et al., 2000, Fill, 2002). Reducing the amount of decision-making time is one of the branding benefits (Fill, 2002; Chung et al., 2013).

However, they cannot easily match permanent impressions left in the minds of individuals and organizations by years of experience and marketing activities (Davicik and Sharma, 2015). According to Fill (2002) there are three broad aspects of branding, which enable the achievement of these benefits and advantages. These aspects are differentiation, added value and integration. The first broad aspect of branding is differentiation. This concept indicates that brands provide the means for product to be seen differently from a competitor's product (Aaker, 1991. Chung et al. 2013). Branding helps the separation and positioning of various products. It allows customers to recognize and understand what a brand stands for (Davicik and Sharma, 2015).

In Myanmar, buying decisions are made by consumers according to their trusted network. There is strong influence from celebrities and a new group of online bloggers –which is relatively new to Myanmar as internet access hasn't been readily available. Market also follows regional trends – Singapore, Thailand and Korea. There are international brands operating stores in malls as well as areas within duty free stores and premium supermarkets such as Nature Republic, Clinique, Kanebo, Yves Rocher, L'Oréal and Revlon. Smaller individual stores spread throughout Yangon and smaller cities and the lower end of the market is dominated by very affordable brands from the region. There are some Myanmar brands –Bella, Doaru, Now How and others as well.

Media such as TV and Billboards remain important channels for mass marketing as Myanmar consumers spend a substantial amount of time in front of TVs and in traffic, especially in urban cities. Print Media and Radio, on the other hand, have decreased in popularity in urban cities although they remain effective in reaching the rural population. With increasing Internet and mobile penetration rates, Social Media has also started to rise in popularity. Many online start-ups, for instance, have been utilizing Facebook as a primary channel of communication.

Direct marketing channels, including Events and In-store Promotions such as discounts, lucky draws and gifts, are also becoming popular amongst Myanmar consumers. These direct marketing channels can also be an effective way for companies to influence the word of mouth effect. In-store Promotions, including the use of sales promoters, as well as sponsoring Events to build brand awareness. In-

Store Promotions are also effective for higher-end products such as big-ticket Household Appliances, as consumers actively seek out discounts and lucky draw promotions.

Although the Myanmar government has made steps towards growing domestic beauty businesses, the country's cosmetics body says measures need to be stepped up to protect domestic players. The Myanmar Cosmetics Association (MCA) has recently made an official request to the Myanmar Investment Commission to put the industry on its radar and start both protecting and investing in the sector. MCA wants the government to recognise the industry and its contribution to the country's economy by implementing measures to protect the country's many small- to medium-sized beauty players from bigger international and multinational beauty players.

### **1.1 Rationale of the Study**

Strong brand equity generates the sequential consequences. Sequential means that consumer become loyal to a brand by first being aware of the brand, holding specific mental thoughts (or associations) regarding the brand, and having a particular emotional or rational response to the brand in order to decide to consume the brand. The rationale of this study lies in its unique conceptualization of brand equity. Previous measures of brand equity have only accounted for one specific driver of brand equity (i.e. brand associations or brand awareness) and have not tested the relationship between this driver and with customer retention. Marketers try for brand equity. Marketers spend large amount of money for consumer brand awareness and brand association. However the return of this spending is not sure. An outcome of this study was to provide an explanatory tool for practitioners that can track the health of a brand by measuring multiple drivers of brand equity.

Cosmetic industry in Myanmar has been grooming since after the Myanmar economy has been transformed into market economy system. Economic transition paved this way to prosper the personal care industry through the improvements in the per capital income of the average people. In Myanmar, average expenditure for cosmetic products is about 3% to 7% of total income according to the survey finding in 2013 (Myanmar Consumer Survey, 2016). Although the figure spending may not be very large in absolute terms per person when compared to the other developed countries, the total income generated by the industry is non-negligible for the country as a whole. In addition, the spending pattern on these

products has been also increasing. This upward trend in amount of spending is stimulated by changing attitude towards life style among young people.

Actually, in Myanmar, traditional cosmetics had been developed and used by Myanmar females since the ancient Myanmar Kingdom. Even under the colonial period and until now Myanmar ladies have been using traditional cosmetics made from the bark of special trees called Thanakha. Although self-produced paste from the raw tree was only the main use as cosmetics until past half of centuries ago, the emergence of market economic system during the past couple of decades allowed the imports of modern production technology which in turn stimulated the emergence of Myanmar own cosmetic brands. Most of the Myanmar cosmetics brands are associated with Thanakha which is still popular among the Myanmar females because of the sentimental values and traditions associated with it and because major improvements by manufacturers in terms of scent, color and quality.

However, since from the past decades, several foreign cosmetics brands have been entered into Myanmar market at different qualities and price ranges. Although Western and European such as Clinique, Este lauder, SK II etc. are excellent in quality and they are targeted to affluent customers, they can't capture the high demands in Myanmar market since a very tiny portion of population can afford to pay for these products. Meanwhile the brands from Asian countries, in particular Korea such as Nature Republic, Tonymoly, are popular among Myanmar ladies since they are good quality and affordable prices to upper middle-class households. Given that high demand potential for cosmetics products, a couple of the domestic brands are developing in recent years. Bella, Sai Sai and Hearty Heart are the most recent popular Myanmar non-Thanakha based cosmetic brands. Although the basic technology of these products is obtained from the overseas, they represent Myanmar brand since they are intended to market domestically by Myanmar marketers. The products range available from these brands are limited compared to overseas brands, the marketers of these products tend to show commitment in building their brands by heavy investment in potential marketing tools such as advertising and public relations. Although the size of market and rising trend in demand for cosmetics looks promising for these marketers, in addition to the newness of the brands, the challenges they faced in competition with resource rich overseas brands may also be paramount. One of the major challenges for them will be to enable to identity the effective marketing communication strategies that will promote the brand awareness, loyalty and

associations of their brand among the customers so as to boost the sales of their cosmetics products.

Thus, it would be beneficial for marketers of these Myanmar cosmetic products to ascertain the possible best communications methods to promote the brand awareness and loyalty of the potential customers. More specifically, a research attempt is needed for them to comprehend whether the use of communication tools could enhance the brand equity among their customers or if it is, how the various communications methods could enhance the different elements of desirable brand perceptions among the customers. This understanding is essential not only to build the image of their brand and capture positive reactions for profitability and survival but to prevent from wasting the scarce resources of their firms on ineffective communication strategies. In fact, for marketers, the lack of understanding on this brand building process for positive customer reaction from the communication methods could run the risk of wasting time and resources in selecting and utilizing ineffective communication pitfalls. Thus, this study attempts to uncover the process that shield the light on how customer perception of brand equity is affected, positively or negatively, by customers perceived communication techniques utilized by the makers of the firms, and how positive customer behavioral intention could be promoted by the different brand equity elements for Myanmar cosmetics marketers.

## **1.2 Objectives of the Study**

The objectives of the study are as follows:

1. To explore the effect of marketing actions on brand equity; and
2. To find out the impact of brand equity on customer retention

## **1.3 Method of the Study**

This study focused on the brand equity of cosmetic industry in Myanmar. The Consumer-Based Brand Equity (CBBE) Model to be used in this study. This study used two sources of data, primary and secondary data. Primary data are mainly collected from 150 respondents on structured questionnaires by using convenient sampling method and personal interviews who come to buy the three chosen cosmetics products from the under graduate students and lecturers. Secondary data are collected from documents of cosmetic industry, relevant journals, publications, articles and Internet website. The method of the study is descriptive with quantitative

and qualitative variables and the respondents given to choose multiple answers, Yes/No questions and the opportunity to provide comments. Data relating with sales and promotional expenditures was analyzed from 2016-2017.

#### **1.4 Scope and Limitation of Study**

The study limit to identify the role of marketing actions in enhancing CBBE and customer retention. Indeed, it is acknowledged that other factors such as quality of the products, country of origins that might enhance this type of customer outcomes are beyond of scope of the study. Data collection conduct from 150 customers that consumed in three chosen cosmetics brand. In addition, this study covers only respondents who would be buying at the specific three cosmetics brands area. Thus, perception of brand preferences and resulting response of customers could not be generalizable to all people around the countries or other products. Finally, this study is restricted to perception of equity towards cosmetic brands in Myanmar so the finding of this study could not be extended to the other products. However, this study is expected to give a clue to marketers towards how the brand equity could be constructed for other national cosmetic brands in Myanmar.

#### **1.5 Organization of the Study**

This study is organized into five chapters. Chapter 1 is the introduction, which includes rationale of the study, objectives of the study, method of the study, scope and limitation of the study, and organization of the study. Chapter 2 explains about the theoretical background of the study. Chapter 3 explores overview on cosmetic product market and profile of respondents. Chapter 4 analyzes on factors influencing The Effect of Brand Equity on Customer Retention in Three Cosmetic Brand in Yangon. Finally, Chapter 5 concludes with finding, suggestions, and needs for future studies.



## CHAPTER 2

### THEORETICAL BACKGROUND OF BRAND EQUITY

This chapter is to create a deeper understanding on the measurement of brand equity. This chapter presents the theoretical background regarding the marketing actions, brand equity and customer retention. It includes Brand, Brand Equity, Customer-Based Brand Equity, Marketing Actions, Customer Retention and Conceptual Framework.

#### 2.1 Brand

Brand has become a major player in modern society. The role that brand plays in economic, social, cultural, sporting, even religious matters is significant. Brand is one of the most important concepts related to marketing science (Berger, Eechambadi, George, Lehmann, Rizley & Venkatesan, 2006; Buil, Martinez & de Chernatony, 2013). Brand is one of the company's most valuable assets and creates intangible wealth for the company. A strong brand means sustainable high levels of profitability, and brand loyalty drives repeat business; a strong brand leads credibility and differentiation. Furthermore, brand strength not only forges customer bonds in the long term but also attracts and retains talented employees who will make an effort to provide good service to the customers and then help build good relationships with customers (Agrawal & Kamakura's (1995)). Thus, brand-building and brand management is not only critical in marketing, but are also long-term underlying business strategies for an organization. Branding is an organizational tool whose successful application depends on attending to the strategic, organizational and communicational context in which it is used. Nevertheless, branding is becoming increasingly important in the retailing industry in terms of influencing customer perceptions and driving store choice and loyalty (Roy & Bettina Cornwell, 2003). Due to its highly competitive nature, the rise of the retailer as a brand is one of the most important trends in retailing. Brand is an important determinant of consumer choice and repeat purchasing.

The modern concept of branding is much more than the placing of a symbol to differentiate products. Nowadays branding is used to make an emotional connection to products and companies. It builds a sense of participation, the wisdom of having purchased superior quality and a sensation of intangible qualities that contain the

brand name (Lane & Jacobson (1995)). Another brand strategist also affirms that brand personality can establish a clear association in consumers' minds. Branding is becoming more a function of the relationship and the experience the consumer has with the brand, a long-term relationship with the consumer centered on emotional feelings more than on economic transactions. Considering all these definitions made of the brand, it could be concluded that the brand is an important element reflecting the perceptions of the consumers regarding the product and service and it becomes prominent in the competition between enterprises, hence the brand becomes an indicator of value and power (Huang & Sarigöllü (2012)). Therefore, it is possible to understand why building strong brand equity is a top priority for many firms today, determination of the level of the value that the brand possesses is of great importance for the administrators of the enterprise and in terms of the decisions they make.

A brand is a name, term, design or other feature that distinguishes one seller's product from those of others. Brand are used in business, marketing, and advertising. The American Marketing Association (AMA) defined a brand as: "A name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors" (AMA, [www.marketingpower.com](http://www.marketingpower.com)). Brands also perform valuable functions for firms. A strong brand serves competitive advantages and creates benefits in the marketing for the organization or firms.

## **2.2 Brand Equity**

Brand equity is a phrase used in the marketing industry which describes the value of having a well-known brand name, based on the idea that the owner of a well-known brand name can generate more revenue simply from brand recognition; that is from products with that brand name than from products with a less well-known name, as consumers believe that a product with a well-known name is better than products with less well-known names (Aaker 1996, Keller 2008). Brand equity refers to the value of a brand. In the research literature, brand equity has been studied from two different perspectives: cognitive psychology and information economics (Park and Srinivisan 1994). According to cognitive psychology, brand equity lies in consumer's awareness of brand features and associations, which drive attribute perceptions. According to information economics, a strong brand name works as a credible signal of product quality for imperfectly informed buyers and generates price premiums as a

form of return to branding investments. It has been empirically demonstrated that brand equity plays an important role in the determination of price structure and, in particular, firms are able to charge price premiums that derive from brand equity after controlling for observed product differentiation (Mahajan, Rao, and Srivastava 1994). Some marketing researchers have concluded that brands are one of the most valuable assets a company has, as brand equity is one of the factors which can increase the financial value of a brand to the brand owner, although not the only one (Ailawadi, Lehmann, and Neslin 2003). Elements that can be included in the valuation of brand equity include (but not limited to): changing market share, profit margins, consumer recognition of logos and other visual elements, brand language associations made by consumers, consumers' perceptions of quality and other relevant brand values.

The higher the brand equity, the more powerful the brand is. The brand equity stresses the importance of the role of the brand in marketing strategies, which become an integral component of marketing performance measurement, and highlights the importance of having a long-term focus within the brand management (Simon & Sullivan (1993)). Brand equity has been the subject of increasing interest and scholarly investigation for over a decade. Prior studies established the positive effect of brand equity on the consumer side, including the following: consumer preference and purchase intention; consumer perceptions of quality; consumer evaluations of brand extensions. Meanwhile, on the financial and economic side, there are the following: market share, price inelasticity, shareholder value, resilience to product harm crisis, and strong brand association and other assets such as trademarks and channel relationships (Lane & Jacobson (1995)).

Brand Equity is defined as "a set of assets that's linked to a brand's name and symbol which help add to or subtract from the value provided by a goods or services to the firms and their consumers". Brand equity gave value to firms by increasing the effectiveness of their marketing plans. The components of brand equity allow a firm to develop a competitive advantage over other players (Kapferer, 2004). Ultimately that leads to higher price earnings ratios and enhanced shareholder value, achieved because of the brand loyalty of customers. Brand equity is a wide concept which can be further subdivided into five major categories; brand loyalty, brand awareness, brand performance, perceived quality and brand associations (Stoett, 2002; Alwi, 2009). In other explanation, brand equity is a brand power that derived from the goodwill and name recognition that it has earned over time, which translates into

higher sales volume and higher profit margins against competing brands. In other hands, brand equity has positive and negative effects that could influence and affect the consumer behavior while they purchasing the product or a company (Wood, 2000). The positive effect is the customers willing to pay more no matter how expensive the product is. Negative effect is when the discount is needed to persuade customers to purchase the brand over, the generic product because of catastrophe and unfortunate events that the brands is facing (Ailawadi & Keller, 2004).

Brand equity can be assessed at the customer mind-set (Aaker 1996, Keller 2008) and product-market (Park and Srinivisan 1994), or financial market level (Mahajan, Rao, and Neslin 2003). These approaches have different strengths and weaknesses (Ailawadi, Lehmann and Neslin 2003). While financial market measures quantify current and future brand potential, they often rely on subjective judgments or volatile measures to estimate future value. Product-market measures are more closely related to marketing activity but don't capture future potential (Kamakura and Russel 1993, Swait et al. 1993). More importantly, both approaches suffer from their limited diagnostic value for improving brand value. Customer mind-set metrics, on the other hand, identify brand strengths and weaknesses (Keller 1993). While this provides insights for strengthening brand equity, it provides little information about brand performance in terms of market share or profitability. By linking brand equity to the customer retention. The customer-based brand equity defined as "the differential effect of brand knowledge or customer response to the marketing of the brand". It "occurs when the customer is familiar with the band and holds some favorable strong, and unique associations in memory" (Keller, 1993, P.2). Not surprisingly, there are several mind-set measures of brand equity. Four "pillars" – Knowledge, Relevance, Differentiation, and Esteem – have emerged from these observations as most diagnostic for metrics such as customer attraction, price elasticity and loyalty. Knowledge appears in Keller's definition and emerged as a key component in Lehmann, Keller and Farley (2008), while Relevance, Esteem, and Differentiation are the "favorable, strong, and unique" associations in Keller's definition. This paper examines how these four "pillars" relate to customer retention. Numerous studies have shown the link of marketing activities such as advertising to brand equity (Ailawadi, Lehmann and Neslin 2003).

### 2.3 Customer-Based Brand Equity

In the marketing literature, numerous researchers agree with the notion of customer-based brand equity, and research has largely concentrated on consumer-based brand equity as opposed to firm-based brand equity (Ambler (1992)). It is argued that the financial-firm approaches offer little usable information for brand managers, but the consumer-based approach offers insights into consumer behavior which can be converted into actionable brand strategies to satisfy consumer needs. Two of the most cited consumer-based frameworks are those suggested (Gardner and Levy (1995)). Although they conceptualized brand equity differently, their approach to brand equity relied on consumers' brand associations. These two methods are described as follows: The framework of brand equity is the most frequently-used model in practice and comprises five sources. Four sources are based on customer perceptions of the brand: brand awareness, perceived brand quality, brand associations/differentiation and brand loyalty. The fifth source is market-based rather than customer-based. The brand loyalty is the most fundamental dimension of brand equity and the core of brand value.

Brand equity is a concept that has existed in marketing for a considerable period of time. Creating brand equity and building strong brands is a successful strategy for differentiating a product from competing brands. Brand equity is developed through differentiation, esteem, relevance and knowledge, which can only be created in the long term through properly designed marketing investments. If brand management were to focus on sales, there is a strong possibility that undertaking such marketing activities would initially boost sales, while undermining brand equity in the long run. Also, in the process of allocating marketing budgets to cover individual marketing actions, it is necessary to take into account the potential effects of each marketing action on brand equity building.

Consumer-based equity approaches can also be argued as having shortcomings; one of the major drawbacks has been the lack of systematic means of assigning consumer based equity a financial value that can be recorded in the financial statements (Aaker, 1991; Keller 1993; Erdem and Swait 1998). The 'subjective' nature of consumer-based measure usability has been described by others as hard to pin down. Moreover, financial-based measures using objective market-based variables to measure brand equity is much better than using consumer-based measures. They suggest that the use of consumer attributes and preferences are subjective and bring

conjectures rather than comparable information over time and across firms (Allawadi, Lehmann and Neslin 2003; Park and Srinivasan 1994; Netemeyer et al. 2004; Vázquez, del Rio and Iglesias 2002; Yoo and Donthu 2001a). Alternative mixed approaches to brand equity have emerged; these mixed models stress the need to include not only consumer perspectives but also financial data and other market-based parameters. The mixed approaches compensates to some extent for the weakness of either approach on its own. But no full disclosure is provided in conceptualization or empirical studies, as several methods are commonly known as industry models and the majority of them are proprietary. Consumer-based approaches seem to have drawbacks, while they acknowledge the importance and the value of hard data, ultimately the value resides with the consumers, because consumers determine brand equity (e.g. Agarwal and Rao 1996; Washburn and Plank 2002; Mackay 2001). The role of consumers in contributing to a firm's performance cannot be ignored. To summarize, consumer-based approaches have been deemed crucial in determining the potential wealth and health of a company (Pappu, Quester and Cooksey, 2005).

The CBBE concept approaches brand equity from the perspective of the consumer, whether the consumer is an individual or an organization or an existing or prospective customer (Zeithaml, 1988). Understanding the needs and wants of consumers and organizations and devising products and programs to satisfy them are at the heart of successful marketing. The premise of the CBBE concept is that the power of a brand lies in what customers have learned, felt, seen, and heard about the brand as result of their experiences over time. In other words, the power of a brand lies what resides in the minds and hearts of customers (Aaker and Keller, Park and Srinivasan (1994). The challenge for marketers building a strong brand is ensuring that customers have the right type of experiences with products and services and their accompanying marketing programs so that the desired thoughts, feelings, images, beliefs, perceptions, opinions, and experiences become linked to the brand. CBBE define as the differential effect that brand knowledge has one consumer response to the marketing of that brand (Christodoulides and De Chernatony (2006)). A brand has positive customer-based brand equity when consumers react more favorably to a product and the way it is marketed when the brand is identified than when it is not. Negative customer-based brand equity is customers react less favorably to marketing activity for the brand compared with an unnamed or fictitiously named version of the product (Yoo and Donthu, 2000).

## 2.4 Marketing Actions

The marketing mix variables that have been shown to influence brand equity and customer retention (Pauwels et al. 2004; Slotegraaf and Pauwels 2008; Ataman, Van Heerde, and Mela 2009; Ailawadi, Lehmann and Neslin 2003). We include each brand's yearly ad spending (*advertising*), product range measured as the number of distinct models offered, the number of new model launches introduced in a year, and the average customer incentives (*price promotions*) during the year. Because of the high correlation between number of dealers (*distribution*) and product range, we combine these into a variable we called "*market presence*." Market presence is calculated as a formative index by averaging the rescaled components. Marketing activities, especially advertising and market presence, exert both direct and indirect effects on customer retention through brand equity. Simulations show that changes in marketing, or exogenous changes in brand equity, can exert important effects on customer retention. Many researchers has investigated the concept and meaning of brand equity, yet the sources of brand equity and marketing actions were rarely studied or investigated. Marketing is the process by which companies create value for customers and build strong customer relationships in order to capture value for customers in return. Marketing is the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners, and society at large. Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers, for managing customer relationships in ways that benefit the organization and its stakeholders. It makes the customer, and the satisfaction of his or her needs, the focal point of all business activities.

Marketing actions includes five categories that are advertising, innovation, price promotion, pricing and market presence. Advertising that involves the television advertising, radio advertising, film advertising, internet advertising (facebook, wechat, etc.), and outdoor advertising. Innovation that involves the general information about the enterprise, product innovation, organizational and marketing innovation, comparable innovation, and ongoing innovation. The price promotion are price discount, value pricing, half price, price discrimination, and buy one get second half price. The pricing that are free gift, loyalty card, member card, buy one get one, and psychological pricing. The last one are market presence and it includes the

branding strategy, public relation, online presence, broadcast advertising, and point of purchase.

## 2.5 Customer Retention

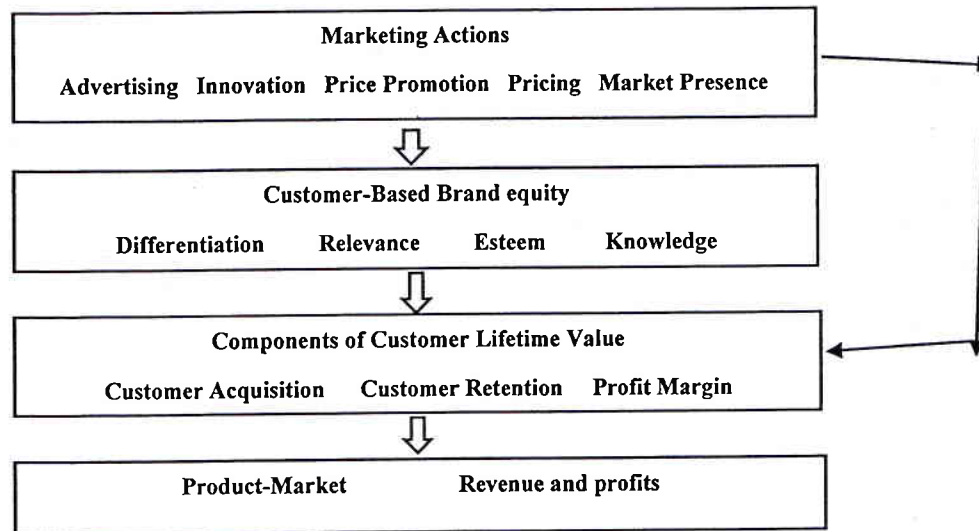
Customer retention refers to the activities and actions companies and organizations take to reduce the number of customer defections (Blattberg, Kim, and Neslin 2008). The goal of customer retention programs is to help companies retain as many customers as possible, often through customer loyalty initiatives. It is important to remember that customer retention begins with the first contact a customer has with a company and continues throughout the entire lifetime of the relationship (Gupta, Lehmann, and Stuart 2004). Customer retention also refers to the ability of a company or product to retain its customers over some specified period. High customer retention means customers of the product or business tend to return to, continue to buy or in some other way not defect to another product or business, or to non-use entirely (Kahn, Lewis, and Singh 2009; Blattberg, Kim, and Neslin 2008). Selling organizations generally attempt to reduce customer defections. Customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship and successful retention efforts take this entire lifecycle into account (Hogan et al. 2002; Hogan, Lemon, and Libai 2003). A company's ability to attract and retain new customers is related not only to its product or services, but also to the way it services its existing customers, the value the customers actually generate as a result of utilizing the solutions, and the reputation it creates within and across the marketplace (Rust, Lemon, and Zeithaml 2004; Venkatesan and Kumar 2004).

Successful customer retention involves more than giving the customer what they expect. Generating loyal advocates of the brand might mean exceeding customer expectations. Creating customer loyalty puts customer value rather than maximizing profits and shareholder value at the center of business strategy (Dwyer 1989; Berger and Nasr 1998; Blattberg; Kim, and Neslin 2008). The key differentiation in a competitive environment is often the delivery of a consistently high standard of customer service. Furthermore, in the emerging world of Customer Success Retention is a major objective. Customer retention has a direct impact on profitability.



## 2.6 Previous Research Method

Figure 2.1, The Previous Framework of the Study



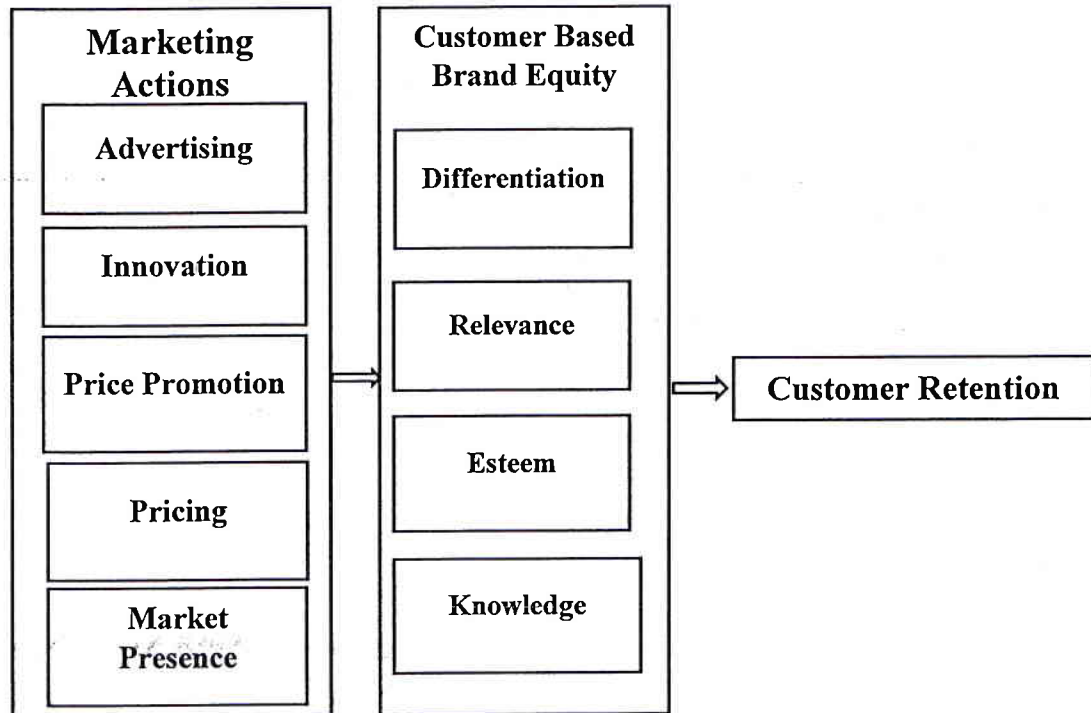
Source : Florian Stahl, Mark Heitmann, Donald R. Lehmann and Scott A. Neslin (2011)

The framework is essentially a value chain similar to those discussed by Keller and Lehmann (2003), Gupta and Lehmann (2005), and Reibstein and Lehmann (2006). This framework proposes that marketing actions influences both brand equity and the components of CLV, and that brand equity has a direct impact on the components of CLV even after controlling for marketing actions.

## 2.7 Conceptual Framework

The main role of the conceptual framework is to give the relationship between independent and dependent variables. The challenges to be studied are presented as the variable while effects appear on the dependent variable side.

**Figure 2.2, The Conceptual Framework of the Study**



**Source : Own compilation**

The marketing actions that includes advertising, innovation, price promotion, pricing, and market presence that they all have direct effect on customer based brand equity. Customer based brand equity that are differentiation, relevance, esteem and knowledge. The customer based brand equity that have direct relationship with customer retention.

## CHAPTER 3

### OVERVIEW ON COSMETIC PRODUCT MAREKET

This chapter presents some conditions of consumer cosmetic market and profile of respondents. 170 respondents are selected as a sample size and sent the structured questionnaires to fill out their data concerning their current cosmetic product brands. 150 questionnaires are returned. But, 20 questionnaires are incomplete. So, there are 150 questionnaires to analyze and explore the brand equity regarding the marketing actions and customer retention.

#### 3.1 Global Cosmetic Market

In 2016, the global cosmetic market grew an estimated of four percent in comparison to the previous year. Skincare, hair care, make-up, perfumes, toiletries and deodorants, and oral cosmetics are the main product categories of the cosmetic market. Skincare was the leading category, accounting for about 36 percent of the global market. Hair care products made up a further 23 percent, while make-up accounted for 18.2 percent in 2016. Skin care has been forecast to remain the most profitable product category, as its market value is projected to grow by 20.1 billion U.S. dollar between 2014 and 2019. As of 2016, Asia and Oceania was the industry leader, accounting for approximately 40 percent of the global market. Between 2016 and 2021, the Asia Pacific mass beauty market is projected to grow by nearly 14.9 billion U.S. dollar in sales. The cosmetic industry has benefited from the increasing popularity of social media channels such as Instagram and You Tube. These platforms are not only highly influential amongst certain groups, but create a demand for beauty products and help fill the gap between cosmetic brands and consumers. As of 2015, nearly half of the beauty videos on You Tube were tutorials. These tutorials aim to teach the viewer something about beauty, whether it is how to use a particular type of product or create a style of make-up.

Strong demand for anti-aging and skincare cosmetics is the key factor driving global cosmetic chemicals market over the past few years and trend is expected to continue over the forecast period. Cosmetic chemicals demand is expected to witness significant growth over the next seven years on account of huge demand for natural and organic cosmetics. Increasing consumer spending on cosmetics and toiletry products is one of the key factors to drive the market. In addition, increasing

application scope of UV absorbers in personal care formulations is also expected to spur cosmetics chemicals market growth over the projected period. Moreover, growing popularity for multifunctional ingredients is anticipated to trigger the future market growth. Major companies in the cosmetics market have been shifting their focus towards organic grade cosmetics chemicals from petroleum oils and commodity surfactants, which is also likely to support the market growth. Increasing demand for innovative skin lightening ingredients is expected to open several growth opportunities for cosmetics market in near future. However, growing health concerns regarding ingredient toxicity is expected to inhibit the market growth over the forecast period.

Based on product type, the market can be segmented into emollients, surfactants, UV absorbers and conditioning polymers. Surfactants and UV absorbers are the major product segments accounting for major market share in 2013 owing for increasing application in skincare and make up products. These chemicals are extensively used as preservatives in cosmetics products to inhibit microbial growth. In addition, these chemicals contain various minerals, herbs, vitamins, antioxidants and fragrances, which are expected to have positive impact on market growth in cosmetic industry. Major applications of cosmetic include skin care, hair care, make up and various fragrance products. Skin care products emerged as the largest application segment for cosmetic market in 2013 owing to its superior UV absorbing properties. Increasing safety concerns regarding the usage of sulfate-based surfactants in skin care products is further expected to drive the market growth in this segment. Makeup and hair care products are also expected to witness considerable growth for cosmetic market over the next seven years on account of ability to inhibit microbial growth.

North America was the largest regional market for cosmetic market in 2013 followed by Europe and Asia Pacific. North America market is expected to grow significantly over the next seven years on account of biggest cosmetics market present in the U.S Asia Pacific market is expected to witness the fastest growth over the forecast period on owing to growing consumer spending on cosmetic products coupled with increasing disposable income in this region. In addition, cosmetic market in Latin American and Middle East regions are expected to grow considerably in near future. Cosmetics and Toiletries refer to products such as perfumes, cosmetics, deodorants, creams, lotions and hair are, which are used for improving the appearance of the body and taking care of it. Global cosmetics and toiletries market is witnessing

significant growth in terms of sales and technological advancements over the past few years because of increasing consumer awareness towards personal hygiene and health. Growing concerns regarding skin care is particularly fuelling the robust growth across all market segments and geographies. Increasing demand for organic and natural cosmetic and toiletries products is creating new growth opportunities in this field which is encouraging the emergence of new market players in this arena.

One of the major reasons behind the considerable growth of global cosmetic and toiletries industry is the shifting of production units to cost effective Asian economies like India and China. Although many exclusive cosmetics brands are available only through upscale departmental stores, the emergence of new distribution channels like online retailing, infomercials and tele-home shopping have boosted the growth of this market. Increasing consumer preferences towards the use of herbal and natural cosmetic products is forcing the cosmetic and toiletries manufacturers to change and adapt strategies according to consumer preferences. One crucial factor for the cosmetics and toiletries market is the opportunity to build business in emerging markets, such as India, China and Brazil, where per capita income is increasing. The local goods in these market are of poor quality and provides huge potential for international companies offering better quality products to establish strong foothold. Market segments that exhibit strong potential includes men's care, products of specific ethnic groups and dermatological skin care. Companies are investing in research and development and promotional campaigns to boost return from specific market niches with good growth potential.

Worldwide market for cosmetics and toiletries products was severely affected by economic downturn, but with the recovery in the global economy, the market witnessed a significant growth. However, difficulty in obtaining credit and weakening consumer confidence are affecting consumer spending on cosmetics and acts as major challenges faced by this industry. Cosmetics and toiletries market is still in its embryonic stage and holds strong growth potential. Consumption of cosmetic products is no more limited to female population alone. Male grooming products are emerging as an important segment of this market. Skin care products, hair care products, face care cleansers, and premium shaving products are important offerings for male grooming products market. The U.S and Europe is the largest market for sun care and skin care products. Products with natural and organic ingredient are in increasing demand in European and North American markets despite of high cost.

Major reason behind this increased demand of organic products is better health benefits offered by these products. Rising environmental concerns, carcinogenic nature of synthetic cosmetic ingredients, and increasing awareness about sustaining resources are some of the major factors propelling the growth of organic and natural ingredients in cosmetic industry.

Among the product innovations of the recent years two trends can be charted; the time saving and the long lasting products. The time saving products are a response to the needs of today's ever-busy consumers who want to limit the amount of time spend on their daily beauty routine whereas long lasting cosmetics are perceived to have a good price-value ratio, as they can be used more sporadically than the conventional products. The global cosmetics market based on its product type is categorized into skin care, hair care, fragrances, make-up, oral care, baby care, bath and shower, deodorants, color cosmetics, men's grooming, sun care and others. By geography, the market has been segmented into North America, Latin America, Europe, Asia and Middle East and Africa.

### **3.2 Cosmetics Market in Myanmar**

Myanmar's cosmetics market is expected to grow significantly in coming years. It boasts one of Southeast Asia's largest populations (53 million people) and a growing middle class. However, consumer sophistication and spending power remains low compared with many countries in the region – its 2014 gross national income per head was US\$1,280, according to the World Bank. According to a 2014 report by researcher Euro-monitor International, Myanmar was identified as one of 20 countries that will offer the most opportunities for consumer goods companies globally. It has a mean age of 30 years, which is below average for the Asia Pacific region, noted Euro-monitor. "Growing middle class and increasing consumer sophistication bolstered sales of non-essential products, such as beauty and personal care, tissue and hygiene and home care products. Beauty and personal care reached a market value of \$318m in 2013, after growing at a CAGR (compound annual growth rate) of 14% since 2009," states the report. However, for now at least, spending power in Myanmar is among the lowest in the Association of Southeast Asian Nations (ASEAN) block. According to survey findings released on 7 July by the Myanmar Rice Traders' Association, 51% of household income is spent on food. That marks a fall from 64% in 2012, according to the country's Central Statistical Organization, but

indicates that further economic growth – which the Asian Development Bank forecasted to be 8.4% in 2016 – is needed for the cosmetics and personal care sectors to grow.

Consumers may also be wary of unfamiliar brands due to a number of scandals in recent times, such as when two whitening skin care products being sold by the popular Thai ‘Forever Young’ company were found to contain clobetasol propionate, a topical steroid that is banned in several countries due its harmful side-effects. The company had failed to secure a Myanmar Food & Drug Administration certificate and the health ministry ordered a sales ban and destruction of these products, citing a 1972 Public Health Law after a public outcry on social media. One problem is that consumers who developed sores on their face after discontinuing use were unable to seek redress through official channels. Consumer protection is nascent in Myanmar, although a Myanmar Consumers Union was formed in mid-2015 and is a rival to the Consumer Protection Association, which, according to The Myanmar Times, “has a fraught relationship with government officials due to its willingness to criticize their perceived failure to protect Myanmar consumers”. Products which feature endorsed safety-tested labels are therefore likely to gain currency in Myanmar.

### **3.3 Bella Company’s Profile**

Bella is established in mid-1990, Bella, Co., Ltd is currently one of the most capable and well established permanent makeup machine manufacturer found in Taiwan. Bella Co., Ltd. They emphasis ongoing research and development by introducing new technology in product manufacturing, and by inventing new categories of machines, skin care and techniques. With years of dedication, Bella Co., Ltd has become the leading manufacturer in permanent cosmetic industry. Not only been one of the leading manufacturers, Bella has also developed into one of successful exclusive distributors of Dolly Lash and Eyelash Extension products. Their products is well recognized and accepted by the global market. They are exceptional expertise and extraordinary innovation, Bella has combined latest technology and trend concept by providing the highest quality equipment and professional accessories to satisfy global customer’s needs. Most importantly, products manufactured by BELLA CO LTD are complied with the principle of GMP ISO 22716 standard. Customers will be amazed and enjoy their dedicated products with most competitive price. Bella guarantees total satisfaction from their services and quality. In the future,

they will continue to be an efficient and trustworthy provider for quality products at reasonable and competitive prices. They will remain their services that is efficient, responsive, reliable, polite and professional.

Myanmar Bella Co., Ltd (abc Beauty Co., Ltd) is located at 27, Thu Nandar St., Thu Mingalar housing, Thingangyun, Yangon Region. Bella's merchandise classifications are: All In One Dream Matte Power Cushion #BD 20 Crème Beige (Valentine), #BD 30 Honey (Valentine) and Mafia Matte Liquified Matte Long Wear Lipstick – Sparkle, Star, Shine, Fearless, Confidence, Lollipop, Strawberry, Caramel, Cookie, Cupcake and Color – Coded Eye Shadow & Blush and Insta Brow New! 3D Eye Brow Tint – Dark Brown, Gray Brown, 005 Mocha, 009 Espresso and Golden Academy Mafia Matte Creamy Matt Lipcolor – 24K, Orange, Pink, Red, Pink Sapphire, Ruby, Gold, Rose Gold and Golden Academy – Golden Perfection Gold Coded Eye Shadow & Blush and Artist Brush Eyeliner and Thanakha Natural Golden Beauty Perfect Power Pact #25 Peach, #15 Petal and Thanakha Natural Golden Beauty Perfect Liquid To Power Foundation BD 20 – Crème Beige, BD 30 – Honey, BD 10 – Champagne and Sleeping Pack (Water Melon Soothing Gel, Sugar Cane Soothing Gel, Coconut Soothing Gel, Ginseng Honey Sleeping Mask, Ice Cream Sleeping Mask, Yogurt Sleeping Mask) and Magical Brow Express Iconic Brow Most Beautiful Eye Brown Gel Mascara – Dark Chocolate, Mocha and Artist Brush Precise Tiber Tip Smudge Proof, Waterproof Long Lasting Eyeliner – 001 Jet Black and Thanakha Natural Golden Beauty Mineral Loose Power and Kiss Water Rose Essence Mist Water and Love Water Micro Derma Cleaning Water and Thanakha Natural Golden Beauty Perfect Matte Power Cushion # GD 10 Champagne, #GD 30 Honey and Thanakha Natural Golden Beauty Perfect Pore Solutions Deep Foaming Cleanses.

For rainy season, the customer who used the Bella Rainy Days Camera Effect and take the photo post on facebook. Bella company will chose ten lucky customers and give the Rainy Days Collection Set for about 40,000 Kyats. The Bella Rainy Days Camera Effect is an application software in mobile phone that is used for people that don't know which makeup or lipstick color is fit with their face and skin color. People no need to buy or use time go out for try the makeup. They just need to use this application at home for take a photo. The lucky customers that need take a photo use Rainy Days Camera Effect and post public on facebook on their well, and then tag two best friends. Try to tell all friends how to use this application and need to post where, when they like to buy, which lipstick color they like best. For rainy season,



Bella Company also produced the water proof, tattoo tint and Rainy Day Lipsticks with fair price. Their cosmetic variety are too many to count and very quickly to renovate their items. They also make so many makeup tutorials for interviewers, students, officers and teachers customers. Bella Company also to push out the story series advertising to attract their customers.

### **3.4 Hearty Heart Company's Profile**

Hearty heart cosmetic is Myanmar's local brand that is come from the Bella cosmetic. It is also a subsidiary company of Bella cosmetic. But the Hearty Heart brand of their packaging and lipstick color that is take the cute type. Hearty Heart Company that was just established last year and is a new brand. They are doing their TVC part on their own Instagram. The first collection of Hearty Heart cosmetic is called the Ice Cream Party. This brand's strength is their target for teenager user, so that their products have very low percentage of chemicals but use more natural ingredients. For future, they will produce the cosmetic and skin care products that is use the main milk materials for 13 and 14 years old child. They also have six colors eyeliner that has their own cute meaning for each color. So customers can choose the one that is most fit with their needs and feelings.

Hearty Heart products that can purchase from all division. They always post to tend and protect skin and lip tutorials on internet. They make the free gift program for their customers and invite the celebrity for their products introduce and goods briefing. They also have many sales promotion in each shopping center, buy one get one program, value buy free gift program and buying set Ice Cream cosmetic for discount program, etc. The all lipsticks from Hearty Heart company that have ice cream, chocolate, biscuit and milk shape smell, that is sweet and fun for their customers.

### **3.5 SAI Cosmetic Company's Profile**

Sai cosmetic that is intelligence and limitless. It goes well with any shapes and sizes. The limited edition sexy and intelligent liquid lip cream is for every lady with any types of lip shapes. No boundaries. It's meant to instil confidence through beauty that will catch anyone's eyes. SAI Liquid Lip Cream color shades come in three main theme so that customers may be as sexy as their confidence in any kind of occasion. From board meetings, night out parties to a casual day out, SAI Liquid Lip Cream will be there for customers always, every day. This is made in korea, this long-lasting

and full coverage lip cream glides onto the lips with intensely rich color and soft, velvet matte finish. With 5ml/ 0.18 oz per bottle, it's a smart investment for the beauty that are worthy of. And with every touch, simply sexy and intelligent is just what are. The address for SAI Co., Ltd is 210 – A, 36<sup>th</sup> St, Upper Block, Kyauktada Township, Yangon, Myanmar.

Sai Sai Kham Leng pronounced is a well-known Burmese singer-songwriter, model, novelist, and actor of ethnic Shan descent. He is known for his hip hop music. He is born in 10 April, 1979, Taunggyi, Shan State, Burma. The cosmetic line which singer Sai Sai Kham Leng has been working for a year is finally out now. The launching show of SAI cosmetic took place on October 9<sup>th</sup>, 2016 at Junction Square. SAI cosmetic has dropped the matte lip creams as their first line and it has three colors: red color named Heartbreaker, rosy pink color named First Kiss and nude color as Be Mine. Sai Sai's fans said, "Though we're not sure about the quality and texture of this lip cream, we buy it anyway because we believe in Sai Sai. And we will support him whatever he does." At the launching show, there were SAI cosmetic counters for customers who wanted to purchase right away. Sai Sai also added a lucky draw program for fans who purchased his lip cream. Along with Dreamboat's Mg Mg Aye, Sai Sai had fun times together with his fans. Also G Fatt and X Box took part as guest singers at the show.

On October, 20<sup>th</sup>, 2017, singer Sai Sai Kham Leng held a press conference to launch his new cosmetic series at Sule Shangri-La. At the press conference, Sai Sai stated, "Although I have made a lot of press shows related to my artist jobs, I have never made a press show for business. As everyone knows, I set up Frenzo Production back in 2015 and have been doing music and movies with my production. In 2016, I established a new trading company called "Frenzo Myanmar Company Limited" for my business branches. After that, I launched a new cosmetic series called SAI cosmetics under that trading company. I launched three lipstick shades in October, 2016 and now it's the one year mark already. We're going to launch new lipstick colors for our 1<sup>st</sup> anniversary but this time, we collected feedback from our customers and released according to their taste. The new lipstick series is called "Sexy and Intelligent Ultra Matte is Proof Series". It will be available in four shades: Pure Luv. Touch Me, honey Moon and Kiss in the Dark. At the same time, we're going to launch new makeup sponge."

The 1<sup>st</sup> anniversary of SAI cosmetic, with the launch of the new lipsticks, was held on October 29<sup>th</sup>, 2017 at Junction Square and included meeting with the fans as well. A lot of fans attended the fan meeting and Sai Sai gave presents to fans who purchased the new collection of his lipsticks. Regarding his successful business, Sai Sai said, "I have always been focusing on my artist career and then suddenly jumped into business field. Honestly I am just an amateur in business. But thanks to my fans, my cosmetic became very popular and sold out in a short time. All I want to say is I am going to try my best to not let you down. I know I lost my focus on show business while preparing for new products launch. Starting from now on, I'm trying to balance all of my work. So please look forward to it."

Everybody wants to look charming, especially when it comes to women, they love to put on the cosmetic products to enhance their beauty. But researches have proved that these cosmetic products are made of chemicals and causes side-effects on the skin. By such researchers people have also become conscious about the serious problem and are now making use of herbal cosmetics. The makeup products made from chemicals are so dangerous that they may even cause skin cancer. With the aim to safeguard people from such harmful products, they setup their company back in 2005 in Sojat, Rajasthan named SAI Cosmetics. This company is a manufacturer and supplier of products like Mitti, Fullers Earth power, Face Pack, Sandalwood, Natural hair Dye Power, etc. as their products are made of organic.

## CHAPTER 4

### ANALYSIS OF CUSTOMER BRAND EQUITY AND CUSTOMER RETENTION (A CASE STUDY FOR THREE COSMETIC BRANDS)

The aim of this chapter is to examine and analyze quantitative data that are collected through survey questionnaires. The data collection for this study is conducted in September, 2018, from respondents who are use the three chosen cosmetic products in Yangon. Simple random sampling method was applied in the study. There were 150 participants who completed the survey questionnaires. The analysis is divided into two parts. The first part is the analysis of customer perception on three variables of this study (marketing action, brand equity and customer retention). The second part presents the analysis for two objectives of this study: to explore the effect of marketing actions on brand equity and to find out the impact of brand equity on customer retention.

#### 4.1 Research Design

To implement the objectives of the study, the required data were obtained by using sample survey. Random customers of 150 customers were taken from the total number of 170 customers of three cosmetic brands in Yangon. Simple random sampling method is used in this study. The questionnaire consists of two main parts: the first part is concerned with demographic factors of customers and the second part is related to the influencing factors of marketing actions, brand equity and customer retention. 150 questionnaires were distributed to sampled customers. This questionnaires consists of 50 Bella cosmetic brand, 50 Hearty Heart cosmetic brand and 50 SAI cosmetic brand that regarding the influencing factors of brand equity and customer retention.

The questionnaire is designed to explore the brand equity and customer retention for three cosmetic brands. After conducting the survey, the obtained data are processed and analyzed using the SPSS Software version 22 to conduct descriptive analysis such as mean and inferential analysis such as correlation analysis, regression analysis.

## 4.2 Demographic Characteristics of Respondents

This section presents the description of respondents. The respondents were asked to describe their demographic information, including gender, age, average income per month, year of career and currently most using cosmetic brands.

### 4.2.1 Gender of Respondents

Table (3.1) describes the number of respondents relating to gender that participated in the survey.

**Table (4.1) Gender of Respondents**

Gender	No. of Respondents	Percentage (%)
Male	0	0.0
Female	150	100.0
Total	150	100.0

Source: Survey Data (2018)

According to Table (3.1), 150 respondents were female, accounting for 100% of the total 150 respondents.

### 4.2.2 Age of Respondents

Table (3.2) is a description of the number of respondents that are classified according to their ages. There are five groups. The first one is the group of respondents that are 18 years and under. The second group of respondents that are between 18 and 27 years. The third includes the people that are between 28 and 37 years. The last one includes the respondents that are from 38 to 47 years.

**Table (4.2) Age of Respondents**

Age	No. of Respondents	Percentage (%)
18 years and under	4	2.7
18 – 27 years	115	76.7
28 – 37 years	22	14.7
38 – 47 years	9	6.0
Total	150	100.0

Source: Survey Data (2018)

According to Table (3.2), the largest group is the one that includes the respondents who are between 18 and 27 years, found that 115 of respondents, accounting for 76.7%. The second largest group is the respondents who are from 28 to 37 years, found that 22 of respondents, accounting for 14.7%, and the third group is the respondents who are between 38 and 47, found that 9 of respondents, accounting for 6%. The smallest group is the people who are 18 years and under, found 4 of respondents, accounting for 2.7%.

#### 4.2.3 Average Income of Respondents

The average income per month of respondents are described in Table (3.3). There are five classifications. They are 50,000 – 100,000 kyats, 100,001 – 150,000 kyats, 150,001 – 200,000 kyats, 200,001 – 250,000 kyats and 250,000 and above.

**Table (4.3) Average Income of Respondents**

Income Per Month	No. of Respondents	Percentage (%)
50,000 – 100,000 Kyats	7	4.7
100,001 – 150,000 Kyats	35	23.3
150,001 – 200,000 kyats	52	34.7
200,001 – 250,000 Kyats	21	14.0
250,000 Kyats and above	35	23.3
Total	150	100.0

Source: Survey Data (2018)

According to Table (3.3), the largest group of the average income of respondents are between 150,001 to 200,000 kyats, found that 52 of respondents, accounting for 34.7%. The second largest group is the respondent's income from 100,001 to 150,000 kyats and 250,000 kyats and above, found that 35 of respondents, accounting for 23.3%. The third largest group is the respondent's income from 200,001 to 250,000 kyats, found that 21 of respondents, accounting for 14.0%. The final group is the respondent's income from 50,000 to 100,000 kyats, found that 7 of respondents, accounting for 4.7%.

#### 4.2.4 Respondents by Occupation Position

Occupation of respondents are classified into five groups such as students, assistance lecturer, sales executive, accountant and own business.

**Table (4.4) Occupation of Respondents**

<b>Occupation Level</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
Student	101	67.3
Assistant Lecturer	15	10.0
Sales Executive	14	9.3
Accountant	17	11.3
Own Business	3	2.0
Total	150	100.0

Source: Survey Data (2018)

According to Table (3.4), the largest group of respondents are students. They are 101 of respondents, accounting for 67.3%. Second largest group of respondents is accountant, found that 17 of respondents, accounting for 11.3%. Third largest group of respondents is assistant lecturer, found that 15 of respondents, accounting for 10.0%. Fourth largest group of respondents is sales executive, found that 14 of respondents, accounting for 9.3%. The smallest group of respondents is own business, found that 3 of respondents, found that 3 of respondents, accounting for 2.0%.

#### **4.3 Analysis of Customer Perception**

This section aims to present the analyses of customer perceptions on three main variables of this study (marketing action, brand equity and customer retention) based on chosen cosmetic product brands. The questionnaires for the study are designed according to five-point Likert scale from scale of one to five, where one represents “strongly disagree” and five represents “strongly agree”. The mean values were calculated based on sample 150 respondents. This section for descriptive analysis is the mean characteristics for each of the variables. The descriptive results for each measured variables in this study are presented in the following. The interpretation of Likert-scale questions is based on the formulation below:

$$\begin{aligned} \text{The width of each level} &= (\text{Highest score} - \text{lowest score}) \div \text{Number of level} \\ &= (5 - 1) \div 5 = 0.8 \end{aligned}$$

The average of 1.00 – 1.79 means a very low level of agreement. The average of 1.80 – 2.59 means a low level of agreement and 2.60 – 3.39 means moderate level of agreement. The average of 3.40 – 4.19 means a high agreement level and the average of 4.20 – 5.00 means a very high level of agreement. (Guyen, n.d.)

### 4.3.1 Marketing Action

Marketing action comprises five different aspects: Advertising, Innovation, Price Promotion, Pricing and Market Presence. Table (4.1) shows the mean values of advertising, Table (4.2) shows the mean values of innovation, Table (4.3) shows the mean values of price promotion, Table (4.4) shows the mean values of pricing and Table (4.5) shows the mean values of market presence. Mean values of all scales are shown to analyze responses of consumers to marketing action. Descriptive results of marketing action comprising all items are shown in following table as Bella, SAI and Hearty Heart respectively.

#### Advertising

There are five statements used to identify the level of respondent perception advertising towards the three cosmetic brands. The mean value of all scales in advertising for Bella, SAI and Hearty Heart cosmetic brands are shown. Table (4.1) shows the descriptive results of each scale for advertising.

**Table (4.5) Mean Values of Advertising**

No.	Statement	Mean Value		
		Bella	SAI	Hearty Heart
1	Watching it from television advertising	3.18	3.30	2.88
2	Listening it from radio advertising	2.00	2.04	1.68
3	It attract me from film advertising	2.90	2.86	2.64
4	Seeing it on internet a lot	4.30	4.26	4.32
5	Outdoor advertising drives me to buy	3.00	2.96	3.04
6	Watching it from television advertising	3.18	3.30	2.88
<b>Overall Average Value</b>		<b>3.09</b>	<b>3.12</b>	<b>2.91</b>

Source: Survey Results 2018, SPSS Output

According to the results in Table (4.1), the highest mean score for Bella cosmetics brand is 4.30. The highest mean score for SAI cosmetics brand is 4.26 and



for Hearty Heart cosmetics brand is 4.32 that all are they see the brand on internet a lot. It can be said that the respondents' chosen cosmetic brands deliver some interest to them in their sight. The lowest score for Bella cosmetic brand is 2.00. The lowest score for SAI cosmetic brand is 2.04 and for Hearty Heart cosmetic brand is 1.68 that all are they listened the brand from radio. That's mean all cosmetic brand that chosen are very lack on radio advertising and all respondents are also don't interest to listen the radio. The overall average mean values for advertising that has highest score for SAI cosmetic brand that is 3.12 and lowest score for Hearty Heart cosmetic brand that is 2.91. For overall, it can be said that the SAI cosmetic have good advertising than Bella and Hearty Heart.

### Innovation

There are five statements used to identify the level of respondent perception innovation towards the three cosmetic brands that the participants are chosen. The mean value of all scales in innovation for Bella, SAI and Hearty Heart cosmetic brands are shown separately. Table (4.2) shows the descriptive results of each scale for innovation.

**Table (4.6) Mean Values of Innovation**

No.	Statement	Mean Value		
		Bella	SAI	Hearty Heart
1	It is good at general information about the enterprise	3.32	3.44	3.54
2	Its product innovation is a novel	3.14	3.14	3.12
3	Its Organizational and marketing innovation is attractive	3.76	3.84	3.82
4	Its comparable innovation is modern	3.48	3.70	3.42
5	Its ongoing innovation is make the person look forward to	3.62	3.54	3.50
<b>Overall Average Value</b>		<b>3.44</b>	<b>3.52</b>	<b>3.49</b>

Source: Survey Results 2018, SPSS Output

According to the results in Table (4.2), the highest mean score for Bella cosmetics brand is 3.76. The highest mean score for SAI cosmetics brand is 3.84 and

for Hearty Heart cosmetics brand is 3.82 that all they think the brand's Organizational and marketing innovation is attractive. It means that all cosmetic brands that so attract their customers from organization and marketing innovation. The lowest score for Bella cosmetic brand is 3.14. The lowest score for SAI cosmetic brand is also 3.14 and for Hearty Heart cosmetic brand is 3.12 that all customer think the brand's product innovation is a novel. That's mean all cosmetic brand that chosen are very lack on their product innovation. The overall average mean values for innovation is has highest score for SAI cosmetic brand that is 3.52 and lowest score for Bella cosmetic brand that is 3.44. For overall, it can be said that the SAI cosmetic have good innovation than Bella and Hearty Heat.

### Price Promotion

There are five statements used to identify the level of respondent perception price promotion towards the three cosmetic brands that the participants are chosen. The mean value of all scales in price promotion for Bella, SAI and Hearty Heart cosmetic brands are shown separately. Table (4.3) shows the descriptive results of each scale for price promotion.

**Table (4.7) Mean Values of Price Promotion**

No.	Statement	Mean Value		
		Bella	SAI	Hearty Heart
1	Its price discount is make me impulse to buy it	3.18	3.34	3.62
2	Its value pricing is reasonable	3.32	3.84	3.74
3	Its half price promotion is very attractive for me	3.26	3.30	3.52
4	Its price discrimination is make me desire to but it	3.00	3.22	3.34
5	Its Buy 1 get 2 <sup>nd</sup> half price is always applies	2.72	3.00	2.72
<b>Overall Average Value</b>		<b>3.1</b>	<b>3.34</b>	<b>3.4</b>

Source: Survey Results 2018, SPSS Output

According to the results in Table (4.3), the highest mean score for Bella cosmetics brand is 3.32. The highest mean score for SAI cosmetics brand is 3.84 and for Hearty Heart cosmetics brand is 3.74 that all are their value pricing is reasonable. It means that all cosmetic brands that so attract their customers when they are using the value pricing promotion to sale. The lowest score for Bella cosmetic brand is 2.72. The lowest score for SAI cosmetic brand is also 3.00 and for Hearty Heart cosmetic brand is 2.72 that all are their buy 1 get 2<sup>nd</sup> half price is always applies. That's mean all cosmetic brand that chosen are very lack on their buy one get second half price promotion. The overall average mean values for price promotion that has highest score for Hearty Heart cosmetic brand that is 3.4 and lowest score for Bella cosmetic brand that is 3.1. For overall, it can be said that the Hearty Heart cosmetic have good price promotion than Bella and SAI.

### Pricing

There are five statements used to identify the level of respondent perception pricing towards the three cosmetic brands that the participants are chosen. The mean value of all scales in pricing for Bella, SAI and Hearty Heart cosmetic brands are shown separately. Table (4.4) shows the descriptive results of each scale for pricing.

**Table (4.8) Mean Values of Pring**

No.	Statement	Mean Value		
		Bella	SAI	Hearty Heart
1	Its free gift is non-miserly	2.96	2.96	2.74
2	Its loyalty card have big benefits	2.90	2.90	2.94
3	Its member card provide a convenient	2.92	2.92	3.04
4	Its buy 1 get 1 plan is in a timely manner	3.12	3.12	3.00
5	Its psychological pricing make me tend to buy its products	3.42	3.42	3.24
<b>Overall Average Value</b>		<b>3.06</b>	<b>3.06</b>	<b>3.99</b>

Source: Survey Results 2018, SPSS Output

According to the results in Table (4.4), the highest mean score for Bella cosmetics brand is 3.42. The highest mean score for SAI cosmetics brand is also 3.42

and for Hearty Heart cosmetics brand is 3.24 that all are their psychological pricing make customers tend to buy their products. It means that all cosmetic brands that are very good at the psychological pricing of marketing action. The lowest score for Bella cosmetic brand is 2.90 that their loyalty card have big benefits. The lowest score for SAI cosmetic brand is also 2.90 that their loyalty card have big benefits and for Hearty Heart cosmetic brand is 2.74 that their free gift is non-miserly. That's mean Bella and SAI cosmetic brand are lack on making their own loyalty card for customers and Hearty Heart cosmetic brand is weak on giving the free gift for their consumers. The overall average mean values for pricing is has highest score for Hearty Heart cosmetic brand that is 3.99 and the Bella and SAI cosmetic brand are same at 3.06. For overall, it can be said that the Hearty Heart cosmetic have good pricing than Bella and SAI.

### Market Presence

There are five statements used to identify the level of respondent perception market presence towards the three cosmetic brands that the participants are chosen. The mean value of all scales in market presence for Bella, SAI and Hearty Heart cosmetic brands are shown separately. Table (4.5) shows the descriptive results of each scale for market presence.

**Table (4.9) Mean Values of Market Presence**

No.	Statement Its	Mean Value		
		Bella	SAI	Hearty Heart
1	branding strategy is brilliant	3.52	3.40	3.50
2	Its public relations is affinity	3.28	3.56	3.22
3	Its online presence is in place	3.84	3.74	4.10
4	Its broadcast advertising is great	3.46	3.66	4.10
5	Its point of purchase is all over the country	3.52	3.54	3.64
<b>Overall Average Value</b>		<b>3.52</b>	<b>3.58</b>	<b>3.71</b>

Source: Survey Results 2018, SPSS Output

According to the results in Table (4.4), the highest mean score for Bella cosmetics brand that is 3.84. The highest mean score for SAI cosmetics brand is 3.74

and for Hearty Heart cosmetics brand that has two means of 4.10 that all are their online presence is in place and the Hearty Heart brand's other highest mean is their broadcast advertising is great. The lowest score for Bella cosmetic brand is 3.28 that their public relations is affinity. The lowest score for SAI cosmetic brand is 3.40 that their branding strategy is brilliant and for Hearty Heart cosmetic brand is 3.22 that their public relations is affinity. That's mean Bella and Hearty Heart cosmetic brand are lack on public relations and SAI cosmetic brand is weak on their brand strategy. The overall average mean values for pricing is has highest score for Hearty Heart cosmetic brand that is 3.71. For overall, it can be said that the Hearty Heart cosmetic have good market presence than Bella and SAI.

#### **4.3.2 Brand Equity**

Customer's perception on brand equity towards the brand is very important because it will result in customers' positive commitment to the brand. There are eight statements attempting to describe the respondents on the issue of their equity towards the brand evaluated. The mean value for Bella, SAI and Hearty Heart cosmetic brand equity are describe in this section. The descriptive results of each scales for brand equity is shown in Table (4.6).

**Table (4.10) Mean Values of Brand Equity**

No.	Statement	Mean Value		
		Bella	SAI	Hearty Heart
1	I would like to buy these brand even it is similar with other brand	3.46	3.18	3.10
2	This brand makes me feel very kind	3.44	3.18	3.24
3	This brand is more useful than other brands, so I still want to buy it	3.50	3.10	3.36
4	This brand gives me peace of mind without any worries	3.42	2.98	3.20
5	I really familiar with this brand	3.80	3.42	3.60
6	This brand that is relevant with my needs	3.28	3.40	3.30
7	We are esteem with this brand's quality, leadership and reliability	3.26	3.42	3.36
8.	This brand is different, unique and distinct for me (Differentiation)	2.24	3.24	3.32
<b>Overall Average Value</b>		<b>3.30</b>	<b>3.24</b>	<b>3.31</b>

Source: Survey Results 2018, SPSS Output

According to the results, the mean value of all statements for brand equity are in high agreement level except the Bella are differentiation. For Bella cosmetic brand, the highest mean score is 3.8 in that they are really familiar with the brand and the lowest score is 2.24 in that this brand is different, unique and distinct for customers (Differentiation). The statements that they are really familiar with the brand and customers are esteem with this brand's quality, leadership and reliability about SAI cosmetic brand have the highest mean score 3.42 in which this brand gives customer peace of mind without any worries that has the lowest mean score of 2.98. The highest mean score for Hearty Heart cosmetic brand is 3.6 that they are really familiar with this brand and the lowest mean score is 3.1 that customers would like to buy these brand even it is similar with other brand. For overall, that mean value for Hearty Heart cosmetic brand are higher than the other two but they are not more difference.

### 4.3.3 Customer Retention

There are eight statements used to identify the level of respondent perception customer retention towards the three cosmetic brands that the participants are chosen. The mean value of all scales in customer retention for Bella, SAI and Hearty Heart cosmetic brands are shown separately. Table (4.7) shows the descriptive results of each scale for customer retention

**Table (4.11) Mean Values of Customer Retention**

No.	Statement	Mean Value		
		Bella	SAI	Hearty Heart
1	I believe company deserves my loyalty	3.16	3.14	3.20
2	My loyalty to company has grown stronger	2.98	3.02	2.96
3	Company values people and relationships ahead of short-term goals	3.16	3.06	3.24
4	I likely to recommend company product to a friend or a relative	3.74	3.50	3.56
5	I am consider myself a loyal customer of this business	3.14	2.92	3.14
6	This brand isare capable to attract todays generations	3.82	3.66	3.62
7	The feeling about the behavior of sales executive	3.26	3.44	3.52
8	Overall, I am very satisfied with this brand	3.72	3.50	3.54
<b>Overall Average Value</b>		<b>3.37</b>	<b>3.28</b>	<b>3.34</b>

Source: Survey Results 2018, SPSS Output

According to the results shown in Table (4.7), for Bella cosmetic brand, the highest mean score is 3.82 in that are capable to attract today generations and the lowest score is 2.98 in that Over the past year, my loyalty to company has grown stronger. The statements that it is capable to attract todays generations about SAI

cosmetic brand have the highest mean score 3.66 in which I am consider myself a loyal customer of this business that has the lowest mean score of 2.92. The highest mean score for Hearty Heart cosmetic brand is 3.62 that that are capable to attract todays generations and the lowest mean score is 2.96 that over the past year, my loyalty to company has grown stronger. For overall, that mean value for Bella cosmetic brand are higher than the other two Hearty Heart and SAI respectively.

#### 4.4 Correlation Analysis

Correlation is a measure of relationship between two variables. The correlation coefficient gives value (-1 to 1) for measuring direction and the strength of the linear relationship between two variables. Person's correlation coefficients were computed to test the relationship between the variables of this study. Correlations of all variables used in this study are shown in following two tables (4.8) and (4.9).

**Table (4.12) Correlation between Marketing Action and Brand Equity**

Marketing Action		Brand Equity
Advertising	Pearson	.221**
	Correlation	.000
	Sig. (2-tailed)	
Innovation	Pearson	.421**
	Correlation	.000
	Sig. (2-tailed)	
Price Promotion	Pearson	.457**
	Correlation	.000
	Sig. (2-tailed)	
Pricing	Pearson	.324**
	Correlation	.000
	Sig. (2-tailed)	
Market Presence	Pearson	.498**
	Correlation	.000
	Sig. (2-tailed)	

Source: Survey Results, 2018 (SPSS Output)

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

\* . Correlation is significant at the 0.05 level (2-tailed).



According to the Table (4.8), the correlation coefficient between advertising and brand equity is 0.221 at significant 1% level. This shows that there is positively relationship between advertising and brand equity. The correlation coefficient between innovation and brand equity is 0.421 at significant 1% level. This shows that there is direct relationship between innovation and brand equity. The correlation coefficient between price promotion and brand equity is 0.457 at significant 1% level. This shows that there is positively correlated between price promotion and brand equity. The correlation coefficient between pricing and brand equity is 0.324 at significant 1% level. This shows that there is positively relationship between pricing and brand equity. The correlation coefficient between market presence and brand equity is 0.498 at significant 1% level. That shows the market presence is more effectively. This shows that there is positively correlated between market presence and brand equity.

Therefore, the analysis revealed that there is a positive and significant relationship between marketing action and brand equity. This means that if the company can give good marketing action about the products to their customers, it will lead to have good brand equity for the company.

**Table (4.13) Correlation between Brand Equity and Customer Retention**

		Customer Retention
Brand Equity	Pearson Correlation	.643**
	Sig. (2-tailed)	.000

Source: Survey Results, 2018 (SPSS Output)

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

\* . Correlation is significant at the 0.05 level (2-tailed).

According to the Table (4.9), the correlation coefficient between brand equity and customer retention is 0.643 at significant 1% level. This shows that there is positively relationship between brand equity and customer retention. Therefore, the analysis revealed that there is a positive and significant relationship between brand equity and customer retention. This means that if the company can give good brand equity about the products to their customers, it will lead to have more customer retention rate.

In summary, marketing actions, brand equity and customer retention have positive correlation. Among the factors, customer retention has the stronger

relationship with the brand equity of the customers ( $r = 0.643$ ) than the marketing action of them.

#### 4.5 Regression Analysis

In this section, the outcomes of analyzing for the objectives are presented. The two objectives were analyzed using regression analysis. This section includes the discussion of outcomes, including regression equations as well as estimates of variation of outcomes, and a full reporting of the linear regression outcomes from the statistical analysis.

##### Analysis of Marketing Actions on Brand Equity

Objective 1 stated is to explore the effect of marketing action and brand equity. This was analyzed using simple linear-regression, which determines the probability of the dependent variable based on the independent variable. For this model, the dependent variable is brand equity and the independent variable is marketing action. The results are described in Table (4.10).

**Table (4.14) Regression Result of Marketing Actions on Brand Equity**

Marking Action	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	.684	.292		2.345	.020
Advertising	-.003	.065	-.003	-.044	.965
Innovation	.122	.084	.116	1.460	.146
Price Promotion	.100	.068	.124	1.485	.140
Pricing	.252	.068	.294	3.684	.000
Market Presence	.312	.070	.333	4.474	.000
<b>N = 150      R<sup>2</sup> = .411      F = 20.080** (p-value = 0.000)</b>					

Source: Survey Result 2018

For this purpose, the multiple regression analysis is conducted and the results are reported in Table (4.10). The result show that the coefficients in the model are significant in pricing and market presence at 1% level and fringe benefit at 5% level,

which is indicated by the value of F-statistic. In addition, marketing actions have expected positive signs except advertising.

Among all of five independent variables in the model, only pricing and market presence are significant. The magnitude of each coefficient indicates the amount how much the score of the dependent variable will change if the score of an independent variable increases by 1 unit while other things remain unchanged. That is, if the score of pricing and market presence factor increases by 1 unit, while other thing remain unchanged, level of brand equity will increase by .252 and .312 unit.

As the performance of regression model, the model can explain about 41.1% of the variation of the marketing actions on brand equity. Therefore, among the five factors of the marketing actions, pricing and market presence are key determinant of brand equity.

#### Analysis of Brand Equity on Customer Retention

The second objective posed to find out the impact of brand equity on customer retention. This analysis was undertaken using multiple linear regression analysis, with customer retention being the dependent variable and brand equity being the independent variable. The results of this analysis are presented in Table (4.11).

**Table (4.15) Regression Result of Brand Equity on Customer Retention**

Independent Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	1.326	.199		6.661	.000
Brand Equity	.605	.059	.643	10.221	.000
N = 150      R <sup>2</sup> = .414      F = 104.48** (p-value = 0.000)					

Source: Survey Result 2018

For this purpose, the multiple regression analysis is conducted and the results are reported above in Table (4.11). The above results show that the coefficients in the model are significant brand equity and recognition at 1% level, which is indicated by the value of F-statistic. In addition, individual coefficients have expected positive signs. Among independent variables in the model, brand equity are significant. The magnitude of each coefficient indicates the amount how much the score of the

dependent variable will change if the score of an independent variable increases by 1 unit while other things remain unchanged. That is, if the score of brand equity factors increases by 1 unit, level of customer retention will increase by .605 units.

As the performance of regression model, the model can explain about 41.4% of the variation of the customer retention. Therefore, the brand equity that is the key determinant of customer retention.

## CHAPTER 5

### CONCLUSION

This chapter aims to present discussions on the research findings to the objectives of the study. The recommendations and suggestions for future study are indicated. Building brand equity is strategically important for marketers. Therefore, understanding marketing actions towards brand equity is essential for making effective brand management. However, understanding customer retention is not an easy subject as human behavior is complex. Moreover, consumer decision making process is also difficult to understand because their unconscious psychological factors also influence on their buying behavior. Similarly, it is difficult to explain why and how consumers have brand equity in a certain brand or they are switching one brand to another.

This study focuses on the influencing factors of brand equity status on cosmetics products. This conclusion is drawn from the study and analysis of influential factors on cosmetics products in Yangon.

#### **5.1 Findings**

This study was undertaken to explore the relationship between marketing actions, brand equity and customer retention in cosmetic products. The objectives were undertaken using a quantitative survey of 150 respondents who using the Bella, SAI and Hearty Heart cosmetic products. In order to explain which factors influence on the brand equity of the customers, this study examined the consumer demographics characteristics, psychological characteristics and the product attributes and/or marketing factors. The demographics characteristic gender group, age group, monthly income levels and occupation status. The quantitative survey was first analyzed descriptively. Objectives were achieved by using linear regression between independent and dependent variable. The influence of psychological factors on brand equity of consumers was examined by using Likert Scale test. It was found that all psychological factors are important factor for consumers in all brand equity status.

It is found that there is a positive relationship between marketing actions and brand equity. This indicates the marketing actions that are influences the brand equity. This could be a two-way relationship, with marketing actions also building on brand equity. Thus, this can be described as a reinforcement or feedback loop between

marketing action and brand equity. The finding supports the idea that marketing actions and brand equity are related, with marketing action having a positive impact on brand equity.

For advertising, among marketing actions the internet advertising is the best and the radio advertising is not useful for all cosmetic brands. For innovation, the organizational and marketing innovation is very attractive and the product innovation is lack for all brands. For price promotion, the value pricing is very reasonable for customer but consumers are not interest in their buy one get second half price promotion. For pricing, the psychological pricing make the customer tends to buy it but for Bella and SAI cosmetic, the loyalty card are not good and for Hearty Heart, its free gift is not attractive. The market presence for all brands are good at their online presence. Bella and Hearty Heart that are weak in public relations and SAI is lack in its branding strategy.

The regression analysis for this model showed a positive relationship between brand equity and customer retention. This could be a positive relationship, with customer equity behaviors such as repeated purchase increasing both customer retention and brand equity. In order to build customer brand equity, customers must have repeated, satisfactory experience with the brand and its characteristics. Thus, there is a clear causal relationship between these variables.

The relationship between marketing actions, brand equity and customer retention in this study has a moderate regression result and does suggest that there is a relationship between these three status. The important finding is that marketing actions, brand equity and customer retention are not independent of each other. It is not possible to build brand equity without marketing actions and customer retention. Behaviors associated with brand equity (such as repeat purchase from a given brand) build marketing actions and, if the brand is properly managed, increased customer retention. This mutually constituted relationship means that the relationship between brand equity and customer retention is particularly important.

The findings showed that by adding marketing actions to customer retention, there was a much stronger relationship with brand equity. This suggests that marketing actions and customer retention are paired or complementary constructs. Without customer retention, the marketing actions is not enough to promote equity. While brand building is important, it is equally important to ensure customer retention

and meet expectations if the company wants to build a long-term brand equity customer base.

From the findings generated by this study, it can be concluded that all the objectives in this research has been achieved. The results show that there are positive and significant relationship between marketing actions, brand equity and customer retention. It can be said that the more the customers have good retention about the brand, the more the marketing actions that can make; and the more the customer are satisfied with the brand, the more the customers will be have equity towards the brand.

## 5.2 Recommendations

The ultimate marketers' goal in brand-relationship development is a customer equity towards the brand. Understanding and managing brand equity is especially important in non durable goods industries (e.g. cosmetics industry) in which products can involve large profit margins on the brand but involve not long placement cycle for byers on the other hand. The latter issue makes it challenging for cosmetics manufacturers to ensure that consumers will repeat-purchase within the same company when it is time to replace their cosmetics.

Brand equity acquisition and maintenance is an important challenge in today's competitive markets. Many marketing researchers emphasize on the interaction between consumers and brands in terms of customer retention, creation of favorable attitude towards a brand and improvement of link between customers and brands. Equity to brand is followed by advantages like increasing sales and income, fighting against competitors, reduction in customer attraction costs and prevention from customers' sensitivity to competitors marketing actions. Brand equity creation involves investment in marketing programs and especially potential customers.

Marketers ought to pay attention to both marketing actions and customer retention in order to build brand equity. In order to generate true customer equity, companies need to be really good in the substantive product they are offering. Basically, by improving the quality of brands and supplying them accompanied with quality service, customers are likely to be retention and give equity to the brands. Marketing actions creates and develops trust-based relationship platform between brand and customers.

The influence of marketing factors on the brand equity of consumer was examined by using Likert Scale. From the analysis of this study, it was shown that

there are five factors influencing on brand equity which are advertising, innovation, price promotion, pricing and market presence. The finding revealed that brand equity plays a significant role in influencing consumers to be brand equity customers. Brand equity that has a high mean score all at moderate level of agreement and the related with other two status are also highly related.

### **5.3 Needs for Future Study**

This study and results indicate directions for future study. This study only focused on people who used the chosen cosmetics product and the sample size is relatively small. Therefore, the future study can be strengthened by increasing the sample size and focusing on other groups of respondents that have varied income level and more purchasing power than the respondents who participate in this study. With an increased sample size, a more detailed empirical analysis among the independent variables and the variables that have multiple categories can be performed. The findings from this study should be replicated with different product categories and brands.

In addition, for future research, it can be added other potential variables beside the current variables that can influences customer brand equity. Besides customer retention and marketing actions to the brand, additional variables can be used to further widen the research to find out what other positive contributions can influence customer brand equity among the customers. The present study did not examine personal factors, brand involvement, brand trust, band image, brand personality, perceived value and so forth. Thus, it need to develop a more detailed understanding of the relationship between brand equity and other variables related to relationship marketing.

This study focused on the influential factors towards brand equity of cosmetics brand in Yangon. The information provided in the analysis is not sufficient for business implication. This study only cope with the consumer demographics and psychological factors for (150) samples respondents who are the under graduate students and lecturers from Yangon University of Econimics. Due to the time limitation and the technical requirements, the correlation between the psychological factors and brand equity can be studied as a further study.



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# APPENDICES

## APPENDIX A

### Questionnaire for the Study

#### Brand equity and customer retention for three cosmetic brand in Yangon

This questionnaire is for a survey to study marketing actions, brand equity and customer retention in writing a thesis for the degree of master of commerce (M.com). The questions aim to gather information related factors that affect brand equity regarding to marketing actions, brand equity and customer retention. It should be noted that all information gathered by this survey will be treated confidentially and will be used for academic purpose only. This is not related to any other business purpose. Please kindly answer the following questions. Thank you so much for your corporation and I do appreciate it.

#### Part A: Demographic information

This section is on the personal information. Please give the appropriate response.

1. Gender:  Male  
 Female
  
2. Age:  18 years and under  
 18 – 27 years  
 28 – 37 years  
 38 – 47 years
  
3. Average income per month (Kyats):  50,000 - 100,000  
 100,001 - 150,000  
 150,001 - 200,000  
 200,001 - 250,000  
 250,000 and above
  
4. Occupation (position): -----

## Part B

In this section, a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5) will be used to analyze the customer brand equity regarding to marketing actions, brand equity and customer retention. With respect to your own thinking in the brand you are currently using, please answer the following statements by ticking one in the scale which best reflects the strength of your agreement or disagreement in relating to statement.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

Q. Please tick only one Cosmetic Brand that you are currently most using.

- Bella
- Sai Sai (SAI Cosmetix)
- Hearty Heart

### Marketing Actions

Q. What first prompted you to buy?

(a) Advertising

NO.	Statements	1	2	3	4	5
1.	I watch it from television advertising	1	2	3	4	5
2.	I listened it from radio advertising	1	2	3	4	5
3.	It attract me from film advertising	1	2	3	4	5
4.	I see it on internet a lot	1	2	3	4	5
5.	Outdoor advertising drives me to buy	1	2	3	4	5

(b) Innovation

NO.	Statements	1	2	3	4	5
1.	It is good at general information about the enterprise	1	2	3	4	5
2.	Its product innovation is a novel	1	2	3	4	5
3.	Its Organizational and marketing innovation is attractive	1	2	3	4	5
4.	Its comparable innovation is modern	1	2	3	4	5
5.	Its ongoing innovation is make the person look forward to	1	2	3	4	5

**(c) Price Promotion**

<b>NO.</b>	<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.	Its price discount is make me impulse to buy it	1	2	3	4	5
2.	Its value pricing is reasonable	1	2	3	4	5
3.	Its half price promotion is very attractive for me	1	2	3	4	5
4.	Its price discrimination is make me desire to but it	1	2	3	4	5
5.	Its Buy 1 get 2 <sup>nd</sup> half price is always applies	1	2	3	4	5

**(d) Pricing**

<b>NO.</b>	<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.	Its free gift is non-miserly	1	2	3	4	5
2.	Its loyalty card have big benefits	1	2	3	4	5
3.	Its member card provide a convenient	1	2	3	4	5
4.	Its buy 1 get 1 plan is in a timely manner	1	2	3	4	5
5.	Its psychological pricing make me tend to buy its products	1	2	3	4	5

**(e) Market Presence**

<b>NO.</b>	<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.	Its brand strategy is brillant	1	2	3	4	5
2.	Its public relations is affinity	1	2	3	4	5
3.	Its online presence is in place	1	2	3	4	5
4.	Its broadcast advertising is great	1	2	3	4	5
5.	Its point of purchase is all over the country	1	2	3	4	5

### Brand Equity

NO.	Statements	1	2	3	4	5
1.	I would buy these brand even it is similar with other brand	1	2	3	4	5
2.	This brand makes me feel very kind	1	2	3	4	5
3.	This brand is more useful than other brands so I still want to buy it	1	2	3	4	5
4.	This brand gives me peace of mind without any worries	1	2	3	4	5
5.	I really familiar with this brand (Knowledge)	1	2	3	4	5
6.	This brand that is relevant with my needs (Relevance)	1	2	3	4	5
7.	We are esteem with this brand's quality, leadership and reliability (Esteem)	1	2	3	4	5
8.	This brand is different, unique and distinct for me (Differentiation)	1	2	3	4	5

### Customer Retention

NO.	Statements	1	2	3	4	5
1.	I believe company deserves my loyalty	1	2	3	4	5
2.	Over the past year, my loyalty to company has grown stronger	1	2	3	4	5
3.	Company values people and relationships ahead of short-term goals	1	2	3	4	5
4.	I likely to recommend company product to a friend or a relative	1	2	3	4	5
5.	I am consider myself a loyal customer of this business	1	2	3	4	5
6.	That are capable to attract todays generations	1	2	3	4	5
7.	The feeling about the behavior of sales executive	1	2	3	4	5
8.	Overall, I am very satisfied with this brand	1	2	3	4	5

**\*\* Thank You so Much for giving your precious time \*\***



## APPENDIX B

### Results of Brand Equity on Marketing Actions and Customer Retention

#### Correlations

		Adverti sing	Innovation	Price Promotion	pricing	market presence
Advertising	Pearson	1	.362**	.315**	.324**	.145
	Correlation					
	Sig. (2-tailed)		.000	.000	.000	.076
	N	150	150	150	150	150
Innovation	Pearson	.362**	1	.404**	.337**	.474**
	Correlation					
	Sig. (2-tailed)	.000		.000	.000	.000
	N	150	150	150	150	150
Price Promotion	Pearson	.315**	.404**	1	.573**	.357**
	Correlation					
	Sig. (2-tailed)	.000	.000		.000	.000
	N	150	150	150	150	150
pricing	Pearson	.324**	.337**	.573**	1	.226**
	Correlation					
	Sig. (2-tailed)	.000	.000	.000		.005
	N	150	150	150	150	150
market presence	Pearson	.145	.474**	.357**	.226**	1
	Correlation					
	Sig. (2-tailed)	.076	.000	.000	.005	
	N	150	150	150	150	150
Brand Equity	Pearson	.221**	.421**	.457**	.478**	.498**
	Correlation					
	Sig. (2-tailed)	.006	.000	.000	.000	.000
	N	150	150	150	150	150

## Correlations

### Correlations

		Brand Equity	Customer Retention
Brand Equity	Pearson Correlation	1	.643**
	Sig. (2-tailed)		.000
	N	150	150
Customer Retention	Pearson Correlation	.643**	1
	Sig. (2-tailed)	.000	
	N	150	150

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

## Regression

### Variables Entered/Removed<sup>a</sup>

Model	Variables Entered	Variables Removed	Method
1	market presence, Advertising, pricing, Innovation, Price Promotion		Enter

a. Dependent Variable: Brand Equity

b. All requested variables entered.

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.641 <sup>a</sup>	.411	.390	.43921

a. Predictors: (Constant), market presence, Advertising, pricing, Innovation, Price Promotion

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

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.368	5	3.874	20.080	.000 <sup>b</sup>
	Residual	27.779	144	.193		
	Total	47.147	149			

a. Dependent Variable: Brand Equity

b. Predictors: (Constant), market presence, Advertising, pricing, Innovation, Price Promotion

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

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.684	.292		2.345	.020
Advertising	-.003	.065	-.003	-.044	.965
Innovation	.122	.084	.116	1.460	.146
Price Promotion	.100	.068	.124	1.485	.140
pricing	.252	.068	.294	3.684	.000
market presence	.312	.070	.333	4.474	.000

a. Dependent Variable: Brand Equity

**Regression**

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	Brand Equity <sup>b</sup>	.	Enter

a. Dependent Variable: Customer Retention

b. All requested variables entered.

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.643 <sup>a</sup>	.414	.410	.40660

a. Predictors: (Constant), Brand Equity

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

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.272	1	17.272	104.477	.000 <sup>b</sup>
	Residual	24.467	148	.165		
	Total	41.740	149			

a. Dependent Variable: Customer Retention

b. Predictors: (Constant), Brand Equity

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.326	.199		6.661	.000
	Brand Equity	.605	.059	.643	10.221	.000

a. Dependent Variable: Customer Retention