

Factors Affecting Customer Loyalty of Toyota Cars' Owners in Yangon, Myanmar

Aung Than Zaw, and Sirion Chaipoopirutana

Abstract—This study investigates the relationship between perceived value, performance quality, price fairness, customer satisfaction, brand reputation towards customer loyalty of Toyota cars' owner in Yangon, Myanmar. To do so a survey was conducted by distributing 400 questionnaires at the Toyota service center in Yangon, Myanmar. The Pearson Correlation was applied for the data analysis. The results show that there is a positive and significant relationship among perceived value, performance quality, price fairness, customer satisfaction, brand reputation towards customer loyalty. According to the results, Toyota Company should focus on their marketing strategy to make their customer more satisfy.

Keywords—Perceived value, Performance quality, Price fairness, Customer satisfaction, Brand reputation, Customer Loyalty.

I. INTRODUCTION

ACCORDING to Reicheld (1993) [11], customer loyalty is one of the important aspects for business organizations.

Previous studies and researches stated that customer loyalty is necessary for sustainability of every business. Selnes (1993) [12] also stated that there are many antecedents affecting to customer loyalty. Selnes (1993) [12], Chitty *et al.* (2007) [2] and Consuegra *et al.* [3] (2007) explored that the factors such as perceived value, performance quality, price fairness, customer satisfaction and brand reputation have significant influence on behavior of customers (loyalty).

Cronin *et al.* (2000) [4], according to the representative research projects, stated that higher level of perceived value leads to higher level of customer satisfaction and loyalty. In the study of Poland automobile industry, Waligora (2007) [13] found that the performance quality of product has positive impact to customer loyalty while brand reputation has little effect on loyalty.

This study is about "Factors affecting customer loyalty of Toyota cars' owners in Yangon, Myanmar". The researcher will focus on Toyota cars owners in Yangon who own a Toyota car for at least a year.

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II. LITERATURE REVIEW

A. Perceived value

Perceived value is the worth of a product or service in customers' mind. Value is an outcome of a judgement. Mc Dougall and Levesque (2000) [8] have defined the perceived value as a surplus for customers who get benefits along with their consumption.

B. Performance quality

The quality of product or service evaluated based on extrinsic cues only such as brand name, price and package (Selnes, 1993) [12]. Parasuraman, Zeithal and Berry (1988) [10] mentioned that performance quality is an overall judgement or attitude relating to the product or service.

C. Price fairness

Bolton *et al.* (2003) [1] defined that price fairness the process to recognize by customers an outcome is reasonable, acceptable. Moreover, influence of consumer's price fairness will depend on the offer price that consumers received.

D. Customer satisfaction

Oliver (1997) [9] defined as customer satisfaction is a customers' response that comes out when consumers experience a pleasurable level of fulfillment when evaluating a product or service. Fornell (2001) [5] found that satisfaction is as an overall feeling directly related to consumption and customers have the sense of how product or service meet to which level of their desire or standard norm.

E. Brand reputation

Hellier *et al.* (2003) [7] defined as brand reputation is the perception of quality associated with the brand name. There have been argued for which brand reputation and customer satisfaction are the same constructs. The brand reputation is more essential element for business. A key function of brand is that will be unique and the intrinsic cues or attributes are difficult to adopt. The intrinsic cues mean the physical or technical composition of a product. Brand name is defined as an extrinsic cue which means the attribute must be related with the product but not the physical part of the product itself. Brand reputation is impacted by direct experiences of customers. Brand reputation can be occurred by positive attitude followed by consumption (Selnes, 1993) [12].

F. Customer loyalty

Customer loyalty can be defined as a behavior of customers to rebuy or repatronise a specific product or service repeatedly in the future (Oliver, 1997) [9]. Thereby, purchasing the same

brand repeatedly, despite there are some factors which encouraging to switch to other choice. Wong and Sohal (2003) [14] also defined that more consumers fulfill their expectations during the purchase of product or service. Creating customer loyalty is an essential objective in strategic marketing and relationships marketing concepts (Gwinner *et al.*, 1998) [6].

III. RESEARCH FRAMEWORK AND METHODOLOGY

A. Research Framework

Base on previous empirical studies, the conceptual framework was developed. In the conceptual frame work, customer loyalty, the dependent variable, is affected by five independent variables; perceived value, performance quality, price fairness, customer satisfaction and brand reputation. The framework is shown in Fig.1. There were 10 hypotheses formulated based on the framework and they are shown as follows:

H1: There is a statistically significant relationship between performance quality and perceived value.

H2: There is a statistically significant relationship between perceived value and customer satisfaction.

H3: There is a statistically significant relationship between price fairness and perceived value.

H4: There is a statistically significant relationship between performance quality and customer satisfaction.

H5: There is a statistically significant relationship between price fairness and customer satisfaction.

H6: There is a statistically significant relationship between performance quality and brand reputation.

H7: There is a statistically significant relationship between customer satisfaction and brand reputation.

H8: There is a statistically significant relationship between price fairness and customer loyalty.

H9: There is a statistically significant relationship between customer satisfaction and customer loyalty.

H10: There is a statistically significant relationship between brand reputation and customer loyalty.

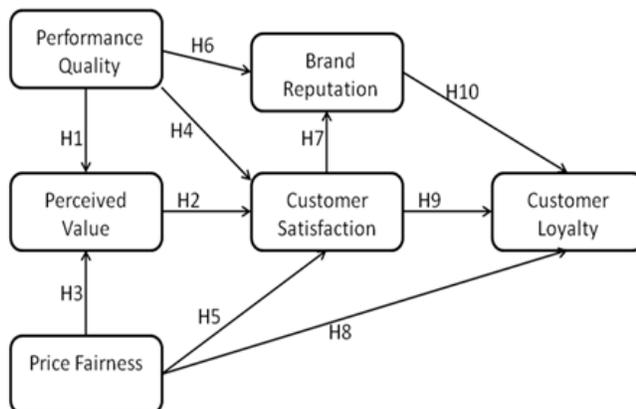


Fig. 1 The factors affecting customer loyalty of Toyota cars' owners in Yangon, Myanmar

B. Research Methodology

The purpose of this research is to investigate the factors affecting customer loyalty of Toyota cars' owners in Yangon, Myanmar.

This paper describes five independent variables which are perceived value, performance quality, price fairness, customer satisfaction and brand reputation which are affecting to the dependent variable, customer loyalty. All 400 research questionnaires which were distributed among target population in Yangon, Myanmar. The questionnaires consisted of eight sections that represent screening question, five independent variables, the dependent variable and demographic factors. The researcher applied judgment and convenience non-probability sampling. The researcher selected the descriptive research methodology instrument to evaluate each variable. This means that the outcomes of the research would be described by examining the relationship between different variables.

SAMPLING PROCEDURE

The researcher applied the non-probability sampling method to find the sampling unit in this study. The probability sample is the process of probability sampling which is randomly chosen and non-probability sampling is the probability of a specific member of the population which is unknown information for the researcher. The sampling unit is an individual component or group of components which point to the selection of the sample. The researcher in this study applied Judgment sampling and Convenience sampling; all details are as follows:

Step 1: Judgment Sampling

Judgment sampling or purposive sampling is non-probability technique in which an experienced individual selected the sample based upon some appropriate characteristic of the sample members. The judgmental function expresses agreement (JA) or disagreement (JD) and it involves choosing objects/ samples that are believed will give accurate results. The researcher chose to conduct Judgment sampling on customers who owned a Toyota car for a year or more in Yangon Myanmar. This sampling technique is the most suitable in research in which broad population generalizations are not required.

Step 2: Convenience Sampling

Convenience sampling is the sampling method used to gather information from people who are most conveniently available and it also called accidental or haphazard sampling. Convenience samples are often used in exploratory and descriptive research where time and money are critical constraints. Convenience sampling is beneficial to obtain a large number of completed questionnaires quickly and economically. Therefore, most of the researchers generally use convenience sampling to obtain a large number of completed questionnaires quickly and economically.

IV. RESEARCH AND FINDINGS

The hypotheses testing, is supported by the conceptual framework. There are a total of ten hypotheses which were tested in this research. Based on the research objectives,

Pearson's Correlation analysis was used in this study. After analyzing the hypotheses, all the null hypotheses were rejected. The results are summarized as follows:

TABLE I
SUMMARY OF HYPOTHESES TESTING

Hypothesis	Statistical Test	Significant Value	Correlation Coefficient	Result
H1 _a : There was a significant relationship between the performance quality and perceived value	Pearson's Correlation	0.000	0.288**	Reject H ₀
H2 _a : There was a significant relationship between perceived value and customer satisfaction	Pearson's Correlation	0.000	0.748**	Reject H ₀
H3 _a : There was a significant relationship between price fairness and perceived value	Pearson's Correlation	0.000	0.644**	Reject H ₀
H4 _a : There was a significant relationship between performance quality and customer satisfaction	Pearson's Correlation	0.000	0.794**	Reject H ₀
H5 _a : There was a significant relationship between price fairness and customer satisfaction	Pearson's Correlation	0.000	0.613**	Reject H ₀
H6 _a : There was a significant relationship between performance quality and brand reputation	Pearson's Correlation	0.000	0.736**	Reject H ₀
H7 _a : There was a significant relationship between customer satisfaction and brand reputation	Pearson's Correlation	0.000	0.712**	Reject H ₀
H8 _a : There was a significant relationship between price fairness and customer loyalty	Pearson's Correlation	0.000	0.519**	Reject H ₀
H9 _a : There was a significant relationship between customer satisfaction and customer loyalty	Pearson's Correlation	0.000	0.715**	Reject H ₀
H10 _a : There was a significant relationship between brand reputation and customer loyalty	Pearson's Correlation	0.000	0.566**	Reject H ₀

V. SUMMARY AND CONCLUSION

The researcher concentrated on the perceived value, performance quality, price fairness, customer satisfaction and brand reputation to analyze customer loyalty of Toyota cars owners. Accordingly, the majorities of all respondents were male, married, aged between 36 to 45 years old, with a monthly income above 4,000,000 kyats and got bachelor degree. For hypothesis testing, the data had been analyzed by using SPSS (statistical package of social science) to test the hypotheses and find the results for this research.

The researcher investigated that within 10 hypotheses, among those (7) hypotheses (H₂, H₃, H₄, H₅, H₆, H₇ and H₉) have strong positive relationship between each variable and which means that there is a strong positive relationship between perceived value and customer satisfaction, price fairness and perceived value, performance quality and customer satisfaction, price fairness and customer satisfaction, performance quality and brand reputation, customer satisfaction and brand reputation, customer satisfaction and customer loyalty. The researcher also explored that the hypotheses (H₁₀ and H₁) have moderated positive relationship and weak positive relationship, respectively, which means that there is moderate positive relationship between brand reputation and customer loyalty and there is weak positive relationship between performance quality and perceived value.

VI. RECOMMENDATIONS

This study enriches the understanding of the factors affecting customer loyalty of Toyota car owners in Yangon, Myanmar. Moreover, the findings also help to figure out the behavior of automobile owners with deeper understanding. Furthermore, the understanding the key factors including demographic factors may help Toyota company and marketers to design appropriate strategies to keep their existing customers, attract new customers and gain competitive advantages in the market. Based on the findings from this study, the researcher would suggest some recommendations as follows:

The research findings of hypotheses eight, nine and ten have shown that the three factors such as price fairness, customer satisfaction and brand reputation have direct impact on customer loyalty. Thus, the loyalty of customers would increase when they get fair price in purchase, high satisfaction level and good reputation. The findings indicate that price fairness and brand reputation have moderate positive relationship with customer loyalty. Furthermore, customer satisfaction also has strong positive relationship with customer loyalty.

Thus, the researcher found that customers are loyal to Toyota because they satisfy with Toyota cars and they also believe that Toyota has high reputation and price is fair in compare with other brands. Therefore, the researcher would like to suggest Toyota to focus more on satisfaction of their

customers. Toyota should maintain their good reputation and offer fair/affordable price to increase loyalty of the customers. Not only the price of automobile, but also the price of spare parts and maintenance cost should be offered at affordable level by Toyota. To sell the vehicles at fair price, the researcher would like to suggest Toyota to establish manufacturing or assembly plant in the country instead of importing vehicles and spare parts from other countries because importing has to incur import taxes and transportation costs. To promote customer satisfaction, Toyota should consider their customers' needs and promotional activities like sales promotion and free maintenance service should be given occasionally. In order to build a competitive advantage, the managers of Toyota should note that customer loyalty is a construct that develops over time and therefore requires continuous monitoring and evaluation. The measurement of loyalty must include both the customer satisfaction and brand image while satisfaction relates to service process and outcomes, and brand image has a significant impact on longer term loyalty.

The results of hypotheses six and seven show that performance quality and customer satisfaction have strong positive relationship with brand reputation. Moreover, performance quality also has strong positive relationship with customer satisfaction. Every customer considers about the quality of product before they make a purchase. For automobile, customers first check the quality of the vehicles such as durability, safety, engine performance, suspension, break system, steering, and fuel consumption. If the customers experience good performance quality vehicles, their satisfaction will increase, then their reputation on brand increase as well. Thus, the researcher suggests Toyota to focus on the quality of their products and continue upgrading the technology to create their customers more satisfaction and promote the reputation of Toyota brand.

Furthermore, customer satisfaction plays as a mediating variable between perceived value, performance quality, price fairness and customer loyalty. According to the results of two, four and five, the researcher found that perceived value, performance quality and price fairness have positive impact on customer satisfaction. The customers who have high perceived value on products are satisfied customers. On the other hand, the acceptable quality and fair price of product or service attracts more customers and makes them satisfied because every customer considers and compares the price before they purchase a product or service. Therefore, the researcher would like to suggest management of Toyota to take the pricing policy of the company into account and keep price as fair as for their customers and find the ways to increase the perceived value of customers. Overall customer satisfaction is based on customers' perceptions of what is received at what cost.

Moreover, the results of hypotheses one and three also indicated that performance quality and price fairness have weak and strong positive relationship with perceived value, respectively. When the customers get high quality products with fair price, the emotional value of customers on that products increase. As mention above, the researcher suggests

Toyota to focus on the quality and price of automobiles to promote the value of customers which leads to high satisfaction level and loyalty. Toyota should continue to improve the quality of their products and price should be affordable for their customers. Depending on the product quality and price, the value may change because value includes not only quality, but also price (McDougall and Levesque, 2000) [8].

Finally, the researcher suggests the marketers to focus more on male customers who are married according to the results of demographic data which showed that majority of customers are males who are married and who may buy family cars rather than sport cars. By understanding the customers' background, it is easy to know what customers may need and want. However, the survey was carried out only in Yangon, Myanmar because of some limitations and the results can not represent the whole country. Therefore, the researcher recommends Toyota Company and marketers to carry out nation-wide survey to get more accurate information and understand the behavior of the customers.

FURTHER RESEARCH

This study was conducted to identify the factors affecting customer loyalty of Toyota car owners in Yangon, Myanmar. As there were some limitations in this study, further studies are needed. Therefore, the researcher suggests further research as follows:

1. The data of this study was collected only in Yangon, Myanmar, thus the results may be inappropriate to represent the whole country. The researcher suggests further study to conduct in other major cities in Myanmar.
2. This study analyzed only five variables affecting to customer loyalty. There might be other variables affecting to customer loyalty. Thus, further study could consider other potential variables influencing customer loyalty, in order to increase and enrich understanding of customers' behavior.
3. Moreover, this study should be carried out in different demographic areas because customers with different demographic background may have different knowledge, experience and different behavior and which will give more enrich information to Toyota and marketers to operate in different demographic areas.
4. Finally, this study focuses only on Toyota cars, therefore, applying this study to other automobile brands may be worthy further study to understand loyal behavior of customers on automobile brands.

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