CRITICAL SUCCESS FACTORS IN CUSTOMER LOYALTY:
CASE STUDY OF INTERNATIONAL FAST FOOD BRAND IN MYANMAR

ปัจจัยที่ส่งผลต่อความภักดีของลูกค้าร้านอาหารฟาสต์ฟู้ด:
กรณีศึกษาในประเทศพม่า

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Abstract

The purpose of this study is to examine the relationship between five dimensions of perceived service quality, brand image and customer satisfaction towards customer loyalty of fast food restaurant in Yangon, Myanmar. The quantitative questionnaires were approached by using linear regression analysis to confirm the results. Survey data were collected from 400 customers who experienced the service of international fast food restaurant in Yangon namely KFC, Mary Brown and Lotteria. Survey data were collected from customers who are visiting in shopping malls namely Myanmar Plaza, Junction City, and Junction Square. Results of the study suggest customer loyalty is most influenced by the "Tangibility" dimension. The finding also shows that brand image is also positively influenced customer satisfaction and loyalty.

Keywords: Perceived service quality, Brand image, Customer satisfaction, Customer loyalty, Fast food restaurant

บทคัดย่อ

วัตถุประสงค์ในการวิจัยครั้งนี้คือ หาความสัมพันธ์จากปัจจัยทั้งห้าด้านเกี่ยวกับการรับรู้คุณภาพบริการ ภาพลักษณ์และความพึงพอใจต่อความภักดีของลูกค้าร้านอาหารฟาสต์ฟูดในย่างกุ้ง ประเทศพม่า การวิจัยครั้งนี้ ใช้แบบสอบถามเชิงปริมาณในการศึกษาปัจจัยที่มีผลต่อความภักดีของลูกค้า โดยใช้การวิเคราะห์การถดถอยเชิงเส้น กลุ่มตัวอย่างที่ใช้ในการสำรวจ มีจำนวนทั้งหมด 400 คน ที่มีประสบการณ์ในการรับบริการจากร้านอาหารฟาสต์ฟู้ด 3 แบรนด์ ได้แก่ (1) KFC (2) Mary Brown และ (3) Lotteria ในศูนย์การค้า 3 แห่งในย่างกุ้ง ได้แก่ (1) Myanmar Plaza (2) Junction City และ (3) Junction Square ผลการศึกษาชี้ให้เห็นว่า ความจงรักภักดีของลูกค้าได้รับ อิทธิพลมากที่สุดจากการให้บริการที่เป็นรูปธรรม อีกทั้งภาพลักษณ์ของแบรนด์ยังส่งผลทางบวกต่อความพึงพอใจและ ความภักดีของลูกค้า

คำสำคัญ: การรับรู้คุณภาพบริการ ภาพลักษณ์ของแบรนด์ ความพึงพอใจของลูกค้า ความภักดีของลูกค้า ร้านอาหาร ฟาสต์ฟู้ด

Introduction

The recent opening of Myanmar's economy has led to an influx of foreign investments and a growing middle class. In 2013, some famous Asia fast food brands such as Lotteria from Korea and Mary Brown from Malaysia were entering the country and opening the franchise shops in Myanmar. These fast food chains introduced the fast food culture to Myanmar. Historically, fast food industry has been growing after the partial lifting of the US sanctions on Myanmar in 2015. Today, the fast food restaurants can be found in most of the shopping malls and downtown area. There three famous international fast food brands in Myanmar namely KFC, Lotteria and Mary Brown. Among these the international brands, Lotteria has the most outlets (15 outlets) followed by KFC (13 outlets) and Mary Brown (7 outlets).

With this highly competitive market rivalry, the fast food restaurants have to keep up with their competitors in term of products and services offered to satisfy customers. Delivering high-quality products and services are important to create a good image of the business which enhancing their customer experience and satisfaction for returning business. Understanding the factors that impact customer loyalty is a must for the service provider.

Thus, the main objective of this study is to investigate the critical success factors in customer loyalty towards fast food restaurants in Myanmar.

Literature review
Service Quality

There are several factors that drive restaurant business to success. Service quality is one of the key success factors which lead to the growth of the restaurant business in differentiating itself from competitors. Providing high-quality service is an opportunity to influence customers' satisfaction and loyalty. Many restaurants try to provide high-quality service which is beyond customer's

expectation to maintain their customers and survive in a competitive environment (Dabholkar, Shepherd & Thorpe, 2000). Cronin & Taylor (1992) suggested that one of the most important strategies to improve service quality would be for a service provider to distinguish themselves from competitors and to be effectively positioned in the marketplace.

The SERVQUAL Model

The SERVQUAL approach was designed by Parasuraman, Zeithaml & Berry (1985), in response to the lack of conclusive published research material link with service quality management. Since service quality has been described as intangible, desperate and indivisible, it is very difficult to measure it objectively (Zhao, Bai & Hui, 2002). Past researchers have indicated, reconstructed and proposed various versions of the SERVQUAL model to bring about specific aspects in the numerous service sectors (Pizam, Shapoval & Ellis, 2016). SERVQUAL model is based on customers' evaluation of the quality of a service across five distinct dimensions for service sectors: tangibility, reliability, assurance, responsiveness, and empathy.

1) Tangibility is the feature of the restaurant, which the customer will experience once they are in the restaurant (Ramseook-Munhurrun, 2012). The tangible factors related to restaurant include comfortable store designs, clean dining area, hygienic equipment and enough and well-dressed service employees to provide professional services.

2) According to Zeithaml (1988), reliability is the ability to provide a promised service attentively and precisely. For the restaurant industry, reliability means providing fresh food with a right temperature and serving error-free orders to the customers.

3) Responsiveness means helping customers willingly and providing prompt service. Accurate and passionate service quality are the main important things that service employees need to contribute to customers.

4) Assurance is the knowledge and politeness of service provider and their skill to deliver trust and confidence to the customers Zeithaml (1988). Employees need to be knowledgeable to solve and answer customer's questions.

5) Empathy can be defined as individualized attention and care that restaurant staff provide to their customers (Gorla, 2011; Ball & Millen, 2003). The customer will be better-off and feel comfortable if provided individual attention.

Customer Satisfaction

Customer satisfaction can be defined as an individual's feeling such as enjoyment or disappointment that results from comparing a product's perceived performance to a particular expectation (Oliver, 1981; Brady & Robertson, 2001). Customer satisfaction is the main indicator of a company's past, current, and future performance in order to determine retention of the customers (Lee, 2004). As customer service is key in the restaurant industry, restaurant owners and managers need to ensure that customer satisfaction is reached (Harrington et al., 2011).

Customer Loyalty

Jones & Sasser (1995) expressed that customer loyalty is "a feeling of attachment to or affection for a company's people, products, or services". Customer satisfaction and loyalty can be built by offering different services to the customers. Consequently, the core value of a loyal customer will be in retaining a sustainable relationship with customers. A higher level of customer loyalty can be seen from a satisfied customer. According to Evanschitzky et al. (2012) loyal customers are pleased to pay more with strong purchase intentions and hardly change. The importance of customer loyalty in global markets has been made stronger due to high level of competition in a bid to attain sustainable competitive advantages (Aksoy, 2013).

Brand Image

Brand image is the perception of a customer on the band or the way they view it. According to Keller (1993) brand image is a sign that consists of all the information and expectation-related to product and service, based on customer perception. Aaker (1997) also defines it as the ability to identify and remember a brand as a member of a certain product category by potential customers. There is increasing importance in brand identification being an aspect that causes symbolic consumption in the restaurant industry (Lam et al., 2013)

Framework:

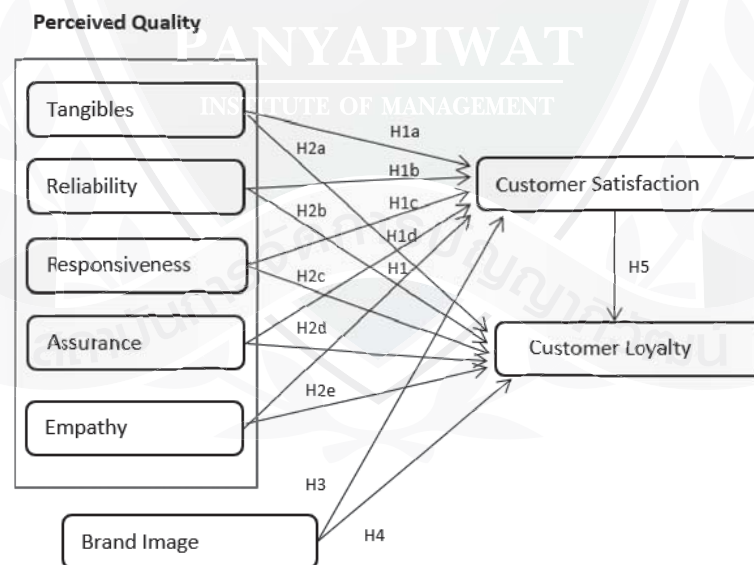The conceptual framework for this research appears below:

Figure 1

Source: adapted from Parasuraman, Zeithaml & Berry (1985), Cronin & Taylor (1992), Szymanski & Henard (2001), Namkung & Jang (2007), Ryu, Han & Jang (2010), Kim, Hertzman & Hwang (2010)

Research objectives

The purpose of this study is to examine the relationship between five dimensions of SERVQUAL model, brand image and customer satisfaction towards customer loyalty.

Hypothesis

Perceived Service Quality and Customer satisfaction

Restaurants are facing an increasingly competitive pressure to survive and great efforts are being devoted to better understanding customers' needs and to provide the services that meet their expectations. The perceived service quality is critical for the success of organizations because of its direct link with customer satisfaction and behavioral intentions (Parasuraman, Zeithaml & Berry, 1985). Service quality affects customer loyalty although indirectly as it assists customers decide on their satisfaction with what has been offered (Demirci Orel & Kara, 2014). Thus, the following hypotheses were proposed:

H_{1a}: Tangibility is positively related to customer satisfaction.

H_{1b}: Responsiveness is positively related to customer satisfaction.

H_{1c}: Reliability is positively related to customer satisfaction.

H_{1d}: Assurance is positively related to customer satisfaction.

H_{1e}: Empathy is positively related to customer satisfaction.

Perceived Service Quality and Customer Loyalty

Cronin & Taylor (1992) previously hypothesize that the perceived service quality has a positive effect when it comes to consumer loyalty. The research conducted previously point out that there is a positive relationship between perceived quality and customer loyalty (Aydin & Ozer, 2005). Loyal customers maintain profits consistently (Berezan et al., 2013) and also word of mouth which is trustworthy hence attract new customers (Garnefeld, Helm & Eggert, 2011)

Thus, we can now develop the hypothesis as follows:

H_{2a}: Tangibility is positively related to customer loyalty.

H_{2b}: Responsiveness is positively related to customer loyalty.

H_{2c}: Reliability is positively related to customer loyalty.

H_{2d}: Assurance is positively related to customer loyalty.

H_{2e}: Empathy is positively related to customer loyalty.

Brand Image, Customer Satisfaction, and Customer Loyalty

Customer satisfaction depends upon the users' perception of past events (Oliver 1980). Studies in the field of relationship between satisfaction and brand loyalty have implied that the consumer opts for their preferred brand (Szymanski & Henard, 2001). But past researches have shown that the image of the restaurant was more influential when it comes

to customer satisfaction and significance which is also a byproduct of customer loyalty (Ryu, Han & Jang, 2010; Kim, Hertzman & Hwang, 2010; Namkung & Jang, 2007). Marzocchi, Morandin & Bergami (2013) stated that customer creates a strong relationship with the brand in order to convey their identity and create a positive emotion towards the brand. So, in respect of the above-mentioned facts, we now extend this hypothesis as:

H_3: Brand Image positively influences customer satisfaction.

H_4: Brand Image positively influences customer loyalty.

Customer satisfaction and customer loyalty

It was also found that a greater number of customers who declare themselves as loyal customers did shift to another brand although they are pleased with their regular brand. Therefore, in order to become loyal and profitable for the company, a customer must be highly satisfied. The decline of customer satisfaction will lead to a major decline in customer loyalty (Jones & Sasser, 1995).

H_5: Customer satisfaction positively influences customer loyalty.

Research Methodology

The quantitative method was applied for analyzing the survey of this study. The target population of the study was customers who had dining experiences at KFC, Mary Brown and Lotteria in Yangon. The random sampling technique was employed. Proportion sampling based on number of outlets was applied: 40% (160 respondents) from KFC, 44% (176 respondents) from Lotteria, and 16% (64 respondents) from Mary Brown in the total of 400 respondents. Five-point Likert scales with the range of "strongly disagree" (1) and "strongly agree" (5) will be used to measure in this study based on customer experiences and perceptions.

In this study, a pilot test was conducted among 30 respondents. Table 1 shows that the questionnaires of this study were accepted for internal consistency as all the value were above 0.7 (Cronbach, 1951). Cronbach's alpha value was from 0.838 to 0.974.

Results of the Study

From the respondents' demographics were classified as gender, age, occupation, education, monthly income level, frequency of visit per week, spending per visit, and most preferred restaurant. Based on the results, the majority of the respondents were female which consists of 55% of the sample size. Respondents aged between 26-35 years old represented the largest age group which consists of 51%. Besides that, 64% of the respondents held of bachelor degrees with the majority working for private organizations. Moreover, 26% of respondents' monthly incomes were between 100,001 Ks to 300,000 Ks; 57% of respondents visited fast food restaurants once a week. They spent about 5,000 Ks to 10,000 Ks per visit and most of the respondents, 44%, preferred Lotteria.

Table 1 Cronbach's Alpha Scale Reliability Results

Variables		Item no.	Cronbach's Alpha n = 30	Cronbach's Alpha n = 400
Perceived Quality	Tangible	4	0.913	0.904
	Reliability	5	0.908	0.909
	Responsiveness	4	0.838	0.907
	Assurance	4	0.895	0.929
	Empathy	5	0.913	0.925
Brand Image		16	0.970	0.974
Customer Satisfaction		5	0.930	0.949
Customer Loyalty		7	0.948	0.963

Source: Author's calculation

Relationship of relevant variables and the research hypothesis

Table 2 Summary of Testing Hypotheses

No.	Hypothesis Path	β	t-value	p-value	Hypothesis Supported
H_{1a}	Tangible → Satisfaction	0.273**	5.455	0.000	Yes
H_{1b}	Reliability → Satisfaction	0.036	0.535	0.593	No
H_{1c}	Responsiveness → Satisfaction	0.137*	2.092	0.037	Yes
H_{1d}	Assurance → Satisfaction	0.206**	3.300	0.001	No
H_{1e}	Empathy → Satisfaction	0.226**	4.057	0.000	Yes
H_{2a}	Tangible → Loyalty	0.193**	3.521	0.000	Yes
H_{2b}	Reliability → Loyalty	0.127	1.731	0.084	No
H_{2c}	Responsiveness → Loyalty	0.091	1.275	0.203	No
H_{2d}	Assurance → Loyalty	0.112	1.648	0.100	No
H_{2e}	Empathy → Loyalty	0.301**	4.937	0.000	Yes
H_3	Brand Image → Satisfaction	0.861**	33.775	0.000	Yes
H_4	Brand Image → Loyalty	0.786**	25.367	0.000	Yes
H_5	Satisfaction → Loyalty	0.846**	31.675	0.000	Yes
*significant at 0.05, **significant at 0.01					

Source: Author's calculation

Based on the finding of Table 2, the results showed that tangible, responsiveness, assurance, reliability and empathy had positively impact on customer satisfaction. Among all the five independent variables, Tangible had the strongest influence on customer satisfaction (β = 0.273), followed by Empathy (β = 0.226), Assurance (β = 0.206), Responsibility (β = 0.137), and Reliability (β = 0.036). As for the customer loyalty, only Tangible and empathy had a significant relationship with loyalty. Empathy had the strongest influence on customer loyalty (β = 0.301). Moreover, Brand image showed positively influence on both customer satisfaction and loyalty.

Implication and Conclusion

The main objective of the study was to investigate service quality, brand image and customer satisfaction toward customer loyalty in the fast food service dimension. Customer satisfaction plays an important role in determining the success of the fast food restaurant business. Customers are always willing to try new and interesting things. When the customer does not satisfied with the products and services, they will switch to other restaurants. It is crucial for management to maintain their brand image through high product and service quality.

Findings indicate that tangibility had the strongest impact than other dimensions (reliability, assurance, responsiveness, and empathy) towards customer satisfaction and loyalty. Therefore, management should focus on providing high quality of foods, drinks, comfort seats, and appearance of staffs as well as conveying personalized or customized service to make customers feel that they are special.

As for the improvement, staffs should be knowledgeable about foods and beverages as well as serving the products accurately and in a timely manner. This finding reinforces the need for the management to improve their service quality especially reliability, assurance, and responsiveness by not allowing customers to wait a long time in the restaurant, avoiding wrong order and improving the skill of the staff to gain trust and confidence of the customers.

Additionally, customer satisfaction from products and services has directly impact on customer loyalty. Staff's attitude greatly impacts the customers' experiences. Happy customers come from happy staffs. In order to strengthen the performance of the staff, they should be trained regularly. Staffs are key motors to run the business. They should be valued and treated as an important team member. The management has to create employee engagement environment to make sure that their staffs perform their best such as create knowledge sharing session among team members, provide skill development opportunities as well as mentoring and coaching programs.

The finest level of customer service depends on how accurately managements assess their customer perceptions. Customer satisfaction levels have to be monitoring regularly from customer feedbacks and complaints. Service improvement plan such as a process for gathering feedback from dissatisfied customers; plan to

improve the performance of staffs; and plan to improve customer experience, can be implemented to enhance customer satisfaction and loyalty.

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