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Customer Loyalty in the Retail Industry in Yangon, Myanmar

Myo Min*, Nopphon Tangjitprom

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Abstract

Purpose: The purpose of this research is to investigate the factors impacting customer loyalty in the retail industry in Yangon, Myanmar. The study identified the relationship among product innovation, service quality, product quality, customer satisfaction, trust, communication, and customer loyalty. **Research design, data, and methodology:** A total of 491 respondents were used to collect the data via online and offline questionnaire. The sampling procedure involves judgmental, convenience and snowball sampling. Confirmatory Factor Analysis (CFA) was used to test factor loading, composite reliability, average variance extracted, Cronbach's alpha, validities and goodness of fit. Additionally, the hypothesis testing results were produced by Structural Equation Modeling (SEM). **Results:** The result shows that service quality and product quality have a significant relationship on satisfaction. Furthermore, the relationship among satisfaction, trust and loyalty are significantly supported. For second order, there are causal relationship among semi/uncontrolled communication and its elements which are word-of-mouth, public relations, media relations, and social media marketing. Nevertheless, product innovation has no significant impact on satisfaction. **Conclusion:** Products itself and semi-uncontrolled communication are vital points to get customer loyalty in the long run through satisfaction and trust. Thus, organizations and marketers need to focus on a competitive edge to gain sustainability in customer loyalty.

Keywords: Product Quality, Service Quality, Customer Satisfaction, Trust, Loyalty

JEL Classification Code: E44, F31, F37, G15

1. Introduction

In Myanmar, the modern retail grocery retail chain industry was booming due to economic development (Gelb et al., 2017). Local retailers are also changing their outlets to suit foreign trends. At the same time, during political and economic reforms made across the country, with liberalization and encouragement of FDI for the countries by the Myanmar Government, foreign retail conglomerates were interested in investing in Myanmar. The retail industry in the grocery sector, including food and beverages, has

changed with significant momentum. Commercial interest and eyed-up by foreign investors in Myanmar were rapidly growing during these days (Hardaker, 2018). To cope with the situation, organizations need to focus on customer loyalty as the retail industry is also growing year by year by fulfilling consumers' needs and wants in line with the growth of the digital economy.

Product Innovation is crucial and plays a critical role in generating an organization's expansion of market shares and brand equity and ultimately generating high profit (Hanayshaa & Hilmanb, 2015). In the modern approach and

^{1*} Myo Min, PhD Candidate in Innovative Technology Management Candidate, Graduate School of Business and Advanced Technology Management, Assumption University, Thailand. Email: kidkid276@gmail.com
² Nopphon Tangjitprom, College of Innovation, Thammasat University, Thailand, Email: tnopphon@gmail.com

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fast-growing consumer goods perspective, retailing refers to typical trading activity in the distribution process, which usually provides the activities in the selling process of the various commodities or merchandise to end users to purchase goods and services. The critical elements in this study are product innovation, service quality, product quality, customer satisfaction, consumer trust, and consumer loyalty. Given the rapid pace of technological advancement and change in social transformation, the competitiveness among the service providers has become tense, and consumer's expectations for outstanding customer service and the success of the organization's product and services are now being decided by additional factors which need to be more on creativity and excellent customer service.

In the global digital era, rapid changes in each sector and industry can be seen. In the retail industry, Customer Loyalty is crucial in the business environment, and finding new customers is costly for the organization compared to existing customer retention. That is why organizations and marketers need to focus on customer retention and increase loyalty to the organization's Brand Identity and Corporate Strategy. Especially in the retail segment, most of the researchers stated that Integrated Marketing Communication (IMC) is crucial for the organization. There are a few concerns concerning trust and loyalty and conducting further investigation. Because few of the findings by researchers, such as the direct effect of uncontrolled communication, were unexpected and could be related to the type of business that the case company belongs to, future studies might usefully repeat this research in another sector or country to examine the abstractions of the findings. In this regard, the researcher would like to investigate this area to identify more exploration from the context of the Myanmar retail industry. The purpose of this research is to investigate the factors impacting customer loyalty in the retail industry in Yangon, Myanmar. The study identified the relationship among product innovation, service quality, product quality, customer satisfaction, trust, communication, and customer loyalty.

2. Literature Review

2.1 Product Innovation

Product innovation can be differentiated from other companies' products, sold at a premium price, and sustained long-term profit. Product innovation, also known as a differentiation strategy, and how this strategy made the brand and product leader in the specific market is defined by Porter (2008). Product innovation represents a new way of solving a problem having a high number of consumers. There may be no products on the market to address (Ghelber, 2019). It

is very crucial for companies that other competitors easily copy their products. Furthermore, those enterprises are essential in keeping the development of an innovation strategy on the product development and product innovation, to make sure for the tense competition and to have competitive advantages among competitors to create in an unbeatable position and all those creations are needed to match with new needs and satisfaction of customers (Zhenxiang & Lijie, 2011). Thus, the first relationship is hypothesized:

H1: Product innovation has a significant impact on customer satisfaction.

2.2 Service Quality

The definition of service quality can be differentiated under different industries and different natures of business. Service quality is one of the crucial factors that the product's purchaser influences, and it plays a crucial role in decision-making (Sharma, 2016). Bitner (1990) defined the meaning of service quality, which can be assumed as an overall impression of inferiority or superiority provided in both products and services, which has perceived and decided by customers, and it also the customer's overall attitude towards the company (Parasuraman et al., 1988). Marketing literature should be completed based on the studies focused on service quality. SERVQUAL is considered the most widely used tool and should focus on human aspects of service delivery with other factors on tangibles parameters, Sureshchandar et al. (2002). In the Indian retail banking sector, researchers have investigated in recent studies exploring more on what are the relationship between service quality to customer satisfaction and loyalty (Kaura & Datta, 2012). Some researchers found that generic service quality dimensions and technology-based banking significantly influence customer satisfaction and loyalty (Ganguli & Roy, 2011). Hence, the second hypothesis is developed:

H2: Service quality has a significant impact on customer satisfaction.

2.3 Product Quality

Product quality is "consumers' judgment about an entity's products or services containing overall excellence or superiority provided" (Snoj et al., 2004). Perceived quality can be measured by many dimensions, such as performance, durability, attention, worthiness, reliability, and product safety. Garvin (1987) presented the products' eight dimensions: "performance, feature, reliability, conformance, durability, serviceability, aesthetic, and perceived quality." Javier et al. (2017) investigated how final perceptions of product quality and brand reputation can be crucial determinants of brand loyalty in the community of using

online e-commerce transition for the lingerie product market in Spain. Product quality is generally associated with the consumer's experience and satisfaction. Hence, the third hypothesis is developed:

H3: Product quality has a significant impact on customer satisfaction.

2.4 Satisfaction

Customer satisfaction and supplier action are critical variables for relationship quality (Hewett et al., 2002). Customer satisfaction is an emotional state that arises from a cognitive process, involving a comparison between customer expectations and perceptions of service performance, and an emotional evaluation experienced during consumption (Westbrook & Oliver, 1991). Customer satisfaction can be generated by a discrete transaction, in which episodic satisfaction occurs, and by a long-term relationship between a customer and a supplier (Lam, 2006). Trust of the consumer in the organization or brand states that it is a function of perceived reliability and integrity of a brand or service provider (El-Manstrly et al., 2011). Overall satisfaction is defined as a consumer's cognitive and affective state, originating from a personal experience using a firm's products and services. The concept of trust is directly related to the perceived risk in terms of feelings of uncertainty about future events and potential adverse consequences of possibilities (Reisenwitz et al., 2007). Previous studies described trust arising from the emotional experience and the supplier's credibility and promise. Satisfaction is a factor of an evaluation of past service experiences, while trust is more concerned with future potential reliable service relationship (Aurier & N'Goala, 2010). Therefore, a hypothesis is indicated:

H4: Customer satisfaction has a significant impact on trust.

2.5 Trust

Trust tends to be inversely related to the provider's opportunistic behaviors and mixes moral considerations such as integrity, honesty, benevolence, deontology, ethics, etc., with calculated judgments such as the ability to meet customer expectations, competence, or know-how" (Aurier & N'Goala, 2010). Failing to build state holder's trust in the organization will reversely impact the organizational performance because of a lack of consumer trust, which subsequently fails to gain customer loyalty. Therefore, consumer trust is an essential factor for the organization due to its characteristics involving consumers' prediction of the firm's capability to satisfy their future expectations (Aurier & N'Goala, 2010; Castaldo et al., 2010; Guenzi et al., 2009). In summary, loyalty is the "customer's likelihood of generating positive word-of-mouth and repurchase

intentions" (Al-Hawari, 2014). Many kinds of literature stated and expressed that overall customer satisfaction together with a service provider/supplier is an antecedent of trust in the supplier in the process of creating a firm's consumer loyalty (Fraering & Minor, 2013; Johnson & Grayson, 2005; Kanstspurger & Kunz, 2010; Trif, 2013). Based on the above discussions, a hypothesis is set:

H5: Trust has a significant impact on customer loyalty.

2.6 Customer Loyalty

Customer loyalty to products or services of a particular organization has been playing a pivotal role as the dominant factor for the success of the business organization (Wah Yap et al., 2012). Furthermore, it is crucial, especially in the rapidly changing and challenging environment. Since customer retention is a challenging and costly process for the organization, even though the organization itself is famous and successful because of the competitiveness among the rivals and the tendency of brand switching by consumers, which is easy to respond to unique and attractive offers, brand loyalty can be divided into two elements: the first one is attitudinal, and it is related to repeat purchase manner, and another one is behavioral or emotional, which is more important for a firm because this element is associated with brand preference (Kassim & Abdullah, 2008). Loyal customers are used to purchasing from one supplier, and increasing their shares of purchase habitually was studied in the research (Lam, 2006). If customer loyalty is well maintained, this will lower the cost and lead to increased profitability because it was said that acquiring new customers might be more costly than retaining existing customers. Many companies are trying to create customer retention and loyalty programs with attractive and exciting offers (Tweepphoncharoen & Vongurai, 2020). A similar concept is applied that customer retention costs for the firms are substantially lower compared to new customer recruitment and to persuade loyal customers. If the company serves customers correctly, those customers will support generating higher profits for the future when they stay longer with a firm (Lam, 2006).

2.7 Semi/Uncontrolled Communication

In the digital era, there are a lot of quick changes in the marketing environment, which is the emergence of digital and social media, the critical elements for more efficient and cost-effective communication in the corporate business to enable a leader in the market (Low, 2000)—using Integrated Marketing Communication (IMC) as a strategy to reach most effectively to the target audience for awareness of the company's products and services that becomes a primary tool for the marketers to deliver marketing messages and

objectives. Companies should consider integrating all different marketing strategies as a holistic approach rather than focusing as part of the marketing mix (Kitchen & Burgmann, 2017). Controlled and semi-/Uncontrolled communications are components of overall corporate communication and the management tool. Those are used for consistent and professional internal and external communication in generating a reasonable basis for relations with a company's stakeholders (Van Rekom, 1997).

From the conceptual framework of the research, semi/uncontrolled communication also has a relationship with loyalty, word-of-mouth, public relationship, media relation, and social media marketing. Word-of-mouth is defined as "consumers' informal passing of their feedback via media or directly on company's products or services offered by it to other consumers." Buttle (1997) and Singh and Pandya (1991) and also can be expressed as "an intention to perform a diverse set of behaviors that signal a motivation to maintain a relationship with the focal firm, including allocating a higher share of the category wallet to the specific service provider, engaging in word of mouth, and repeat purchasing" (Sirdeshmukh et al., 2002). Word-of-mouth can also be measured as one of the components of loyalty. Cultip et al. (1985) stated that public relation as "the management function that identifies, establishes, and maintains mutually beneficial relationships between an organization and the various public on whom its success or failure depends." In addition, media relation activities can increase consumers' self-congruence, and a higher level of that self-congruence can produce higher consumer loyalty. Furthermore, Alden et al. (2011) described the best three IMC practices in social media marketing which are stated as "the brand should be promoted consistently within the different elements of the communication mix," the 4Ps strategies should be joined together and by providing information based on social, behavioral changes and actions with effective communication strategy.

H6: Semi/uncontrolled communication has a significant impact on customer loyalty.

3. Research Framework and Methodology

3.1 Research Framework

In this study, the researcher mainly focuses on customer satisfaction, trust, and semi/uncontrolled communications such as word of mouth, public relations, media relations, and social media marketing toward customers loyalty. The new proposed framework is based on the previous studies, which supports the development of the conceptual framework in this research as illustrated in Figure 1.

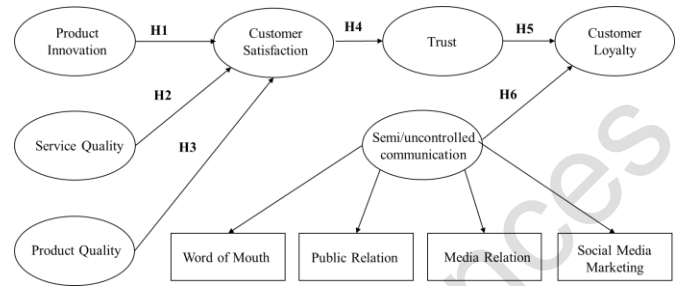


Figure 1: Research Framework

H1: Product innovation has a significant impact on customer satisfaction.

H2: Service quality has a significant impact on customer satisfaction.

H3: Product quality has a significant impact on customer satisfaction.

H4: Customer satisfaction has a significant impact on trust.

H5: Trust has a significant impact on customer loyalty.

H6: Semi/uncontrolled communication has a significant impact on customer loyalty.

3.2 Research Methodology

The study used a quantitative research method via offline and online questionnaire. The questionnaire design was divided into three parts: screening questions, demographic questions, and scale items, the variables involved in the research framework were measured by a five-point scale from (1) "strongly disagree" to (5) "strongly agree." Prior to the data collection, the researchers conducted the index of Item-Objective Congruence (IOC) test to examine the content validity of the research. Four experts who hold a PhD and have conducted the research measured the scale items, resulting all items were approved at a score of 0.5 and over. Additionally, a pilot test was conducted by distributing survey to 50 participants. Consequently, Cronbach's Alpha coefficient value are passed at a score of 0.7 and over. Confirmatory Factor Analysis (CFA) was used to test factor loading, composite reliability, average variance extracted, Cronbach's alpha, validities and goodness of fit. The causal and test the relationship using Structural Equation Modeling (SEM).

3.3 Target Population and Sample Size

According to the 2021 population report of Myanmar, there is 51.4 million population in, and the provisional census results indicated that there were 10,889,348 households in Myanmar. On average, 4.7 people lived in each household in the country. From this data, we can assume that 7,360,703 people live in Yangon, and the total estimated household

numbers in Yangon Division would be 1,566,107. In addition, Hair et al. (2010) mentioned that 100 to 400 samples are adequate in testing all hypothesized relationships. Referring to the above theories, this study had 41 parameters, and sample sizes would be proposed to have a minimum of 410. Therefore, the researchers aim to collect 500 samples. After the survey were distributed to over 1,000 people, 491 valid responses were received.

3.4 Sampling Procedures

A non-probability sampling procedure was conducted for this research to meet the objective of this study (Ogula, 2005). Sampling is a process or technique of choosing a sub-group from a population to participate in the study. The researchers used judgmental sampling as the most appropriate method to select the customers who have purchased products or services in retail business. Cooper and Schindler (2011) suggested that judgment sampling is applied when research aims to gather sample numbers to conform to some criterion. At the same time, data collection will be used for both online and offline methods with convenience sampling. The researchers employed the snowball sampling method to help the better result for the sampling procedure to get more participants.

4. Results and Discussion

4.1 Demographic Information

The demographic data profile of respondents includes gender, age, educational background, working experience, income level, and position as shown in Table 1. The researcher received 491 respondents, with the majority of 80.2% female and 19.8% male, respectively. In term of age group, 3.46% was less than 20 years old respondents; 38.49% were 21-40 years old; 30.55% were 31-40 years old; 22.81% were 41-50 years old, and 4.68% were older than 50 years.

Regarding education level, the majority are Master/Post Graduate level representing 61.91%, whereas high school graduate was the least of 1.63%. For the working experience profile, 56.42% were more than 8-year experience. For monthly income level status, there was 44.81% were more than 1,500,000 kyats per month income level. In terms of occupation, 43.99% were Assistant manager and Manager level, followed by 31.15% were Director / DMD / MD / Management/Business Owner.

Table 1: Demographic Information

Demographic and Behavior Data (N = 491)		Frequency	Percentage
Gender	Male	97	19.8
	Female	394	80.2

Age	Less than 20-year-old	17	3.46
	21-30-year-old	189	38.5
	31-40-year-old	150	30.55
	41-50-year-old	112	22.81
	More than 50-year-old	23	4.68
Education	Less than High School	9	1.83
	High School Graduate	8	1.63
	Master's degree / post-Graduate	304	61.92
	Graduate / Diploma	170	34.62
Working Experience	1-2 years	69	14.05
	3-4 years	65	13.24
	5-6 years	28	5.70
	6-8 years	52	10.59
	more than 8 years	277	56.42
Current Income	Less than 300,000 kyats	33	6.72
	3000,000 ~ 6000,000 kyats	46	9.37
	600,000 ~900,000 kyats	77	15.68
	900,000 ~ 1,200,000 kyats	52	10.59
	1,200,000 ~ 1,500,000kyats	23	4.68
	More than 1,500,000 kyats	220	44.81
	N/A	40	8.15
Position	Office Staff / Production Staff / Sales Staff / Finance Assistant/Student	90	18.33
	Supervisor	28	5.71
	Assistant Manager/ Manager	216	43.99
	General Manager	4	0.81
	Director / DMD / MD / Management/ Business Owner	153	31.16

Note: N=491

4.2 Confirmatory Factor Analysis (CFA)

Confirmatory Factor Analysis (CFA) was used in this study to assess the model's measurement and confirm model fitness. CFA is a model measurement that focuses on determining the correlations between observed and unobserved variables in the framework to validate discriminant and convergent validity (Jöreskog, 1969). The assessment of convergent validity is comprised of Factor Loading, Composite Reliability (CR), Average Variance Extracted (AVE), Maximum Shared Value (MSV), and discriminant validity measurement, which compares correlation between different constructs in order not to be too high with Average Variance Extracted (AVE) and Maximum Shared Variance (MSV). The value of CR is 0.6, or higher is better (Hair et al., 2010), whereas AVE at 0.4 or higher (Fornell & Larcker, 1981). Table 2 shows the statistical value from CFA, which confirms internal consistency from Cronbach's Alpha values were higher than 0.7. Based on the above criterion, all estimates in the below table are significant.

Table 2: Confirmatory Factor Analysis Result, Composite Reliability (CR) and Average Variance Extracted (AVE)

Variables	Source of Questionnaires (Measurement Indicator)	No. of Item	Cronbach's Alpha	Factor Loading	CR	AVE	MSV
Product Innovation (PINN)	Čater and Čater (2010)	4	0.874	0.640-0.898	0.857	0.604	0.569
Service Quality (SQ)	Palacio et al. (2004)	6	0.826	0.620-0.857	0.861	0.513	0.494
Product Quality (PRQ)	Čater and Čater (2010)	4	0.822	0.618-0.709	0.754	0.508	0.478
Customer Satisfaction (CS)	Dimitriades (2006)	4	0.817	0.621-0.928	0.861	0.616	0.583
Customer Trust (CT)	Ball et al. (2006)	4	0.935	0.535-0.861	0.797	0.504	0.421
Customer Loyalty (CL)	Palacio et al. (2004)	4	0.833	0.539-0.909	0.819	0.546	0.537
Word of Mouth (WM)	Balmer (2001)	4	0.889	0.548-0.995	0.802	0.519	0.503
Public Relation (PR)	Balmer (2001)	4	0.827	0.679-0.955	0.843	0.647	0.634
Media Relation (MR)	Balmer (2001)	3	0.883	0.528-0.957	0.835	0.640	0.367
Social Media Marketing (SMDM)	Palacio et al. (2004)	4	0.835	0.717-0.829	0.850	0.587	0.563

Note: Composite Reliability (CR); and Average Variance Extracted (AVE)

Discriminant validity must be ensured before research hypothesis testing, and the square root of AVE should be compared and exceed the correlations of measured constructs

(Fornell & Larcker, 1981). As shown in Table 3, the square root of AVE indicated that every construct is more significant than inter-construct correlations.

Table 3: Discriminant Validity

	PINN	SQ	PRQ	SAT	TRUST	LOYAL	WOM	UPR	MR	SMDM
PINN	0.777									
SQ	0.618	0.716								
PRQ	0.633	0.643	0.713							
SAT	0.407	0.534	0.598	0.785						
TRUST	0.474	0.223	0.480	0.202	0.710					
LOYAL	0.684	0.696	0.630	0.485	0.649	0.739				
WOM	0.569	0.660	0.694	0.545	0.213	0.574	0.721			
UPR	0.666	0.603	0.614	0.532	0.373	0.633	0.603	0.805		
MR	0.609	0.607	0.433	0.181	0.369	0.484	0.518	0.454	0.800	
SMDM	0.498	0.660	0.651	0.629	0.164	0.542	0.639	0.617	0.285	0.766

Note: The diagonally listed value is the AVE square roots of the variables

CMIN/df, GFI, AGFI, NFI, CFI, RMR, and RMSEA are used indicators in this research to affirm a good model fit in CFA testing. The below table shows the statistical value, criterion, and fit index used for measurement to make comparisons on acceptable thresholds based on acceptable values. Most of the values are satisfied, and the model is confirmed as demonstrated in Table 4. First-order model includes product innovation, service quality, product quality, satisfaction, trust and loyalty. The second-order model includes semi/uncontrolled communication, word of mouth, public relation, media relation, and social media marketing.

Table 4: Goodness of Fit for CFA

Index	Acceptable Value/ Criterion	Statistical Value (First Order)	Statistical Value (Second Order)
CMIN/df	<3.00 (Hair et al., 2006)	2.842	2.855
GFI	≥ 0.90 (Hair et al., 2006)	0.904	0.972
AGFI	> 0.80 (Segars & Grover, 1993)	0.898	0.968
NFI	> 0.90 (Bentler & Bonett, 1980)	0.906	0.986
CFI	≥ 0.90 (Hair et al., 2006)	0.991	0.991
RMR	< 0.05 (Hair et al., 2006)	0.048	0.041
RMSEA	< 0.08 ((Hair et al., 2006)	0.079	0.062
Model Summary		Acceptable Fit	Acceptable Fit

Note: CMIN/DF = The ratio of the chi-square value to degree of freedom, GFI = goodness-of-fit index, AGFI = adjusted goodness-of-fit index, NFI = normalized fit index, IFI = Incremental Fit Indices, CFI = comparative fit index, RMR = root mean square residual, and RMSEA = root mean square error of approximation.

4.3 Structural Equation Model (SEM)

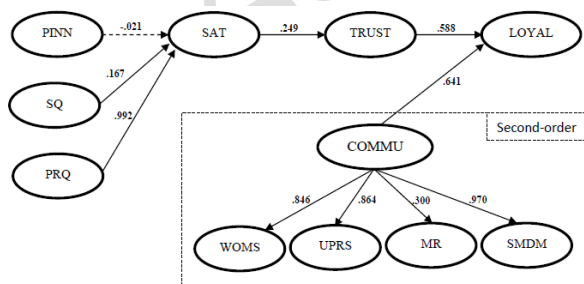
Structural Equation Modeling (SEM) verifies the relationship between constructs in a model. It covers measurement falsity in the structure coefficient (Hair et al., 2010). It measures the fit of the structural research model and its path into the comprehensive framework of covariance structure analysis. The goodness of fit (GoF) clarifies the research model fit relative to the observed values from the structural equation model (Schermele-Engel, 2003).

4.4 Research Hypothesis Testing Result

Fornell and Larcker (1981) described that to measure the significance of the causal relationship between variables, and regression weight was used to determine this assessment. From the below table, the hypothesis testing results are primarily satisfied and show a significant level of $p < 0.5$ except H1, which is from product innovation to customer satisfaction in retail stores. All the rest variables are significant to each construct of H2, H3, H4, H5, and H6. SEM results are presented in Table 5 and Figure 2.

Table 5: Hypothesis Results of the Structural Equation Modeling

	Path	(β)	C.R.	p-value	Results
H1	PINN \rightarrow SAT	-0.021	0.808	0.419	Not Support
H2	SQ \rightarrow SAT	0.167	3.216	< 0.001*	Support
H3	PRQ \rightarrow SAT	0.992	10.275	< 0.001*	Support
H4	SAT \rightarrow TRUST	0.249	4.568	< 0.001*	Support
H5	TRUST \rightarrow LOYAL	0.588	6.985	< 0.001*	Support
H6	COMMU \rightarrow LOYAL	0.641	7.393	< 0.001*	Support



Note \longrightarrow represent the statistically significant path
 $\cdots \longrightarrow$ represent the statistically insignificant path

Figure 2: SEM Results

H1: Product innovation insignificantly impacted satisfaction with standardized path coefficients (β) value of -0.021. Therefore, the hypothesis was not supported. This result contradicts with previous studies that product

innovation in the retail industry is a critical factor in creating consumer satisfaction (Javier et al., 2017).

H2: The hypothesis was supported that service quality significantly impacted satisfaction from the standardized path coefficient (β) value of 0.167. Based on the previous assumptions, service quality is associated with the consumer's experience and satisfaction (Ball et al., 2006).

H3: The relationship between product quality and satisfaction was supported with the standardized path coefficient (β) value of 0.992. According to the Snoj et al. (2004), customer satisfaction is predicted by the quality of product.

H4: The standardized path coefficient (β) value between customer satisfaction and trust was 0.249. This suggested that customer satisfaction significantly related to the trust level of customers (Tweephoncharoen & Vongurai, 2020; Wah Yap et al., 2012).

H5: Trust significantly impacted customer loyalty with a standardized path coefficient (β) value of 0.588. Therefore, this study produces an alignment with earlier scholars to identify the causal relation between trust and customer loyalty in the retail businesses (Fraering & Minor, 2013; Johnson & Grayson, 2005; Kanstspenger & Kunz, 2010; Trif, 2013).

H6: Semi/uncontrolled communication has the strongest significant impact on customer loyalty, with the standardized path coefficient (β) value of 0.641. The result indicated that customer loyalty is very crucial for businesses and can be dictated by satisfaction level of customers on their purchase experience (Aurier & N'Goala, 2010).

5. Conclusions and Recommendation

5.1 Conclusion and Discussion

This study aims to determine the factors influencing and impact of product development elements such as product innovation, service quality, and product quality together with semi/uncontrolled communication factors of integrated marketing communication through customer satisfaction, followed by trust towards customer loyalty in the retail market industry in Yangon. The hypotheses were developed as the conceptual framework to investigate the relationship of constructs. Questionnaire instruments were disseminated to the target group: working women, educated and with reasonable disposable income, middle to top management, those who used to buy in convenience stores and supermarkets, and some male respondents. Analyzing collected data, Confirmatory Factor Analysis (CFA) was used to confirm collected data validity, and Structural Equation Model (SEM) was used to confirm the reliability and validity of constructs, model fit, and ensure testing on

the proposed research hypothesis and conceptual framework. From the analysis, all constructs are significantly related except product innovation to customer satisfaction in a retail store, which has no direct relationship. Five hypotheses were a significant relationship and were supported out of six.

This study pointed out the significant factors affecting customer loyalty. First, the relationship between service quality and customer satisfaction in retail businesses. It considers the role in the service quality of retail sectors, which has been a constant concern in social research (Bitner, 1990; Parasuraman et al., 1988; Sharma, 2016). In terms of the significant relationship between product quality and customer satisfaction, this study analyzes product quality's role in retaining satisfied and loyal customers for a long-term competitive advantage. Numerous research studies identify a significant positive relationship between product quality and customer satisfaction. Most of these scholars portray customer satisfaction and loyalty based on the product quality assessment of customers (Garvin, 1987; Javier et al., 2017; Snoj et al., 2004).

Third, satisfaction is considered the most widely used crucial parameter to dictate the company's profit and loss because it can build customers' long-term trust. Customer satisfaction is broad but significant in all industries (El-Manstrly et al., 2011; Hewett et al., 2002; Lam, 2006; Westbrook & Oliver, 1991). Fourth, trust and customer loyalty are significantly related and widely investigated in social and marketing studies (Kassim & Abdullah, 2008; Lam, 2006; Wah Yap et al., 2012). Most businesses aim to retain its customer as well as attract new ones. Therefore, building trust by ensuring the product and service quality standards is the core value that can predict customer loyalty. Next, this research contributes to the knowledge domain by reiterating semi/uncontrolled communication as the antecedent of customer loyalty (Buttle, 1997; Singh & Pandya, 1991; Sirdeshmukh et al., 2002). In particular, our research shows that communication has the most substantial significant impact on customer loyalty. Nevertheless, the findings show that product innovation has no significant impact on customer satisfaction. This means the retail business is built to create an environment where the customers perceive they can process their shopping activities using the product entirely and autonomously.

5.2 Recommendation

The research investigates customer loyalty in Yangon, Myanmar, and retail businesses. Remarkably, the result contributes to improving the understanding of the retail industries of the predictive factors: product innovation, service quality, product quality, customer satisfaction, trust, and communication that can significantly influence the loyalty of retail customers. In Yangon, as more and more

individuals engage with e-commerce transactions, retail businesses tend to overgrow. For the e-commerce platform as the providers, this study could provide knowledge to enhance competitive advantage. Thus, to sustain customer loyalty, the providers need to thoroughly understand how the retail businesses can be optimized for the customers to obtain the highest trust and satisfaction. The finding of this study harmonizes with the previous research that satisfaction and communication are the primary factors that significantly contribute to customer loyalty in retail businesses. This means that for the retail business, equipping and facilitating the product with the service quality that meets the customers' needs the most to improve satisfaction and loyalty are vital.

The research demonstrates that customer loyalty can be driven by satisfaction and communication. Customers can be encouraged by Integrated Marketing Communication (IMC) via word-of-mouth, public relations, media relations, and social media marketing. In this research, service and product quality are significant factors of customer satisfaction. This means that for the retail businesses to maintain and improve products and their related-service, the existing customers will retain their trust, satisfaction, and loyalty in the long term. Most marketing literature focused on SERVQUAL and its multiple-item scale for measuring consumer perceptions of service quality. In contrast, this study constructs service quality as the primary driver of customer satisfaction (Parasuraman et al., 1988). According to Kaura and Datta (2012), the research confirmed the relationship between service quality, customer satisfaction, and the banking industry's loyalty. Therefore, this study can cascade the new area of this relationship in the retail industry.

Per Garvin (1987) presented the eight dimensions of products: performance, feature, reliability, conformance, durability, serviceability, aesthetic, and perceived quality. Future studies can generalize all dimensions to identify different product qualities for better product development. Overall satisfaction of consumers can be changed over time when innovation and technology have transformed how people engage with products and services. In this era, trust can be challenging when online transactions and virtual trade have taken over the physical store. Many studies also involve perceived risk, which is significantly related to trust. Therefore, retail suppliers and marketers can ensure customer satisfaction and trust by continuing the improvement of product and delivery service.

The customer tends to exhibit loyalty to build trust by ensuring product and service quality. This is because once the customers perceive that the retail business can provide them with a reliable product or service, they are satisfied with the retail suppliers. This study reveals that customers are more likely to adopt customer loyalty. In addition, the results also demonstrate that semi/uncontrolled

communication links with word of mouth, public relations, media relations, and social media marketing as the second-order model, verified through CFA. Therefore, this research successfully introduces communication factors to customer loyalty. Therefore, retailers and marketers should strategize their marketing communications to gain market advantages and enhance customer satisfaction and loyalty.

The result contributes to the existing literature on consumer behavior and product development that customers may prioritize product and service quality more than innovation. This is not surprising as using retail business is an everyday activity of individuals in the digital era. It is about customers' credentials, privacy, and transaction security using the mobile phone over the public network. Therefore, it also needs a trust factor perceived by the customers that the product guarantees the risk and privacy of individuals. Once it is trustworthy, the satisfaction perceived by the customers will be higher. In this research, Integrated Marketing Communication (IMC) is recommended to be a strategy to reach most effectively to the target audience for awareness of the company's products and services that becomes a primary tool for marketers to deliver marketing messages and objectives via word-of-mouth, public relations, media relations, and social media marketing.

5.3 Limitation and Further Study

Since the retail industry in Myanmar is in the infancy stage, it is difficult to identify the previous academic research for reference. At the same time, the selection of sample size due to the newly emerging sector in the Myanmar retail market is another limitation of the study. The researcher chooses the Yangon region, the most significant consumer portfolio, to test the modern retail sector. Missing studies on consumer behavior and preferences in different cities also obstruct international retailers' entry. Furthermore, this study only employed quantitative approach, thus, qualitative method can be extended for more and deeper implications of customer loyalty in the Myanmar retail businesses.

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