

**COMPARISON OF FACTORS IN CUSTOMER
SATISFACTORY OF YOGHURT IN WESTERN AND
SOUTHERN PROVINCES**

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Dissertation submitted in partial fulfillment of the requirements for the degree Master
of Science in Business Statistics

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May 2015

DECLARATION OF THE CANDIDATE

I hereby certify that this dissertation does not incorporate, without acknowledgement, any material previously submitted for a Degree or Diploma in any University and to best the best of my knowledge and belief, it does not contain any material previously published or written by another person or myself except where due reference is made in the text. I also here by give consent for my dissertation, if accepted, to be made available for photocopying and for interlibrary loans, and for the title and summary to be made available to outside organizations.

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ACKNOWLEDGEMENTS

Apart from the hard work of mine, the success of the dissertation depends largely on the encouragement and guidelines of many others. I wish to express my gratitude to a number of people who contributed to this study.

At first, I wish to put forward my deepest gratitude to Prof. T.S.G Peiris, Professor in Applied Statistics and Head of the Department of Mathematics, Faculty of Engineering, University of Moratuwa, who is my supervisor and guided me throughout this dissertation by keeping up the real encouragement at every time.

I want to extend my great appreciations to other lecturers and staff of the Department of Mathematics who supported me during the course of my Master degree.

My special thanks go to Ms. J.P.N Wasana Kumari, Head of Marketing, Lucky Lanka Milk Processing Co.Ltd, who gave me permission to use secondary data of the Sales of Lucky yoghurt which was done via her coordination.

I wish to offer my heartfelt thanks for my parents, Mr. M.G. Edissooriya and Mrs. K.P.S.Abeywicrama and my brother Mr. Chamila Edissoriya and my sister Ms. Arundhathi Edissoriya as they gave me every support throughout my higher studies.

My deepest appreciation goes to Dr. Jayanthi Gunasekara, Vice Chairperson, National Education Commission and my cousin sisters, Ms. Deshini Abeywicrama and Ms. Hiruni Wijekoon for constant support to achieve my success on this dissertation.

ABSTRACT

The dairy industry has a potential to contribute considerably to Sri Lanka's economic development. Lucky Lanka Milk Processing Company produces various products to enhance Sri Lanka's dairy industry. Due to the variance demand of 80g yoghurt, market strategies of the Lucky Lanka Milk Processing Company have been expanding and consequently sales of the company have been increased over the years. However, sales in the Western province has a bad situation compared that with the Southern province. The Objective of the present study was therefore to identify the factors in customer satisfactory of yoghurt in western and southern provinces in Lucky Lanka Milk Processing Company. A survey was carried out using sample size of 300. The sampling method was the purposive two stage proportional random sampling. The statistical analyze used are; (i) 2 way cross table using likelihood ratio chi-square test and (ii) binary logistic regression models. It was found that brand orientation, factory area, type of business, benefit of customer, quality of yoghurt, discipline of the company sales representatives, and advertising campaign were commonly in both Western and Southern provinces and price, competitors and customer knowledge were in only Western province and flavor of yoghurt only in Southern province were statistically significantly associated ($p < 0.05$) with the usage of Lucky yoghurt, when each factors were considered separately. However, when all significant variables were considered together using binary logistic regression, it was identified that brand name, quality of the yoghurt and customer knowledge in Western province and brand orientation, quality of the yoghurt and benefits of the customers in Southern province were significantly associated with usage of Lucky yoghurt. The validity of the binary logistics model was confirmed by both likelihood ratio and Wald test.

Keywords: Binary logistic regression analysis, Llikelihood ratio test, Lucky yoghurt, Wald statistics

TABLE OF CONTENTS

DECLARATION OF THE CANDIDATE.....	i
DECLARATION OF THE SUPERVISOR.....	ii
ACKNOWLEDGEMENTS.....	iii
ABSTRACT.....	iv
TABLE OF CONTENTS.....	v
LIST OF TABLE.....	ix
LIST OF FIGURES.....	xii
CHAPTER 01.....	1
INTRODUCTION.....	1
1.1. Sri Lankan Dairy Context.....	1
1.2. Background of the Study.....	2
1.3. Status of Sale in Lucky Lanka Milk Processing Company.....	3
1.4. Objective of the Study.....	5
1.5. Significance of the Study.....	5
1.6. Disposition of the Thesis.....	6
CHAPTER 02.....	7
LITERATURE REVIEW.....	7
2.1. Introduction.....	7
2.3. History of Lucky Yoghurt.....	8
2.4. Milk Marketing.....	9
2.5. Customers Purchase Intention.....	10
2.6. Factors Influence on Sales.....	10
2.6.1. Quality of the yoghurt.....	10
2.6.2. Advertising.....	11

2.6.3.	Product packing	11
2.7.	Summary of the Chapter	12
CHAPTER 03		13
MATERIALS AND METHOD		13
3.1.	Introduction	13
3.2.	Capturing Primary Data.....	13
3.3.	Collecting Data.....	14
3.4.	Classification of Variables for the Analysis.....	15
3.4.1.	Quantitative Variable	15
3.4.2.	Qualitative Variable	15
3.4.3.	Categorical Variable.....	16
3.4.4.	Dependent variable.....	16
3.4.5.	Coding used for independent variables	16
3.5.	Statistical Methods	20
3.5.1.	Association between two factors.....	20
3.5.2.	Binary Logistic regression analysis.....	20
3.5.2.1.	Goodness of fit of the logistic regression	22
CHAPTER 04		25
RESULT AND DISCUSSION.....		25
4.1.	Introduction	25
4.2.	Impact of Province on the Use of Lucky yoghurt	25
4.3.	Factors effect on usage of Lucky Yoghurt at Western Province.....	26
4.3.1.	Impact of price of yoghurt cup	26
4.3.2.	Impact of competitors.....	27
4.3.3.	Impact of Brand Orientation	28
4.3.4.	Impact of Factory Area	29

4.3.5.	Impact of Type of Business.....	30
4.3.6.	Impact of Flavor of the Yoghurt	31
4.3.7.	Impact of Shape of Yoghurt Cup	31
4.3.8.	Impact of Benefits of the Company	32
4.3.9.	Impact of Quality of the Yoghurt.....	33
4.3.10.	Impact of Quantity of Yoghurt Cup	34
4.3.11.	Impact of Discipline of the Company.....	35
4.3.12.	Impact of Advertising Campaign	36
4.3.13.	Impact of Contribution of Area Sales Managers.....	37
4.3.14.	Impact of Customer Knowledge.....	37
4.4.	Factors effect on usage of Lucky Yoghurt in Southern Province.....	38
4.4.1.	Impact of price of yoghurt cup.....	38
4.4.2.	Impact of competitors.....	39
4.4.3.	Impact of Brand Orientation	40
4.4.4.	Impact of Factory Area	41
4.4.5.	Impact of Type of Business.....	42
4.4.6.	Impact of Flavor of the Yoghurt	43
4.4.7.	Impact of Shape of Yoghurt Cup	44
4.4.8.	Impact of Benefits of the Company	45
4.4.9.	Impact of Quality of the Yoghurt.....	46
4.4.10.	Impact of Quantity of Yoghurt Cup	47
4.4.11.	Impact of Discipline of the Company.....	48
4.4.12.	Impact of Advertising Campaigns.....	49
4.4.13.	Impact of Contribution of Area Sales Managers.....	50
4.4.14.	Impact of Customer Knowledge.....	51
4.5.	Summary of the Chapter.....	52

CHAPTER 05	53
USE OF LOGISTIC REGRESSION	53
5.1. Introduction	53
5.2. Result of Logistic Regression.....	53
5.2.1. Result of Omnibus Test.....	57
5.2.2. Result of Difference R ² values	59
5.2.3. Model of the Variable in Western and Southern Province.....	60
5.2.4. Result of Hosmer – Lemshow Test	61
CHAPTER 06	62
DISCUSSIONS AND CONCLUSIONS	62
6.1. Introduction	62
6.2. Discussion.....	62
6.3. Conclusion.....	65
REFERENCES	66
QUESTIONNAIRE USED FOR THE STUDY	70

LIST OF TABLE

Table 3.1: Distribution of sample size	14
Table 3.2: Variables Considered for the Survey	15
Table 4.1: Association between Province and Type of Customer	26
Table 4.2: Association between Price of Lucky Yoghurt cup and Usage of Lucky yoghurt in Western Province	26
Table 4.3: Association between Competitors of Lucky Yoghurt and Usage of Lucky yoghurt in Western Province	27
Table 4.4: Association between Brand Orientation and Usage of Lucky yoghurt in Western province	28
Table 4.5: Association between Factory Area and Usage of Lucky yoghurt in Western province.....	29
Table 4.6: Association between Type of Business and Usage of Lucky yoghurt in Western Province	30
Table 4.7: Association between Flavours of Lucky Yoghurt and Usage of Lucky yoghurt in Western Province	31
Table 4.8: Association between Shape of the Cup and Usage of Lucky yoghurt in Western province	31
Table 4.9: Association between Benefits of the Company and Usage of Lucky yoghurt in Western Province	32
Table 4.10: Association between Quality of the Lucky yoghurt and Usage of Lucky yoghurt in Western province.....	33
Table 4.11: Association between Quantity of the Yoghurt Cup and Usage of Lucky yoghurt in Western Province.	34
Table 4.12: Association between Discipline of the Company Sales Rep and Usage of Lucky yoghurt in Western Province	35
Table 4.13: Association between Advertising Campaign and Usage of Lucky yoghurt in Western Province.....	36
Table 4.14: Association between Contribution of Area Sales Managers and Usage of Lucky yoghurt in Western Province	37

Table 4.15: Association between Customer Knowledge and Usage of Lucky yoghurt in Western Province	37
Table 4.16: Association between Price of Lucky Yoghurt cup and Usage of Lucky yoghurt in Southern Province	38
Table 4.17: Association between Competitors of Lucky Yoghurt and Usage of Lucky yoghurt in Southern Province	39
Table 4.18: Association between Brand orientation and Usage of Lucky yoghurt in Southern province	40
Table 4.19: Association between Factory Area and Usage of Lucky yoghurt in Southern province	41
Table 4.20: Association between Type of Business and Usage of Lucky yoghurt in Southern Province	42
Table 4.21: Association between Flavours of Lucky Yoghurt and Usage of Lucky yoghurt in Southern Province	43
Table 4.22: Association between Shape of the yoghurt Cup and Usage of Lucky yoghurt in Southern province.....	44
Table 4.23: Association between Benefits of the Company and Usage of Lucky yoghurt in Southern Province	45
Table 4.24: Association between Quality of the Lucky yoghurt and Usage of Lucky yoghurt in Southern province.....	46
Table 4.25: Association between Quantity of the Yoghurt Cup and Usage of Lucky yoghurt in Southern Province.	47
Table 4.26: Association between Discipline of the Company Sales Rep and Usage of Lucky yoghurt in Southern Province	48
Table 4.27: Association between Advertising Campaigns and Usage of Lucky yoghurt in Southern Province	49
Table 4.28: Association between Contribution of Area Sales Managers and Usage of Lucky yoghurt in Southern Province	50
Table 4.29: Association between Customer Knowledge and Usage of Lucky yoghurt in Southern Province.....	51
Table 5.1: Result Summary of the Binary Logistic regression.....	54

Table 5.2: Omnibus Test.....	57
Table 5.3: Difference of the R ² Values.....	59
Table 5.4: Model with Constant.....	60
Table 5.5: Hosmer – Lemeshow Test.....	61

LIST OF FIGURES

Figure 1.1: Monthly Sales of LLP Company (Jan 2011 – Mar 2013).....	4
Figure 1.2: Monthly sales of 80g Yoghurt Sales of LLMP Company (March – December 2013).....	5
Figure 4.1: Impact of province.....	25

CHAPTER 01

INTRODUCTION

1.1. Sri Lankan Dairy Context

Organizing milk producers into dairy cooperatives and marketing the dairy production has been an evident fact in Sri Lanka as far back since the 1930s. The enthusiasm for dairy production and marketing was generated by the successful achievements in neighboring India. The Ministry of Rural Industrial Development in Sri Lanka plays a significant role in this regard (National Milk Board, 2013). One of the weaknesses of the dairy cooperative movement in Sri Lanka is the high degree of dependence on government institutions for management and operational control (National Milk Board, 2013). At present, the establishment and strengthening of dairy cooperatives is being actively encouraged by all parties concerned, including donor agencies.

Sri Lanka imports around 68,000 MT of dairy commodities annually (Department of Custom, 2012), and dairy development is therefore considered as an instrument to replace this large volume of imported commodities. The domestic milk production only constitutes 17 percent of the national requirement and the rest was imported according to 2006 statistics. The importation bill on dairy commodities is around 17 billion rupees (National Milk Board, 2013). This figure is expected to double or triple in future because of the doubling price of the imported milk powder due to the large demand for milk and short supply worldwide. At present annual availability of milk per person is only 40 liters, which is just a 0.11 liters per day per person (National Milk Board, 2013). Through we import larger percentage, there is a high potential for increasing the supply of milk in Sri Lanka. The government policy on dairy development is aimed at producing 50% of country's milk requirement by the year 2015 (Mahinda Chinthana, 2005).

The government has been encouraging the local milk producers to produce more milk and citizens to consume more fresh milk. Of the total milk that is available, the volume of milk entering the formal milk market annually is around 100 million liters