

Criteria of purchasing cosmetics marketing essay



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Customer satisfaction is the overall performance evaluation of products and services which customers are offered to date (Johnson and Fornell 1991). Tse and Wilton (1988); Yi (1990) defined that the customer satisfaction is the synopsis of an evaluation of (direct) consumption experience, based on actual performance perceived and the expectation of the customer.

The overall satisfaction has a strong positive impact on customer loyalty intentions across a wide range of product and service categories (Fornell 1992). Moreover, the positive repurchase for the product affected by the purchase satisfaction which depends on the product knowledge of the customer. The more product knowledge, reliance on information source and the amount of time spent researching, the more purchase satisfaction (Jo, 2000). However, the dissatisfaction regarding cosmetic products was mostly related to price (Jo, 2000). In addition, the cosmetic consumers showed dissatisfaction with expensive prices when the products could not give the same outcome as in the advertisement (Kim, 2000).

Regarding the criteria of purchasing cosmetics, Park (1999) found that the three most important evaluation principles for buying cosmetic were quality, price, and contained amount. Kim (1998) and Goh (1996) found that female university students in their 20's choose the cosmetics product based on the quality and the compatibility of products to their skin type. Kim (1998) suggested that consumers gave emphasis to sense and colors of cosmetic product as well as chose products according to their personality. Over 40% of consumers believed the expensive cosmetics were better than the cheaper ones for some reasons (Choi, 2003).

2. 2. 2 Country-of-origin

According to several researches, the country-of-origin has a vital impact on customer's perception of product quality, brand image, and buying decisions.

Consumers are willing to pay higher price for the products originating from their desired location (Nes, 1993; Schooler, 1968). The country-of-origin are linked with the products in terms of the national identity which resulting in the certain feeling on particular brands and products (Fournier, 1998).

Country-of-origin influences consumer's evaluations on quality, reliability, performance, style, appearance and price estimates (Kara and Kaynak, 1996). Moreover, the country-of-origin also affects the purchase intention (Tseng, 2001). From the study of the impact of country-of-origin cue on perceived quality, overall attitude, and purchase intention by Thorelli, Lim, and Ye (1989), the results suggested that country-of-origin has a significant role in consumers' perceptions in terms of product quality, attitude, and purchase intention. Hence, it influences consumer choice of products.

Additionally, Paswan and Sharma (2004) suggested that country-of-origin always be a cue for evaluating products, and favorable perceptions about the country which resulted in the positive attribution to brands from particular country.

Although country-of-origin influences purchasing intention, the impact is relatively small comparing with that on quality perceptions (Peterson&Jolibert, 1995). Teas and Argawal (2000) also found that country-of-origin directly affect customers' perception toward product quality alongside the extrinsic product cues of price and brand name. While price showed the strongest influence on quality perceptions, brand name and

country-of-origin were virtually identical in the amount of influence each exerted and both were significant.

Country-of-origin can be divided into two discrete components; informational and one's group affiliation. In terms of informational, country-of-origin gives sign to customers regarding the quality, dependability, and value of the product when the specific information is not yet available (Han and Terpstra, 1988). Another component of country-of-origin is a group affiliation which includes national loyalty, and reinforces one's sense of national identity (Bruning, 1997)

2. 2. 3 Place of Purchasing Cosmetics

There are several ways of purchasing cosmetics including through standalone shop, online shop, and direct sales. Regarding Kim (1998)'s research, selling cosmetics through door to door made flavor to customers in terms of convenience; however, the price was expensive. He also claimed that more than half of his survey respondents used department store as a place for purchasing cosmetics, followed by discount stores and cosmetics shops. Lee (1998a) stated that in customers' opinion, the department stores are reliable as well as offered the lower prices. Regarding the study of cosmetic purchasing behavior of Sawasdiwat (1998) and Chanthasitiporn (2003), consumers considered convenient place of purchasing cosmetics as one of the most important factors in purchasing decision.

2. 3 Product knowledge

There are a number of researches related to the effect of product knowledge. Lin and Zhen (2005) suggested that product knowledge depends on

consumers' awareness or understand about the particular products.

Moreover, product knowledge influences information that is used as the basis for make evaluation and decision.

Several researches show that product knowledge has a vital role on buying behavior. Solomon (1997) stated that consumers make information search in order to gain product knowledge. This means that when consumers face consuming related problems, they need relevant information to help them make decision.

Brucks (1985) classified product knowledge into three categories included:

Subject knowledge or perceived knowledge

Objective knowledge

Experience-based knowledge

It is explained that if a consumers is familiar with a particular brand, the consumer's level of objective knowledge may not have a large impact on the use of the country-of-origin cue. On the other hand, for the unfamiliar brand, objective knowledge will probable plays an important part in a consumers' evaluation and choice processes.

2. 4 Korean Wave

Over the past few years, South Korea has increased its culture awareness across Asia region especially in China, Taiwan, and other East and Southeast Asia countries (Doobo, 2006). The Korean wave or “ Hallyu” (Han-ryu) has swept across Asia through entertainment media in late 1990s. After the

financial crisis in 1997, due to cheaper production cost than the Japanese or Chinese drama, many Asian TV networks had bought South Korean drama instead (Lee, 2003). The popularity of South Korean music and drama creates the K-fever across Asia. As a result of the inflation of Korean culture, studying Korean language has become increasingly popular in many Asian countries (SBS, 2001).

Jung (2006), and Lee & Kim (2006) acknowledged that the K-fever influences South Korean products and country image (direct influences) as well as the purchase intention and the product evaluation (indirect influences). Cho Hae-Joang (2006) claimed that South Korean companies could take advantage of Korean wave by transforming the Korean craze fan into consumers of their products and services. Todhanakasem (2007) stated that Thai consumers obsessing Korean culture and media believe the Korean cosmetics are high quality.

2. 5 Other influences

Customers use various information sources at different age levels. Younger consumers are more likely to buy products base on TV and magazine advertisements; whereas the purchasing decision of the older ones depends on the previous experiences. During the 1980s, consumers mainly received product information via TV and magazine; nevertheless, from the 1990's, the use of TV as an information source has increased (Lee, 1993; Lee, 1998b). According to Park (1999), TV is the most influent medium in buying decision of cosmetics in China.

From Bang (2005)'s investigation, more than 40% of female profession acquired cosmetics information via friends, family, and colleagues.

Approximately 20% of them believed in product advertisement while 16% trusted the Internet information. 11% and 7% chose cosmetics products based on TV and sale representative, respectively. Kim (2001) indicated that adult women were more rely on the beauty advisors or sales assistants. Choi, J. Y.; Kim, K. H.; Kim, M. S. (2007) found that Chinese and Korean female university were most influenced by friends and colleagues in the process of buying cosmetics, whereas the Japanese were tempted by models on advertisements and magazines.

2. 6 Characteristics of Cosmetics Industry in Thailand

The overall growth rate of the cosmetic market in Thailand has continuously increased in the recent years. It could be mainly because of the country's positive economic situation, including an expected positive GDP growth (Phupoksakul 2004).

The cosmetic products in Thailand market can be found at all levels, ranging from high-end international well-known brands, both medium international and domestic brands to low-end local brands with poor quality (Phupoksakul 2005). Thailand can be seen as a major cosmetics' manufacturer of both local and international companies including Johnson & Johnson, Procter & Gamble, Unilever, Colgate-Palmolive, and etc.

Besides domestic cosmetic products, high quality international cosmetic brands seem to have a significant role in the Thailand market. The growth rate of these foreign brand cosmetic products was between 15-20 percent in

2006. It is believed that the imported cosmetics always do well in the Thailand market due to their good brand image and consumers' perception on being good quality products, which lead to consumers' loyalty toward brands (Phupoksakul 2005).

2. 6. 1 Import Regulations and Import Duties

Importation of cosmetic products is controlled by the Thai Food and Drug Administration of the Ministry of Public Health. A product registration is required prior to the actual importation and marketing of the cosmetic products. The registration process is not complicated, but may take one to two months time. The basic documents required by the Thai FDA include: 1) a notarized Certificate of Free Sale or a Certificate of Manufacture issued by the manufacturer in the manufacturing country (United States) and notarized by a Notary Public in the U. S., and 2) a full ingredient/composition listing issued by the manufacturer and notarized by a Notary Public. Both documents have to be legalized either by the Thai Consulate in Washington, DC or the American Embassy in Bangkok, Thailand.

2. 6. Distribution Channel

Cosmetic products in Thailand are distributed through three major channels include:

Direct sales (60 percent) – direct selling has been very popular for a number of years and is expected to continue as a major marketing channel for cosmetic products in Thailand for any years to come. Direct selling is the most effective way of introducing new medium and low-end cosmetic products to the market. In a direct sales sector, price is more sensitive than

product quality. Some international direct sale companies that operate in Thailand include: Amway, Avon, Herbal Life, Nu Skin, Nu Life, Nature's Best, NutriMetic.

Counter sales (30 percent) – this is a standard venue for marketing high quality/high price and internationally well-known brands of cosmetic products. There are 108 department store locations concentrated in major cities including Bangkok, Chiangmai, Cholburi, Nakornratchasima, and Songkhla. Major department stores include: Central Department Store Department Stores (17 stores), Robinson Department Store (18 stores), The Mall Department Stores (6 stores), Emporium (1store), Siam Paragon (1 store), Imperial Department Stores (2 stores), ZEN (1 store), Tang Hua Seng (1 store).

Hanging sales (10 percent) – this channel is directed toward young buyers and the mass market for medium and low-end cosmetic products. Major players in this sector include: Boots, Watson, Red Earth, TOPs Supermarket, Big C, Carrefour, Testco Lotus. Major brands of cosmetic include: Mary Kay, Maybelene, Oil of Olay, and Johnson & Johnson.