

**THE IMPACT OF DIGITAL MARKETING ON
CONSUMER BUYING BEHAVIOR TOWARDS
COSMETIC PRODUCT**

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THE IMPACT OF DIGITAL MARKETING ON CONSUMER BUYING BEHAVIOR
TOWARDS COSMETIC PRODUCT

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The thesis is submitted in partial fulfillment of the requirements for the award of Bachelor of
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DECLARATION

“I hereby declare that the work of this exercise is mine except for the quotations and summarize that have been duly acknowledge”

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Date:

DEDICATION

To my beloved parents and siblings, thank you for raising me and support me until now. A special thanks to my supervisor, panels and my friends for helping me throughout the project towards accomplishing my thesis.

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I would like to express my greatest thankfulness to the most precious persons in my life who is my father and mother for all the effort they put to raise me with full of love, caring and happy to see me a successful person in my life. Without them, I am nothing and I would like to extent my thanks for their moral and financial support.

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ABSTRACT

Changes in consumer behavior require firms to rethink their marketing strategies in the digital era. Digital marketing is the utilization of electronic media by the marketers to promote the products or services into the market. The main objective of digital marketing is attracting customers and allowing them to interact with the brand through digital media. The study of consumer buying behavior is very essential in the field of marketing as it helps firms to construct smarter marketing strategies by getting an insight about what affects the decision making of consumers. The purpose of this study is to examine the impact of effective digital marketing channel on influencing consumer buying behavior towards cosmetic product. The data were collected using questionnaires from 150 respondents in Southern Malaysia (Kuala Lumpur and Melaka). The results of the analysis showed that only the social media marketing and text messaging had significant impact while email marketing was not significant in the effectiveness of digital marketing channels on influencing consumer buying behavior towards cosmetic product. The results of this study contribute to improving marketing activity of marketers and firms of cosmetic product industry in the Malaysian market.

Keywords: Digital Marketing, Consumer Buying Behavior, Melaka, Kuala Lumpur

ABSTRAK

Perubahan dalam gelagat pengguna memerlukan firma untuk memikirkan semula strategi pemasaran mereka dalam era digital. Pemasaran digital adalah penggunaan media elektronik oleh pemasar untuk mempromosikan produk atau perkhidmatan di dalam pasaran. Objektif utama pemasaran digital adalah untuk menarik pelanggan dan membolehkan mereka untuk berinteraksi dengan jenama melalui media digital. Kajian mengenai gelagat pembelian pengguna adalah sangat penting dalam bidang pemasaran kerana ia dapat membantu syarikat untuk membina strategi pemasaran yang lebih bijak dengan mendapatkan gambaran tentang apa yang memberi kesan kepada keputusan pengguna. Tujuan kajian ini dijalankan adalah untuk mengkaji keberkesanan saluran pemasaran digital dalam mempengaruhi tingkah laku pembelian pengguna terhadap produk kosmetik. Hasil kajian telah diperolehi menggunakan soal selidik daripada 150 responden di Selatan Malaysia (Kuala Lumpur dan Melaka). Keputusan analisis menunjukkan bahawa hanya pemasaran media social dan teks pesanan mempunyai kesan yang ketara manakala pemasaran e-mel tidak penting dalam keberkesanan saluran pemasaran digital bagi mempengaruhi gelagat pembelian pengguna terhadap produk kosmetik. Hasil kajian ini menyumbang kepada peningkatan aktiviti pemasaran pemasar dan syarikat industri produk kosmetik di pasaran Malaysia.

KataKunci:Pemasaran Digital, Gelagat Pembelian Pengguna, Melaka, Kuala Lumpur

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LIST OF ABBREVIATIONS

ASEAN	=	Association of Southeast Asian Nations
Matrade	=	Malaysia External Trade Development Corporation
IPTV	=	Internet Protocol Television
SMS	=	Short Message Service
MMS	=	Multimedia Messaging Service
SPSS	=	Statistical Packages for the Social Science
ANOVA	=	Analysis of Variance
EM	=	Email Marketing
SMM	=	Social Media Marketing
TM	=	Text Messaging
H0	=	Null Hypothesis
H1	=	Alternative Hypothesis

LIST OF SYMBOL

%	=	Percent
<	=	Greater than
>	=	Less than
=	=	Equals

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CHAPTER 1

INTRODUCTION

1.1 Research Background

Nowadays, with the advancement of internet and technology has changed the way of marketing activity works. The impact of digital marketing has slowly taken over the use of traditional marketing. Technological innovations lead to transition from traditional marketing to digital marketing (S. Singh 2016). Digital marketing was started in 1990s. That is when the computer and Internet were adopted and utilized by consumer and marketers. The digital channel was used for promoting product and services and to reach consumers is called digital marketing. The trends of digital marketing like mobility, social media, content marketing, search engine marketing and advanced analytics.

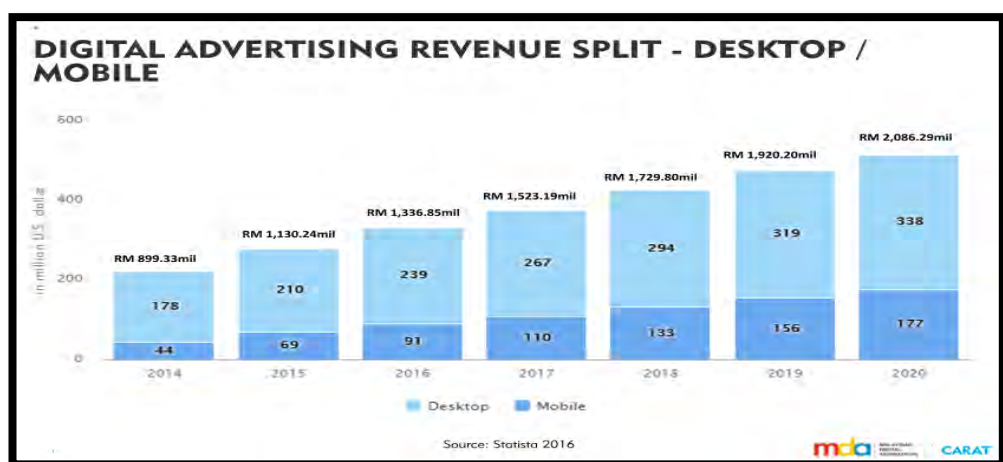


Figure 1.1: Digital Advertising Spending in Malaysia 2014 – 2020
(Source: Statista 2016)

According to research conduct by Statista, revenue in “Digital Advertising” market amounts to RM1.37bil in 2016 (Malaysia Digital Association 2016). A lot of beauty brands are moving away from traditional advertising and increasingly adopting more modern techniques. Their new strategies range from working with social media influences to showcasing content in digital marketing campaigns. Social media marketing is idea for the beauty industry as it is very visual. There is a 25% potential increase in engagement if a status update contains a picture. It has changed the way consumer making a product purchase.

Consumer now is more influenced to make a purchase from search engines, social networks, and media sites to personal blogs rather than physical store. Digital marketing has transformed the above situation by providing the business with an option to customize their advertisements, according to the customer, based on the product or service and measuring the advertising impact to achieve success. According to research conduct by Score Media Metrix January 2015, Malaysians spend an average of 5.1 hours a day on the internet, average of 2.8 hours a day on social networks while 47% Malaysians access websites from their mobile phone.

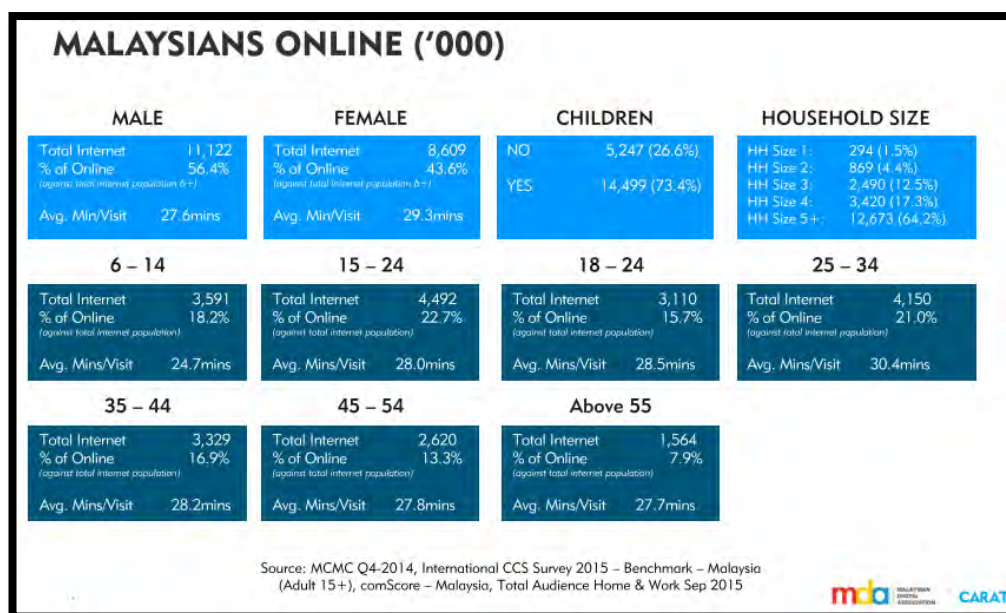


Figure 1.2: Gender and age of Malaysian using Internet

(Source: MCMC 2014)

The cosmetic industry has been expanding and growing around the world in both developed and developing countries. The cosmetics market in Asia seems to be

one of the fastest growing markets (Hassali et al. 2015). Malaysia's total trade volume in cosmetics and toiletries is about US\$407 million in 2013, according the Malaysia Department of Statistics. This demand was mainly met by imports.

According to the Association of Southeast Asian Nations (ASEAN), cosmetics are defined as any substance or preparation intended to be placed in contact with the external parts of the human body or with the teeth and the mucous membranes of the oral cavity with a view exclusively or mainly for cleaning them, perfuming them, changing their appearance, and/or correcting body odors and/or protecting or keeping them in good condition. The purpose of cosmetics since the ancient time is to enhance the appearance. This function has not changed until this century as cosmetics is designed to capture the appearance of looking healthy, clean and attractive.

According to Malaysia External Trade Development Corporation (Matrade), at present there were 272 listed cosmetics company in the country. Meanwhile, statistic provided by Asia-Pacific Cosmetics and Toiletries Market Overview 2015 stated that Malaysians spend an estimated US\$500 million (RM1.6 billion) annually on cosmetics, with skin care products being the most purchased item. In Malaysia, cosmetic products are sold through supermarkets, department stores, pharmacy, direct sales and specialty stores. However, Malaysian consumers prefer to use imported skincare products compare to local brands. The total sales of the local cosmetic product are still relatively low as compared to purchase intention imported cosmetic product. It is believed that imported products will continue to remain in high demand especially from the middle and high-income consumer as the standard of living among Malaysian had increased (Ying San et al. 2012).

Conclusions about consumer behavior and their decisions about purchase cosmetic product provide marketers with digital consumer behavior. Actual digital consumer activities which contemporary technology and digital marketing have ability to constantly track. Digital marketing affects the formation of a customer needs on a more efficient way.

1.2 Problem Statement

To come up with the right products to the right set of customers, many cosmetic companies are increasingly using social media, mobile and analytics to understand the consumer buying behavior and preferences. This is helping firms to understand the needs of the consumers better and come up with a customer profiling. So, the firms can decide on the right product mix and assortment (College & Pradesh 2016). Marketers recognize the importance of digital marketing and thus invest significant financial resources in its development and implementation (Tiago & Veríssimo 2014). To implement the digital marketing for cosmetic product, both small and large businesses need to allocate huge funds for it. However, to implement it is the one of the biggest challenges in digital marketing (Elawadi 2016).

With rapid technological developments, digital marketing has changed the buying behavior of customers (Yasmin et al. 2015). Hence, consumer buying behavior has become more complex. Because of this scenario, marketers also have to make some changes in a way of promoting their product or services by using digital marketing. Through digital marketing, customers can easily and quickly reach products and services. They can have an opinion about them by comparing similar products, and therefore, speed up the purchasing process (Durmaz & Efendioglu 2016).

Understanding consumer buying behavior and the influences on it can help make marketing communications to be more effective. So, marketer needs to ensure that the digital marketing channel that they choose is effective to influence consumer to make a purchase. However, assessing the effectiveness of digital marketing is one of the most important potential challenges for “digital” marketers (Leeflang et al. 2014).

In view, not many studies regarding this topic in this area, specifically in Malaysia. Through this study, it will give cosmetic company a good understanding of the consumer buying behavior if their target customers and enable the marketers to develop more effective digital marketing campaign to influence consumer to make a purchase.

1.3 Research Question:

Based on the research problem, three research questions are formulated as follows:

1. Which of digital marketing channels is the most effective?
2. What are the factor influencing of consumer buying behavior when making buying decision?
3. What are the relationships between digital market channels and consumer buying behavior?

1.4 Research Objective

Based on the problem statement and research question, this study proposed three objectives to achieve which are:

1. To identify the most effective of digital marketing channels.
2. To investigate factor that influence of consumer buying behavior when making buying decision.
3. To identify the relationships between digital marketing channels and consumer buying behavior.

1.5 Scope and Limitation of Study

This research will only focus on the impact of digital marketing channels which can influence on consumer buying behavior towards cosmetic product. The survey questionnaire has been given to only 150 respondents around Melaka and Kuala Lumpur area.

There is some limitation while conducting this study, there are the time given to complete this research is only 28 weeks. Thus, researcher has limited the scope of the study to be more specific and narrow to the topics cover. Simply due to the due

time constraints sample size of data collection also limited to 150 respondents that chosen randomly around Melaka and Kuala Lumpur area Malaysia only. Therefore, the data collection for this research will be limited and the data are only applicable to particular research area.

The researcher may assume that majority of the respondents have the adequate knowledge about the topic to the researcher wants to study. The respondents also may have less experience regarding this study.

Furthermore, researcher may assume that respondents will provide honest answer while answering the questionnaire. Respondents may lie due to their social desirability. To present a positive image of them, most people would like to lie or bend the truth to look good.

Lastly, the limitation of this research is cost. Since the respondents selected to answer the survey questionnaire are in Melaka and Kuala Lumpur area, researcher need to use own budget to travel for distributing the survey questionnaire.

1.6 Important of Research

The aim of this research is to found out about how effective the digital marketing channels in order to influence consumer buying behavior when they want to make a purchase of cosmetic product.

The result of this study may be beneficial to the cosmetic companies to improve their marketing activities through digital marketing channel to be more effective and indirectly it helps to increase the sale performance and the return of investment (ROI) of the cosmetic companies. Other than that, it also might help the consumer as reference to influence their buying behavior when making a purchase of cosmetic product.

Besides that, the outcome of this study also could be very useful to the other researcher who would like to conduct a research that is similar for cosmetic product industry. This research also may contribute to the industries which are similar to cosmetic product industry.

1.7 Summary

This chapter is structure as the introduction for this study. It introduces the topic of the study including the research background, problem statement, research question and research objective, scope and limitation of the study as well as the importance of research.

CHAPTER 2

LITERATURE REVIEW

2.1 Digital Marketing Overview

Marketing, more than any other business function deals with customers. Marketing is defined as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return (Kotler & Armstrong 2016). It's important for every company to build lasting customer relationship and value. These can be done successfully by understanding and satisfying customer needs in well-defined target markets.

Marketing is all around us, either in a form of traditional or digital marketing. There are differences in a way of the techniques and tools used to approach customers. But both aim with the same objective which is to promote products or services through various channels in the market.

Traditional marketing is referring to non-digital way used to promote the product or services of business entity (Yasmin et al. 2015). The channels used for traditional marketing are printed, radio, broadcast, and outdoor. While digital marketing can be defined as marketing using electronic media such as the web, e-mail, interactive TV, IPTV and wireless media in conjunction with digital data about customers' characteristics & behaviors (Chaffey et al. 2006). According to Jobber & Ellis-Chadwick (2012) digital marketing is referring to the application of digital technologies that form channels to market and to achieve corporate goals through meeting and exceeding customer needs better than the competition. According to CAM