

THE FACTORS INFLUENCING CONSUMER PURCHASE INTENTION FOR
COSMETIC PRODUCTS AT MALAYSIAN HIGHER EDUCATION INSTITUTION

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SUPERVISOR CONFIRMATION

I hereby declare that I have read this thesis and in my opinion this project is
sufficient in terms of scope and quality for the award
Bachelor Degree of Technology Management
(High Technology Marketing)

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Report submitted in fulfillment of the requirements for the
Bachelor Degree of Technology Management (High Technology Marketing)

Faculty of Technology Management and Technopreneurship
Universiti Teknikal Malaysia Melaka

JUNE 2017

DECLARATION

“I hereby declare that this report is the authentic result of my own, except for certain explanations and passages where every of it is cited with academic sources clearly.”

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DATE :

DEDICATION

A great appreciation expressed to my parents and siblings for their love and affections. Besides, I would like to express my heartfelt gratitude to my supervisor and panels for their guidance. Moreover, I would like to send my appreciation to my course mates and senior that kept sharing their knowledge which is helpful to my research.

ACKNOWLEDGEMENT

I would like to express my heartfelt appreciation and gratitude to my supervisor En. Hasan bin Saleh for his patient guidance and continuous encouragement throughout the completion of this research. I am blessed and grateful for having this experienced supervisor in assisting me to complete this research smoothly.

In addition, I would like to thank PM Dr. Ahmad Rozelan Yunus for listening my presentation patiently and providing valuable comments and suggestion for me to improve my research report.

Besides, I was appreciated the knowledge and information regarding this research shared by them. They have also given me constructive opinions and guidance when I confronted any problems and difficulties in this study.

Moreover, my family members are the pillar of the spiritual support for me. They kept encouraging me with great motivation. Their motivation and encouragement has gained my confidence level and driven me to do better work in this study.

Last but not least, it is highly appreciated to those previous researchers that did a great and fruitful research that provided the useful information in my study. The secondary data obtained from their researches would be the useful reference for me in completing this study.

ABSTRACT

Nowadays, the changing lifestyle and culture has led to the rapid changing consumer preference and increasing consumer demand in cosmetic products. Cosmetic plays an important role in enhancing consumer's appearance attractiveness and confidence. Cosmetics products is not merely the proprietary rights to women but men also have treated cosmetic products as necessity for their daily grooming. This research is to study the factors that influencing consumer purchase intention for cosmetic product in Malaysia. The researcher has selected the quantitative methods as research methodological choice in this study. The simple random sampling method is used in this survey to obtain 100 respondents who have currently studied at FPTT in UTeM. Sample size was determined from population by referring to Krejcie & Morgan. Besides, Descriptive analysis, Pearson Correlation and Multiple Regression analysis were used in this study to analyse the data statistically by using SPSS version 22. The research results showed there is positive and significant relationship between factors of branding, promotion, product quality and packaging on the consumer purchase intention. The findings in this study would be a effective contribution to the cosmetic industry by gaining an understanding and insight towards the purchase intention on cosmetic products.

Keywords: cosmetic products, consumer purchase intention.

ABSTRAK

Pada masa kini, the perubahan dalam gaya kehidupan dan kebudayaan membawa impak kepada perubahan pesat dan peningkatan dalam permintaan pengguna kosmetik. Kosmetik memainkan peranan yang penting untuk meningkat daya tarikan dan keyakinan diri dalam penampilan. Kosmetik bukan sahaja menjadi kuasa proprietari untuk pengguna perempuan maka ia juga menjadi produk keperluan untuk meningkatkan penampilan pengguna lelaki. Oleh itu, tujuan untuk kajian ini adalah untuk mempelajari faktor-faktor yang mempengaruhi niat pembelian pengguna untuk produk kosmetik di Malaysia. Dalam kajian ini, penyelidik telah memilih kaedah kuantitatif sebagai pilihan metodologi. Manakala, kaedah persampelan rawak mudah digunakan dalam kajian ini untuk mendapatkan 100 responden yang kini belajar di FPTT UTeM. Keputusan kajian ini dapat menyumbang pemahaman dan maklumat yang berguna dan efektif kepada industri kosmetik di pasaran Malaysia. Saiz sampel telah ditentukan dengan merujuk kepada Krejcie & Morgan. Selain itu, analisis deskriptif, Korelasi Pearson dan analisis Regresi Pelbagai telah digunakan dalam kajian ini untuk menganalisis data secara statistik dengan menggunakan SPSS versi 22. Hasil penyelidikan menunjukkan hubungan yang positif dan signifikan antara faktor penjenamaan, promosi, kualiti produk dan pembungkusan dalam niat pembelian pengguna. Dapatan dalam kajian ini akan menjadi sumbangan yang berkesan kepada industri kosmetik dengan mendapat pemahaman dan wawasan terhadap niat pembelian pada produk kosmetik.

Kata kunci: produk kosmetik, niat pembelian pengguna.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter is about the introduction of the research. This introduction is important to determine the success of the research with the elements of background of the research, problem statement, research question, research objective, scope, limitation and importance of the research.

1.2 Background of Study

The role of cosmetic is a beauty aid that fulfills consumer physiological or sociological needs for enhancing their appearance attractiveness and confidence. Cosmetic helps to contour the facial features and highlights appearance of consumers becoming more attractive and stand out.

In recent years, globalization enables the accessibility of worldwide cosmetic product into domestic market and lead to intense competition among small medium enterprise in the market place. The advance in internet and communication, mobility of travelling, modernisation, influence of social media has impacted the changes of

preference and consumer lifestyles in buying cosmetic products since people are becoming more emphasizing their personal grooming and appearance, (Blomert, 2009).

Malaysian consumers have the rising tendency to spend higher expenditure on cosmetic products over the coming years, (Affairs, M, Dawood, Verma, & Saleem, 2015). Consumers are willing to spend large amount on superior quality and good benefits of cosmetics. Furthermore, travelling across countries and regions makes consumers gradually becomes more demanding on the convenience and functions of demands. For instance, cosmetic products offerings nowadays contains versatile functions of anti-aging, moisturizing, whitening, skin protection against sun rays and others. The increasingly adoption of cosmetic products is across all different social level and generation group because each consumer buying intentions is varied which according to their needs and motivations.

The Agreement on the ASEAN Harmonized Regulatory Scheme (AHCRS) has implemented by government to eliminate trading barriers between 10 countries members states .Consumers have a wide selections of product variety to be consumed and choose while local cosmetic manufacturers has widen their target markets.On the other hand, according to Director General Technical Report (DGTR) published by Ministry of Health Malaysia, (2006), the availability of cosmetics have more than 60,000 types in the local market. Majority of cosmetic products are widely available and distributed by store-based retailing such as supermarkets, departmental stores, retail shops and pharmacies, (Swidi, Wie, Hassan, Hosam, & Kassim, 2010). Cosmetics products is not merely the proprietary rights to women but men also have treated cosmetic products as necessity for their daily grooming. Therefore, many companies are competitively making market diversified portfolio of cosmetics products for different market segments.

Due to rapidly changing consumer preference and increasing consumer demand in cosmetic products, this study is to helps local cosmetic industry to understand the factors that influencing consumers buying intention. By understanding the purchase intention of customers, marketers will possibly predict and foresee the consumer behaviour that

selecting what types or brands of cosmetic products in their next purchasing, (Fandos & Flavián, 2008).

1.3 Problem Statement

Increasing consumer's disposal income and growing demands on cosmetic products lead to the emergence of market opportunities and stiff competition in the cosmetic market. Therefore, it drives the marketers and manufacturers to formulate strategic marketing strategy accordingly to fit customers preference on cosmetic products, (Lopaciuk & Loboda, 2013). Evaluation on the consumer preference can help market practitioners to track consumer purchase intention and behavioural buying pattern for developing strategic marketing program and increasing sales profitability.

However, how to outperform than competitors in the intensively competitive market is still a critical issue. In the early stage, customers were being more rigid and price-conscious in product selection but nowadays they tend to seek for value added in the cosmetic product to satisfy their needs.

In addition, the lack of latest market-oriented research market becomes the challenge for researchers and organizations to differentiate their cosmetic products from the pool of brands and product extension lines.

Furthermore, the consumers are increasingly demanding on the diverse functions and benefits of the products. The higher the pay on premium cosmetic product, the higher expectations on product value that customers desire to obtain. Hence, manufacturers are facing problems of identifying the types and functions of product to fit requirement of consumer expectation.

Therefore, this study is to investigate the understanding on the local cosmetic market and consumer preference in their cosmetic purchase intentions. Customer feedback information can be collected by gathering, analyzing and interpreting in their buying preference in this study.

1.4 Research Questions

The study questions of this study are:

RQ1: What are the factors that influencing consumer purchase intention for cosmetic product?

RQ2: Which factor has the most significance on consumer purchase intention for cosmetic product?

RQ3: What are the relationship between the promotions and consumer purchase intention for cosmetic product?

1.5 Research Objectives

The research objectives are giving marketers and manufacturers a better understanding on the customers' preference in consumer purchase intention for cosmetic product.

RO1: To identify the factors that influencing consumer purchase intention for cosmetic product.

RO2: To determine the most significant factor that affecting consumer purchase intention for cosmetic product.

RQ3: To investigate how does the promotion affect consumer purchase intention for cosmetic product .

1.6 Scope of Research

The scope of study merely involves the factors that are affecting customers purchase intention for cosmetic products. This entire study covers the customers purchase intention for cosmetic products. The respondents selected will be focusing on Universiti Teknikal Malaysia Melaka (UTeM) students.

1.7 Significance of Study

Firstly, the cosmetic industry marketers and manufacturers are beneficiaries of this study. This research will help them to better understand the consumer' needs and preference on the buying decision of cosmetics products. By conducting this study, it may help to analyze the strengths and weaknesses of existing products and make improvement on it to meet customers' needs. Beside, the performance of marketing program can be evaluated and improved by obtaining the findings of this study. Improvement on the marketing mix variables will give an important impact in attracting more customers and fostering consumer purchase intention. Marketers will be having a better knowledge and insight in designing their marketing program that fits customers' expectation. This study can induce the unarticulated needs of consumer which is useful for future product development. Furthermore, this study's findings will also benefit readers their knowledge and understandings on customers' preference in buying cosmetic products.

1.8 Summary

In this chapter, the researcher has briefly explained about all the background of study. Research objective and research questions are the core elements to identify the gap in this study which is critical to the whole research report. In addition, the researcher has also defined about the problem statement in order to find research solutions for addressing the issues and problems in the statement. Next, researcher has also outlined the scope of study to ensure that researcher has a clear coverage and boundaries of the study. Apart from that, the researcher has explained about the significance of study in this report which defining the purpose and the targeted beneficiaries from this research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter indicated the descriptive reviews of the dependent variable and independent variables in this study. The conceptual and theoretical explanation in branding, promotion, product quality and packaging is important to make justification for this study. This chapter also covers the theoretical framework as an overview of relationship between dependent variable and independent variables while hypothesis testing is also included in this chapter to predict the expected outcome in this study.

2.2 Consumer Purchase Intention

Purchase intention is the extent of possibility and willingness of consumer to buy a product. The phenomenon of purchase intention as the projected behavior of consumers on short basis about the repetition purchase of specific product,(Fandos and Flavian, 2006). On the other hand, consumer purchase intention is also typically linked with behavior, perceptions and attitudes of consumers,(Mirabi et al., 2015). Furthermore, customers purchase intentions are mostly driven by intrinsic and extrinsic motivations of past experience of using the product. Intrinsic motivation is the past experience the customers

had with the positive or negative impression on the product while the extrinsic variables such as relevant product information and knowledge obtained by customers.

According to Shah et al.,(2012), purchase intention is a kind of decision-making that studies the reason to buy a particular brand by consumer. There are many factors such as price of the product, design, packaging, knowledge about product, quality, celebrity endorsement, fashion and sometimes family relation as well that affecting customers purchasing process, (Shah et al., 2012). In recent times, customer purchase intention has gradually evolving into critical and complex process, (Madahi and Sukati, 2012). Customer will make meticulous consideration and evaluation on the product. In additional, customers who intended to buy a product, they will collect the information of the desired products to examine whether the product specification suits their intention.

The preference of consumer in buying decision towards the product or service is considered as customer purchase intention as well, (Mirabi et al., 2015).When customers are choosing certain products, they will make consideration into varying aspects such as promotion, brands, quality, packaging and so on. Each of the product factors will influence customers' perceptions in the customer purchase intention. Integration of all aspects of customers' product perceptions are known as perceived value. Perceived value is related to the sacrifice of time and money consumed in return for the product quality and value received.

2.3 Cosmetic

Cosmetic are defined as “any substance or preparation intended to be placed in contact with various external parts of the human body (epidermis, hair system, nails, lips and external genital organs) or with teeth and the mucous membranes of the oral cavity, with a view exclusively or mainly to cleaning them, perfuming them, changing their appearance and/or correcting body odours and/or protecting them or keeping them in good

condition”, (Guidelines for Control of Cosmetic Products in Malaysia, 2009). Cosmetic are classified into categories of use, functions and physical nature of products according to their needs, (Shivsharan, 2014). The cosmetic product category encompasses products of body, hair care, makeup, skin care, nails, lips, fragrance and toiletries.

Each cosmetic has its own distinctive function that fulfills customer different needs. Some customer buy cosmetic product for the therapeutic, decorative and protective functions. For instance, consumers seek for protective function of cosmetic products that protecting skin against ray of sun whereas consumers seek for decorative function of makeup products to enhance their beautifulness. Consumers have the proneness towards multi-functional attributes of cosmetic product such as whitening, anti-aging, moisturizing, firming and so on.

On the other hand, cosmetic products with organic ingredients are increasingly prevailing in recent years since people nowadays are becoming more health conscious and awareness. Green cosmetic product is hazard-free, minimal side effects and safe to consume by customers. Besides, cosmetic products is required adhere to specific safety and quality standard before commercialization in the domestic market. According to the Guidelines for Control of Cosmetic Products in Malaysia, (2008), Cosmetic Technical Working Group (CTWG) is responsible to ensure the quality and safety of cosmetic product is in conformance to ASEAN Cosmetic Directive for manufacturing and imports. Furthermore, the cosmetic product labeling is mandatory to have printed information of functions, ingredients lists, volume, weights precautions, minimum durability date, permit identification and so on for assurance the safety and knowledge of customer consumption.

2.4 Branding

Brand is defined as a name, term, sign, symbol or design, or the combination of these, that identifies the maker or seller of a product or service, (Kotler & Armstrong,