

THE EFFECTS OF VIRAL MARKETING ON CONSUMER RESPONSES
TOWARD COSMETIC PRODUCTS

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‘I/We hereby declared that I/We had read through this thesis and in my opinion that this thesis is an adequate in terms of scope and quality to fulfil the requirements for the award of Bachelor of Technology Management (High Tech Marketing)’

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DECLARATION

“I admit that this report is the end result of my own work that excluded certain explanation and passages where every of it is cited with sources clearly”.

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DEDICATION

I would like to dedicate my appreciation to my lovely family members that supported me by spiritually and financial. Besides, I also would like to dedicate my beloved supervisor and panel that guide me throughout the research, and my friend that assisted me throughout the research journey.

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ABSTRACT

In recent years, many of cosmetic product growth rapidly in the market. Consequently many marketer taking advantages of this situation by using viral marketing to promote cosmetic product. However, it is difficult to measure the effectiveness of viral marketing toward consumer responses. Second, consumer need to be greater understanding of the contexts which viral marketing works and the most effective. This research objective to determine the effects of viral marketing on consumer responses toward cosmetic product. This study had mainly adopted from AIDA model. AIDA model stand for attention, interest, desire and action. Meanwhile, this research using quantitative method. Quantitative data had been collected through respondent that answers by target respondents. A total of 384 respondent who live in Melaka were participated in this research by using non probability sample techniques. Software for Social Science (SPSS) was used by researcher to analyse the collected data. The data analysis techniques that conducted in this research were descriptive analysis, Pearson correlation and regression analysis to describe the variables numerically and found out the relationship between independent variables and dependent variable. The findings showed that social media, website and hashtag positively had relationship between customer responses toward cosmetic product. Based on this finding it would encourage the marketer to use viral marketing medium and techniques as a platform to spread the information about cosmetic product.

Keywords: viral marketing, electronic word of mouth, consumer responses, AIDA model

ABSTRAK

kebelakangan tahun ini, banyak produk kosmetik tumbuh dengan pesatnya di dalam pasaran. Akibatnya, banyak pemasar mengambil kelebihan keadaan ini dengan menggunakan tular pemasaran untuk mempromosikan produk kosmetik. Walau bagaimanapun, ianya, sukar untuk mengukur keberkesanan tular pemasaran terhadap tindakbalas pengguna. Kedua, pengguna perlu memahami lebih baik konteks kerja-kerja tular pemasaran dan yang paling berkesan. Objektif kajian ini bertujuan untuk mengenal pasti kesan tular pemasaran pada tindakbalas pengguna terhadap kosmetik produk. Kajian ini telah di ambil terutamanya daripada AIDA model. AIDA model terdiri daripada perhatian, minat, keinginan dan tindakan. Sementara itu, kajian ini menggunakan kaedah kuantitatif .Data kuantitatif telah dikumpul melalui soal selidik yang dijawab oleh responden yang disasarkan. Seramai sejumlah 384 responden yang tinggal di Melaka telah mengambil bahagian dalam kajian ini dengan menggunakan teknik bukan kebarangkalian. Software for Social Science (SPSS) telah digunakan oleh penyelidik untuk menganalisis data yang dikumpulkan. Data analisis yang dijalankan pada kajian ini ialah dekriptif analisis, korelasi pearson dan analisis regresi untuk menerangkan pembolehubah berangka dan mendapati hubungan antara pembolehubah bebas dan pembolehubah bersandar. Hasil kajian menunjukkan sosial media, laman sesawang, dan hashtag mempunyai hubungan positif terhadap tindak balas pelanggan terhadap produk kosmetik. Berdasarkan keputusan ia dapat mengalakkan pemasar untuk menggunakan medium dan teknik tular pemasaran untuk menyebarkan matlumat tentang produk kosmetik.

Kata kunci: tular pemasaran, elektronik mulut ke mulut, tindakbalas pengguna, AIDA model

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LIST OF ABBREVIATION

WOM	=	Word of mouth
e-WOM	=	Electronic word of mouth
e-mail	=	Electric mail
AIDA	=	Attention, Interest, Desire, Action
ANOVA	=	Analysis of variance
PAEmail	=	Pass along email
IV	=	Independent variable
DV	=	Dependent variable
UTeM	=	Universiti Teknikal Malaysia Melaka
SPSS	=	Statistical Package for the Social Science
PhD	=	Doctor of philosophy

LIST OF SYMBOL

H_0	=	Null hypothesis
H_1	=	Alternative hypothesis
r	=	correlation coefficient
p-value	=	significant
\leq	=	Less than or equal
$<$	=	Less than
$>$	=	More than
β	=	beta
α	=	alpha

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CHAPTER 1

INTRODUCTION

1.1 Background of study

Viral marketing is a marketing technique whereby information about a company's goods or services is passed electronically from one internet use to another. In internet and online advertising, viral marketing is a type of marketing that relies on and encourages people to pass along a marketing message by electronic word-of-mouth (or word-of-email) marketing. Viral marketing on online uses blog and social networks to produce positive word-of-mouth brand awareness Watts, Peretti, & Frumin, (2007).

Theoretically, viral marketing is the tactic of creating a process where interested people can market to each other. Therefore, viral marketing emerging as an important means to spread the word and stimulate the trial, adoption, and use of products and services Fathollah, Aghdaie, Sanayei, & Etebari, (2012). Viral ads are online promotional campaigns that spread like a virus, "one minute nobody's heard of it, next minute it's everywhere Watts et al.,(2007). When something goes viral, its spread quickly and widely from one person to another, with tool like YouTube and Facebook, sharing videos, stories and image to thousands, even millions of people can happen in minutes. This offers a powerful way to share information in a very short of time.

Today, many marketers have turned to viral marketing to promote their brands and dive into reputation management as now the area is evolving rapidly Watts et al., (2007). However, in principle, viral marketing is to spread the word and encourage people to pass the message. Though this new form of communication is encouraged by new trends in internet users' lives Lekhanya & Africa,(2014).

Last but not least, in recent years, cosmetic products is seen to dominate the local market today. The desired to be more beautiful and graceful increasing the demand and supply of such products is growing rapidly. The dominance beauty intensified with the growth of social media, causing it to become popular and touted by the public..Awang, (2016).Generally, there are various types of cosmetic products available in the market. Ranging from makeup, skincare, collagen, stem cell, supplement and others. There has a lot of variety of brands available in the market for example product from Qu Puteh, D'herbs, Amway and others. Due to many cosmetic products, the easiest and fast way to buy all the products are from online retail shop such as Lazada, Zalora, Groupon and Ali Baba. In order to fulfill consumer demand on cosmetic product many entrepreneurs produce their own product. One of the ways, the marketer market the product using tools like YouTube, Facebook, Instagram , website and blog as a medium to promote their product. At the same time, they using viral marketing to create consumer awareness and intention about their product and service. In other word, to see the consumer responses after during decision making proses.

1.2 Problem statement

According to Schiffman & Wisenblit (2015a), viral marketing is a marketing technique that uses pre-existing social networks and other technologies to produce increases in brand awareness or to achieve other marketing objective through encouraging individuals to pass along email messages or other contents online. Besides, viral marketing exploits existing social networks by encouraging consumers to share product information

with their friends .But until recently, it has been difficult to measure the effectiveness of viral marketing and how influential person-to-person recommendations actually are over a wide range of products Leskovec, Adamic, & Huberman,(2007).

In recent years, many of cosmetic products growth rapidly in the market. This is because the demand from consumer is increase day by day. Many people especially women want to be pretty. Therefore, many marketer taking advantage of this situation by using viral marketing to promote their cosmetic product. However, marketer needs to be a greater understanding of the contexts in which viral marketing strategy works and the characteristics of products and services for which it is most effective Leskovec et al., (2007).

Lastly, many viral marketing techniques are being used to target consumers, however it has been concluded that not all techniques are being utilized in an effective way. The general attitude towards viral marketing, from the consumer point of view, is the information provided in viral marketing is useful to encourage consumer respond. Previous research suggested that businesses need to use a variety of viral marketing techniques, in order to market effectively over the viral marketing Fairbank, (2008). Therefore, this research is important in order to know which techniques and medium of viral marketing will be most effective in encourage customer respond toward cosmetic products.

1.3 Research Question

RQ1: What are the relationship between viral marketing and consumer responses towards cosmetic products?

RQ2: Which mediums of viral marketing are having a significant effect on consumer responses toward cosmetic products?

RQ3: Which techniques of viral marketing are having a significant effect on consumer responses toward cosmetic products?

1.4 Research Objective

RO1: Determine the relationship between viral marketing and consumer responses towards cosmetic products

RO2: Identify which mediums of viral marketing are having a significant effect on consumer responses toward cosmetic products.

RO3: Identify which techniques of viral marketing are having a significant effect on consumer responses toward cosmetic products.

1.5 Scope and limitation

This research is about the effect of viral marketing on consumer responses toward cosmetic product. Cosmetic product consist of supplement, collagen, skincare, makeup and others. There are a lot of cosmetic products in Malaysia industry. This study will be conducted in Melaka area. Moreover, there are a lot of retail shop that selling cosmetic

products at these area. The respondent who stay at Melaka city were selected in order to adequate and comprehensive information. In addition, it is easy for do this research. The researcher will distribute questionnaire to the consumer of cosmetic products in several retail shop and drug stores.

The limitation of research was evaluated on this part. Firstly, there was limitation on time. Mostly, the respondent do not have time to fill up the survey especially working people. Even though, the survey conducted through online but they still not have time to spend their time to fill up the survey. Researcher just can assume that all respondent have time to fill up all the questionnaire. Secondly, it was very hard to acquire the accurate and valid data. Researcher felt difficult to identify whether the data in questionnaire was answer honestly by respondent. Researcher just can assume that all the data receive through questionnaire was answer sincerely by target respondent especially questionnaire based on thought, feeling, or behavior.

1.6 Important of study

Viral marketing is a powerful means for both marketers and recipients to benefit from the innate helpfulness of individuals in social networks (Cities, 2003) . The important of this research is for consumer. This is because consumer nowadays like to buy something trough media social such us from YouTube, Instagram, Facebook and Myspace. Interestingly, through this research, consumer can gain knowledge and get the information about viral marketing .Besides, it will give advantage to consumer to make a decision whenever they want to buy a product especially in cosmetic products.

Throughout this research, marketer also get benefit. Marketer can have clear understanding on which online medium that consumer more use to buy cosmetic product.

Marketer can determine which medium that influence consumer to spend their money and consumer give respond on cosmetic products. Lastly, this research also enhance the consumer awareness about cosmetic product that have in Malaysia.

1.7 Summary

In this study, researcher emphasized on the effect of viral marketing on consumer responses toward cosmetic products. Besides, researcher would determine the relationship between viral marketing and consumer responses toward cosmetic products. This chapter provide an introduction for the research topic. It had introduced the background of study, problem statement, research question and research objective. Scope, limitations and importance of research were covered by this chapter. Meanwhile, Researcher would base on these introductions and carried on to second chapter which discussed about the part of literature review.

CHAPTER 2

LITERATURE REVIEW

2.1 Word of mouth (WOM)

Word-of-mouth consist of communications where satisfied consumers tell other people how much the like a business, product, service, or event. In marketing, word of mouth consist of transmitting advice and other types of information about product, brand, and shopping experiences. Word of mouth occurs often when neighbors talk across their lawns or over a cup of coffee; when friends and neighbors share stories about shops and products that they like or dislike and in texting , emailing, chat rooms, and online social communities, among other forms of communication (Schiffman & Wisenblit, 2015). Though usually referring to online activity today, any strategy that encourages word-of-mouth can be considered viral marketing. If it's goal is to get hoards of people spreading the word about your product or company, reaching new audiences, and creating rapid growth for your business then it's viral marketing (Sukhraj, 2016)