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„I hereby declared that I had read through this project paper and in my opinion, this project paper was adequate in term of scope and quality, which is fulfilling the requirement of Bachelor of Technology Management (High-Technology Marketing)

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THE FACTORS THAT AFFECT THE CONSUMER PURCHASE INTENTION
TOWARDS SKINCARE PRODUCT IN MALAYSIA

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DECLARATION OF ORIGINAL WORK

„I hereby declare that this project report the results of my independent works except for the summary and experts that had been specifically acknowledged“

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DEDICATION

This project paper was dedicated to my beloved father, who taught me to always search and improve my knowledge for my own sake and my loving mother, who constantly urged me to seek recognition in my study. Followed by my siblings, who were continuously motivated and enlighten me during the slumber period and my friends for generous information sharing during project report completion. I also would like to express my heartfelt gratitude for my supervisor, Dr. Mohammed Hariri Bin Bakri for his guidance and time.

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ABSTRACT

The current trending of cosmetic product had influenced the globalization and growing dramatically in term of global sales. The cosmetics industry is wide and the entrepreneurs were still established the new and innovative cosmetic product offered to the consumers. However, the cosmetic industries were too competitive and the entrepreneur failed to understand the reason of customer's preferences in buying the skincare product. The purpose of this study was to find out the reason why customer had chosen particular factor when they intended to buy skincare products. All the data are collected through distribute the questionnaire among 384 respondents in Malaysia and analyse using SPSS Statistics Version 22.0. The factors that affect the consumer purchase intention towards skincare product in Malaysia would be further tested with multiple regression analysis and Pearson Correlation. Then, the result of the finding would be explained in the descriptive method. The result of the study could assist the cosmetic entrepreneurs to understand the factor that affect the consumer purchase intention towards skincare product and fully utilized the significant factor that affect the buying intention for skincare product.

Keywords: Skincare product, purchase intention

ABSTRAK

Trend terkini produk kosmetik telah mempengaruhi globalisasi dan berkembang secara mendadak dari segi jualan global. Industri kosmetik adalah luas dan usahawan masih menubuhkan produk kosmetik yang baru dan inovatif yang ditawarkan kepada pengguna. Walau bagaimanapun, industri kosmetik terlalu kompetitif dan usahawan gagal memahami sebab pilihan pelanggan dalam membeli produk penjagaan kulit. Tujuan kajian ini adalah untuk mengetahui sebab mengapa pelanggan memilih faktor tertentu apabila mereka ingin membeli produk penjagaan kulit. Semua data dikumpul melalui pengedaran kuesioner di kalangan 384 responden di Malaysia dan menganalisis dengan menggunakan Statistik SPSS Versi 22.0. Faktor-faktor yang mempengaruhi niat pembelian pengguna ke produk penjagaan kulit di Malaysia akan diuji lagi dengan analisis regresi berganda dan Korelasi Pearson. Kemudian, hasil penemuan akan diterangkan dalam kaedah deskriptif. Hasil kajian ini dapat membantu para usahawan kosmetik untuk memahami faktor yang mempengaruhi niat pembelian pengguna terhadap produk penjagaan kulit dan sepenuhnya menggunakan faktor penting yang mempengaruhi niat pembelian produk penjagaan kulit.

Kata kunci: produk penjagaan kulit, niat pembelian

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ABBREVIATION

ANOVA	=	Analysis of Variance
TPB	=	Theory of Planned Behavior
MRA	=	Multiple Regression Analysis
SPSS	=	Statistical Package for the Social Science
DV	=	Dependent Variable
IV	=	Independent Variable
H ₀	=	Null Hypothesis
H ₁	=	Alternative Hypothesis
AT	=	Attitude
SN	=	Subjective Norm
PBC	=	Perceived Behavioral Control
C	=	Cultural

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CHAPTER 1

INTRODUCTION

1.0 Introduction

In this health and beauty industry, people tend to use cosmetic product in their daily routine. Cosmetics became their necessity in their life. According to Kim and Jung (2008) noted that people uses cosmetic products to improve their appearance and tell their own style to other people. Cosmetics have been widely used, so this study adopted the Theory of Planned Behavior (TPB): attitude (appearance consciousness), perceived behavioral control (functional value), subjective norm (social norms) and cultural (lifestyle) to investigate the factor affecting the consumer purchase intention of skincare products.

Furthermore, this chapter contained the information about the background study of research topic which was the factor affecting consumer purchase intention of skincare products in Malaysia. At the same time, researcher discussed the problem statement, research questions, research objectives, scope and limitation of study and significant of the study.

1.1 Background of study

The cosmetic industry is wide, as a result the market develop very fast around the world. According to Euromonitor International (2017), the global sales of the skincare products increased 40% from 103 billion US dollar in 2012 to 144 billion US dollar in 2016. This proved that people tend to care about their health and appearance as they will become more charming and confidence when they contact with other people. Besides, the cosmetic industry in Asian becomes one of the fastest growing markets. According to the Association of Southeast Asian Nations (ASEAN) (2013), the market value of Asia Pacific is the second highest after the Western European market as it increased to more than 70 billion US dollar. Besides, beauty market at Asia Pacific achieved 6% of compound annual growth rate (CAGR) and 51% of global sales come from this region (Euromonitor International, 2017).

In order to meets consumers' needs, cosmetic firm established different functional products. Different categories in cosmetics industry include cosmetic of hair, skincare, lotion, cream and others. In the cosmetic industry, the skincare products were the most popular products and became the mainstream in global market (Liang, 2010). The skincare product predicted to be a huge and potential market in Malaysia. The cosmetic market in Malaysia growing very fast as the consumer expenditure rate on cosmetics and toiletries increased 40% from Malaysian Ringgit (MYR) 1.4 billion in 1995 to MYR 1.9 billion in 2007 (Swidi, Wie, Hassan, Hosam, & Kassim, 2010). Furthermore, Malaysia total trade volume for personal and cosmetic products was 2.24 US billion dollars (International Trade Administration, 2017). However, previous studies familiarly discuss about the cosmetics industry, but skincare product is major parts in cosmetic market. There are only few studies examined the influences of consumer purchase intention to skincare products.

Due to the tremendously growth of skincare industry, the researcher took this opportunity to look further on the factor that affect the consumer purchase intention of skincare product in Malaysia. By doing this study, the researcher will contributed the

most significant factor that influences the consumer purchase intention of skincare product.

1.2 Problem Statement

Due to the constantly changing in the weather and pollution of the atmosphere, people skin have been sabotage and lead to poor skin such as rashes, sores, acne, dull and wrinkles. The existence of skincare product help people to improve their skin health and appearance so as the confidence, it brings a lot of benefit to the people (Kori, 2012). The global sales of skincare industry increased year by year, however there are still some groups of people not using the skincare products due to lack of cosmetic knowledge and lack of awareness on appearance .No matter male or female, they should emphasize on using the skincare product as it serves as a protective barrier. This problem focus on the factors affects the consumer purchase intention towards skincare products. The marketers should study the significant factor that affect the consumer purchase intention towards skincare product in order to generate more revenue. Furthermore, only few studies examined the influences of consumer purchase intention of skincare products, so this study adopted the Theory of Technology Acceptance Model (TAM) to investigate the consumer purchase intention of skincare products (H. Y. Kim, Chung, & Kim, H. Y., and Chung, 2012).So, the researcher decided to use Theory of Planned Behavior (TPB) to further investigate the consumer purchase intention towards skincare products in Malaysia. The current information of the factors affected the attribute of customers buying skincare products was further addressed by revising the available information of the current studies.

1.3 Research Question

The research question was the fundamental aspects of this research since it would focus on the area of concern, research purpose, determine the suitable methodology for this research, emphasize the importance of this research and continuously guide this research into the stages of research which mainly consisted of inquiry, analysis and reporting. The research questions of this research were:

1. What are the factors that affect the consumers purchase intention towards skincare products?
2. What is the relationship between the theory of planned behavior and purchase intention in skincare products?
3. What is the most significant factor of the consumers purchase intention toward skincare products?

1.4 Research Objective

In order to fully achieve the study purpose, research objectives were developed to guide through this research. The research objectives were:

1. To identify the factors that affect consumers purchase intention of skincare products
2. To determine the relationship between the theory of planned behavior and purchase intention in skincare products
3. To determine the most significant factor that affects the consumers purchase intention towards skincare products

1.5 Scope and limitation of study

The purpose of this study was to propose the most significant factor that influences the customers purchase intention of skincare in Malaysia. In this study, the researcher suggested there were four factors which affect the customer purchase intention of skincare products in Malaysia. Those factors were attitude, subjective norm, perceived behavioral control and cultural. Researcher believes that these factors have strong relationship towards the customer purchase intention in skincare products. Furthermore, this study also determined the most significant factor that affect the customer purchase intention of skincare products in Melaka.

The limitation of the study could affect the result of the study significantly. Limitations were influences beyond the researcher control in every single study. The limitation of this study was the limited coverage of the state which only covered the Melaka. Therefore, the result of the study is limited and cannot be generalized to every single state in Malaysia, future research needed to include large sample of states. Besides, the researcher only suggested there were four factors that affect the customer purchase intention of skincare products in Malaysia. There were plenty of factors that affect the customers purchase intention; therefore in future research needed to include more factors to niche down which one is the most significant factor that influences the customer purchase intention. Moreover, there was no integrity in respondents' answers by responding to the questionnaire abruptly. So the honesty of the respondents in the questionnaire could be questioned. Due to limitation of the study, researcher unable to collect accurate data.

1.6 Significant of study

This research would help the cosmetics industry, especially in skincare products so the entrepreneur could know about the most significant factor that encourage the customers to buy the products. They could use the finding of this research to identify their weakness and strength of their product so there would be room for improvement to the businesses. This study was helpful for all kinds of organization and firm because the researcher provided the research information about the factor affect the consumer purchase intention for skincare product in Malaysia. This study will served as future reference for researcher to proceed on the topic of the factor affecting the consumer purchase intention of skincare products.

1.7 Summary

In this chapter, researcher discussed about the background of study, research problem, research question and research objective was further addressed in the first chapter. The research scope, limitation and the significant were also discussed in the first chapter.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

In this chapter, researcher will explain further about skincare products, social media, purchase intention, theory of Planned Behavior (TPB) and factor affecting the consumer purchase intention of skincare products. Furthermore, there was literature review on the past studies related to the topic of research. The literature review helped to increase the understanding of the research and supported the proposed conceptual framework in the chapter. Lastly, the hypothesis of the research also proposed to this study.

2.1 Skincare industry overview

The globalizations of economic development increase the wealth of customers and improved technologies in skin care industry with wider choices. According to the (Souiden & Diagne, 2009) stated that if someone have better education, it increased the

awareness on the beauty and hygiene. It is believe that skincare product help people to have a healthy and beautiful skin so companies are pay more attention to create a standard healthy product attributes and convince the customers to believe that it can improve their appearance.

Skincare industry is too wide, so this research focuses on a specific area, “skin care products”. According to Gunther et al. (2005), cosmetics are a substances or products used to enhance or alter the appearance or fragrance of the body and cosmetics are designed for use of applying to the face and hair. Skin care industry act as a service treatment to uplift your skin rather than medical treatment. According to Liang’s (2010) report, among these various products, skin-care products were the most popular products in cosmetic. The skin care category includes products for facial care such as cleanser, moisturizer, toner, lotion, cream and so forth, while the hair care category includes shampoos, conditioners, and hair colors (Hee Yeon Kim, 2009). Besides, health and beauty care nowadays are associated with female and male. At the meantime, the companies putting more effort in research and development to expand the market and create more competitive competition which bring benefit to customers. Therefore, understanding the factor influencing the purchase decision of different customer segment is significant for the company.

2.2 Cosmetic industry and trends in Malaysia

Cosmetic products usually sold through supermarket, department stores, pharmacy or personal care stores, direct sales or marketing and specialty stores. In Malaysia, there are over 60,000 types of cosmetics products available in the market (Ahmad, Rahman, & Rahman, 2015). According to Cosmetic and Toiletries overviews (2015), among the cosmetic company in Malaysia for the mass market are Maybelline, Avon and Cosway; for prestige brands are Clinique, Estee Lauder and Shiseido; for franchise chains are Body Shop, Roche and Sasa. In addition, the mass market cosmetics

usually sold in supermarkets and pharmacies and prestige brands are usually sold in department stores or retail stores. In Malaysia, the majority demand would come from the spa and salon market, the retail stores and multi-level marketing or direct sales channel. The consumers in Malaysia are getting smart in online purchase and do compare the price of product between the local products and foreign products. Furthermore, the consumers in the Malaysia all more concern about anti-aging, whitening, acne scars, lightening and brightening of blemish products (Ahmad et al., 2015)

The cosmetics businesses in Malaysia are competitive, marketers in Malaysia tend to use competitive strategy to promote their products. The consumers in Malaysia mostly influenced by the promotion offer and they look for discount price product especially the premium skincare product. According to Malaysian Pharmaceutical Society (2002), due to the exchange rate depreciation, the sales of prestige brand decline as the price become more expensive. The competition in prestige brand is competitive because too many brands in the market to undertake. Thus, promoting became the first priority to achieve the goals and increase the sales. The promotion and advertising of prestige brands in Malaysia using local magazines worldwide and makes the particular prestige brand popular among Malaysian consumers (Malaysian Pharmaceutical Society, 2002).

2.3 Skincare products in Malaysia (HALAL)

According to (Azmi Hassali & AL-Tamimi, 2015) the word Halal originated from Arabic language which means lawful or permitted. Halal products are getting very popular which means that products of pork and alcohol or animals slaughtered not according to the Islamic teachings are forbidden for Muslims (Ahmad et al., 2015). Malaysia is an Islamic country that's trying to play an important role in producing halal products and services in order to achieve a high potential as new source of economic