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'I hereby declared that this thesis is fulfill the requirements for the award of Bachelor Degree of Technopreneurship with Honours.'

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PREFERENCE FACTORS OF COSMETIC CONSUMER TOWARDS CUSTOMER
SATISFACTION IN BEAUTY INDUSTRY

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DECLARATION OF ORIGINAL WORK

'I hereby declared that this project is the result of my own research except as cited in the references. This research project has not been any degree and is not concurrently submitted in candidature of any other degree.'

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DEDICATION

This research paper is special dedicated to my parents and family members who always give me support, encouragement and concern during the process of conducting this research. This dissertation is also dedicated to my friends for generous information sharing and assists me to complete this research. I would like to express my sincere gratitude for my supervisor, Dr. Norhidayah Binti Mohamad for his guidance and generously help me to finish this research. Last but not least, thank you for all those who contributed indirectly in this research. Thank you all from the bottom of my heart.

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Abstract

Society today have increasing demand on cosmetic due to publics are emphasis in good appearance. This research is aim to find out Malaysia cosmetic consumer's preference will have a better understanding on consumer satisfaction, thus have a better business performance in future. Explanatory research had been chosen as the research design to conduct this research which aimed to identify the relationship between variables. The time horizon for this research is around 2 semesters by apply cross-sectional method. All the data are collected through distribute the questionnaire among 365 respondents in Malaysia. the gathered data were analyzed using SPSS version 25.0. From the research, show that there is significant relationship between preference factors and customer satisfaction in beauty industry. The findings of the research could assist the marketer to understand the preference factors of cosmetic consumer towards customer satisfaction in beauty industry.

ABSTRAK

Persatuan hari ini semakin meningkat permintaan terhadap kosmetik kerana orang ramai adalah penekanan dalam penampilan yang baik. Kajian ini bertujuan untuk mengetahui keutamaan pengguna kosmetik Malaysia, ini adalah untuk pemahaman yang lebih baik mengenai kepuasan pengguna, oleh itu mempunyai prestasi perniagaan yang lebih baik pada masa akan datang. Penyelidikan penjelasan telah dipilih sebagai reka bentuk penyelidikan untuk menjalankan kajian ini yang bertujuan untuk mengenal pasti hubungan antara pembolehubah. Semua data dikumpul melalui pengedaran soal selidik dalam kalangan 365 responden di Malaysia dan menganalisis menggunakan Statistik SPSS. Tinjauan masa untuk penyelidikan ini adalah sekitar 2 semester dengan menggunakan kaedah rentas keratan. Dari kajian ini, menunjukkan terdapat hubungan yang signifikan antara faktor keutamaan dan kepuasan pelanggan dalam industri kecantikan. Penemuan penyelidikan boleh membantu pemasar memahami faktor keutamaan pengguna kosmetik terhadap kepuasan pelanggan dalam industri kecantikan.

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CHAPTER 1

INTRODUCTION

Today, a good appearance is very important in daily life as we are living in an age that emphasis visual effect. In this century, beauty is most reliably that produces the halo effect. The power first impressions that persist in the mind will influence the way a person to look and treat others (Ciotti, 2014). Once an impression is ingrained, it takes a lot to change the attitude towards a person. So, these days, cosmetics have been played an important role to carry a person to a higher personal and visual statement. It is quite common for the society to use different 'tools' that help to enhance natural beauty hence giving people to have a good impression. These tools are the cosmetics products. From the annual financial report of Loreal, LVMH (Sephora), Estée Lauder, Cosmetics Europe and others cosmetic related company show that there is a gradual rise of sales and profit over the year. From the figure, the growth of demand is obvious and these show that people nowadays are more concern on using cosmetic to enhanced appearance. This trend eventually stimulated business opportunity. As there are some preference factors of consumers will affect on selecting product. So, find out Malaysia cosmetic

consumer's preference will have a better understanding on consumer, satisfy customer, thus have a better business performance in future.

1.1   Background of Study

Lately, cosmetics products are vitally necessary in daily life, it is also a trend regardless of age groups. As stated in the study from Statista conducted in 2015 on personal grooming revealed that the average time spent on personal grooming by Chinese men was around 2.2 hours per week, whilst Chinese women took about 3.8 hours on average. While the usage of cosmetic is trending upward, cosmetics mark an important place in this modern world, more and more cosmetics products have been invent to reach the different demand from various people. A numbers of studies show that confidence can be influence by the appearance of oneself. In another word, when someone feels him or herself good looking, he or she will feel better and more confident.

Cosmetics products are referred as products that applied to the body or face to enhance appearance. The functions of cosmetics products include cleanse, beautify, promote attractiveness and change appearance of the individual (Okereke et al., 2015). From thousand years ago, human already starts to apply various substances on their face or body to alter their appearance in order to emphasize and merit their characteristic. Thus, cosmetics are not a modern invention. But still, it is a need for this modern world. Base on Parmar (2014), cosmetic products are referred as care substances which can be made of chemicals compounds or natural substances to enhance appearance and odour of human body. According to L'Oréal's Consumer Product Division, cosmetic included: Skin & suncare, Hair dye, Haircare styling, Perfumes, Hygiene (cleanser) and Make-up.

Base on L'Oreal 2017 annual report, the total sales over the world is €26.02 billion which is equivalent to 4.8% sales growth. Since The Business performance in beauty industry is in a rising trend. Beauty is not a matter of gender, from the trend, it is not a patent for women to pursue good appearance. According to Sloane, male Asian cosmetic spending contributed 60% of the total US$21.4 billion global male-grooming market in 2016.

1.2   Problem Statement

In this emphasis visual effect world, due to renewed, growing of consumer demands, companies and top management are concern of new strategies to differentiate their products and services. To gain competition advantage, marketers started to target on new approaches and product innovations to attract consumers' perception and attention (Mumcu & Kimzan, 2015).

As mentioned in Statista, L'Oreal in the year 2017 have a brand value sum up to 23.89billion U.S. dollars. From 2015 to 2018, the company's total yearly growth rate expands by 4.2 percent. L'Oréal's integrated sales generated 26.02 billion U.S. dollars in 2017 globally. L'Oréal company's cosmetic division of skin care, hair care, make-up, hair colorants and perfumes with the former contributed 28.5 percent of L'Oréal's global cosmetic sales in 2016.

Malaysian cosmetics and beauty industry has the potential to bring Malaysia's total trade performance to a higher level. From the press release of MATRADE, Malaysia's total exports of cosmetics in the year 2016 approximate to RM1.25 billion, rises 1.4 per cent as compared to previous year (Matrade, 2017). Cosmetics and make-up are the major export which amounted to RM513 million, and with a share of 40.9 per cent, followed by toiletries (RM374.6 million; 29.9% share) as well as preparations for hair (RM169.6 million; 13.5% share). From January to August of 2017, Malaysia's total exports of cosmetics were amounted at RM796.9 million. As mentioned by Rombach et al. (2018), preferences can be influence by product attributes, packaging, country of origin and price. This trend subsequently stimulated business opportunity. As there are some preference factors of consumers will affect on selecting product. Thus, find out Malaysia cosmetic consumer's preference will have a better understanding on consumer, satisfy customer, and thus have a better business performance in future.

All the above showed that there is an increasing of cosmetic niche in the world and also Malaysia. Since the marketer was getting larger, it is important for researchers to

focus and evaluate on the Malaysia cosmetic consumer preference factors in beauty industry. Thus, it can help marketers for developing strategic marketing program for increase sales profit and better business performance.

1.3   Research Objective

This study aims to determine the preference factors of Malaysia cosmetic consumers towards customer satisfaction in beauty industry.

 I.   To identity the preference factors of Malaysia cosmetic consumers towards customer satisfaction.

 II.   To evaluate the different between preference factors and customer satisfaction based on demographic factor.

 III.   To investigate the relationships between the preference factors and customer satisfaction.

1.4   Research Question

To achieve my research objectives the question to ask are as below:

 I.   What are the preference factors of Malaysia cosmetic consumers towards customer satisfaction?

 II.   What is the different between preference factors and customer satisfaction based on demographic factor?

 III.   What is the relationship between the preference factors and customer satisfaction?

1.5   Scope of Study

The main scope of this research will be focused on preference factors of Malaysia cosmetic consumers. The preference factors are product attribute, packaging, country of origin and price. Next is to determine the relationships between the preference factors and customer satisfaction.

1.6   Limitation of Study

There will be a few limitations to complete this research. First, researcher assumed that all respondents can understand the questions ask in questionnaire very well. Next, researcher assumed that all respondents will provide the respond honestly. Third, researcher assumed that all the respondents have sufficient knowledge and experiences regarding research topic to answer the questionnaire given.

1.7   Significant of Study

Cosmetic brands need to understand consumer preference to develop beauty products. The increasing niche of cosmetic in the world is a business opportunity, thus evaluation on the Malaysia cosmetic consumer preferences can help marketer to trace Malaysia cosmetic consumer's purchase intention and behavioural buying pattern. From that, marketer in beauty industry can put effort in developing strategic marketing program and increase sales profit.

Therefore, in this research will study about preference factors of Malaysia cosmetic consumers towards consumer satisfaction in beauty industry. The factors include product attributes, packaging, country of origin, and price.

1.8   Summary

As a nutshell of this chapter, the background of the study and problem statement regarding topic of research have been discussed. Next, an explanation on the Preference factor of Malaysia cosmetic consumers towards customer satisfaction in beauty industry has been stated in this chapter. The research questions and research objectives are also been discuss in this first chapter. The scope and limitation of study that explain the limit of research also stated above. Last, the significance has been point out in this chapter.

CHAPTER 2

LITERATURE REVIEW

2.1   Introduction

In this chapter, a review of the literature was proposed to identify variables, theories models and theoretical framework that related to the preference factors of Malaysia cosmetic consumer towards customer satisfaction. Firstly, the definition of the keywords and the literature review of each factor that influence consumer preferences on cosmetic products have been discuss. Next, relationship between the preference factors and customer satisfaction was review. Then, a theoretical framework based on the theory of previous research had been studied with the relationship of variables. Lastly, the hypotheses between the variables had been predicted.

2.2   Definition of Key Concept

In this research, it is important to understand about the meaning of keywords which are cosmetics, preference factors and customer satisfaction. With a clear image of

those keywords concept, the researcher can manage to carry out the research objectives successfully.

2.3 Cosmetics

A cosmetics are referred 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, 2017). In another words, cosmetics products are those products that applied to the body or face to enhance appearance. The functions of cosmetics products include cleanse, beautify, promote attractiveness and change appearance of the individual (Okereke et al., 2015). The cosmetics product category include Skin & suncare, Hair dye, Haircare styling, Perfumes, Hygiene (cleanser) and Make-up (L'Oréal consumer products division).

2.4 Customer Satisfaction

Customer satisfaction is an output resulting from purchase or consumption and it emerges from the customers' comparison between the benefits and costs together with the expected consequences. It can be assessed as the accumulation of the satisfactions originating from various product and/or service attributes (Churchill and Surprenant, 1982).

Continuous customer interest in products or services can be provided by ensuring a satisfactory purchase experience which can lead to repeated purchase behavior (Oliver, 1993). There is a large number of service marketing literatures that identifies the critical

impact of service quality and customer satisfaction on purchase intention formation (Taylor and Baker, 1994).

Customer satisfaction is important because satisfied customers are more likely to return and repeat business (Miller and Lee, 2001; Chiou et al., 2004; Jaworski and Kohli, 1993; Atkinson and Brown, 2001). The accumulation of the satisfactions originating from various product and/or service attributes, so to make customer satisfied, firm should focus on product attribute and product's value of money (Miller and Lee, 2001; Chiou et al., 2004; Jaworski and Kohli, 1993; Atkinson and Brown, 2001; Rajaguru, 2016). Firms making accurate sales forecasts and implementing effective pricing policies will notice positive impacts on their sales and profits.

Table 2. 1: Customer Satisfaction variable

Customer satisfaction	Reference
The accumulation of the satisfactions originating from various product and/or service attributes	(Churchill and Surprenant, 1982).
Customer satisfaction is important because satisfied customers are more likely to return and repeat business.	(Miller and Lee, 2001; Chiou et al., 2004; Jaworski and Kohli, 1993; Atkinson and Brown, 2001).
Value for money is one of the main factor influence the customer satisfaction	(Rajaguru, 2016)

2.5   Preference factors of Malaysia cosmetic consumers

According to the theory of revealed preference (developed by Paul Samuelson and John Hicks), a consumer's indifference curves can be derived from observing the actual market behavior of the consumer. Consumer preferences can be influence by the product attribute. According to Rombach et al. (2018), preferences can be influence by product attributes, packaging, country of origin and price.

2.5.1   Product Attribute

As carry out from the study of Kim and Kang (2018), the focus of cosmetics product attributes are the colour and skin tone, function and effect. The preference on cosmetics product attribute is to have brighter skin tone, poreless, and other positive words effect.

The product attribute also contain the ingredient, taste, texture, aroma, and nutritional value (Rombach et al., 2018). Customer satisfaction can influence by product differentiation with high product quality and a premium price (McGee and Peterson, 2000; Toften and Hammervoll, 2010).

Table 2.2: Preference Factor in terms of Product Attribute

Preference Factor in terms of Product Attribute	Reference
Taste of a product is the strongest attribute determining the choice of the preferred stimulus.	(Méndez, Oubiña and Rubio, 2011).
The product attribute also contain the ingredient, taste, texture, aroma, and nutritional value	(Rombach et al., 2018).
Customer satisfaction can influence by product differentiation with high product quality and a premium price.	(McGee and Peterson, 2000; Toften and Hammervoll, 2010)

2.5.2 Packaging

Next factor that will change the preference of cosmetics consumer is packaging. As cosmetics products are delivered from several places, packaging is important in term of covering or protecting of goods. The packaging of the cosmetics product not only for protection during transportation and storage, it also be an attractiveness that influence the preference of consumer. On this subject, packaging colour, graphic enhancement and tactile coating play a key role (Hota and Charry, 2014; Keif et al., 2015). Brand-packaging also affect the consumer preference structure greatly. Packaging can be simply recognize for the brand that consumer like (Méndez, Oubiña and Rubio, 2011). Besides, preference on packaging also about the packaging function for example, consumers in Korea are more preferable the pump-type of container, due to the cosmetic hygienic.

Table 2.3: Preference Factor in terms of Packaging

Preference Factor in terms of Packaging	Reference
Packaging colour, graphic enhancement and tactile coating play a key role of being an attractiveness that influences the preference of consumer.	(Hota and Charry, 2014; Keif et al., 2015).
Brand-packaging also affect the consumer preference structure greatly.	(Méndez, Oubiña and Rubio, 2011).