

FACTORS THAT INFLUENCE BRAND LOYALTY TOWARDS COSMETIC
PRODUCTS: A CASE IN MELAKA

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SUPERVISOR'S AND PANEL APPROVAL

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DECLARATION

I, Fatin Nor Suhaina Bt Admin hereby declare that this
thesis entitle

**“Factors that Influence Brand Loyalty towards
Cosmetic Products: A case in Melaka”**

is my own work except for the quotations summaries
that have been duly acknowledged.

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DEDICATION

I would like to express my greatest appreciation to my parents, Admin Bin Saimi and Saniah Bt Yusof for their kind cooperation and motivation that helps me in completion of this project. Their encouragement and enthusiasm have guided me through the whole journey in completing this report.

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ABSTRACT

This researcher has shown the relationship between factors that influence brand loyalty towards consumer satisfaction towards the cosmetic product. The purpose of this study is to understand the factors that influence brand loyalty towards a cosmetic product, the chosen brand name, product quality, price and promotion which has the higher impact towards consumer satisfaction towards the cosmetic product. The relationship between brand name, product quality, price and promotion with consumer satisfaction towards cosmetic product was tested to evaluate the strength of each variable toward consumer satisfaction towards the cosmetic product. The survey data is collected in Melaka via spreading questionnaires and the data will then be analyzed by applying Statistical package for social science (SPSS) with descriptive analysis, correlation analysis, and multi-regression analysis. The result shows that there are three independent variables such as brand name, product quality and promotion factors have a significant relationship towards consumer satisfaction towards the cosmetic product. There is one independent variable which is price has no significant relationship towards consumer satisfaction towards the cosmetic product. Brand Name was the most influencing factor relating to the brand loyalty of cosmetic products, then followed by product quality, price, and promotion

Keywords: brand name, product quality, price, promotion, consumer satisfaction

ABSTRAK

Penyelidik ini telah menunjukkan hubungan antara faktor-faktor yang mempengaruhi kesetiaan jenama terhadap kepuasan pengguna terhadap produk kosmetik. Tujuan kajian ini adalah untuk memahami faktor-faktor yang mempengaruhi kesetiaan jenama terhadap produk kosmetik, jenama, kualiti produk, harga dan promosi yang mempunyai kesan yang lebih tinggi terhadap kepuasan pengguna terhadap produk kosmetik. Hubungan antara jenama, kualiti produk, harga dan promosi dengan kepuasan pengguna terhadap produk kosmetik adalah ujian untuk menilai kekuatan setiap pemboleh ubah terhadap kepuasan pengguna terhadap produk kosmetik. Data tinjauan dikumpulkan di Melaka melalui penyebaran soal selidik dan data akan dianalisis dengan menggunakan pakej statistik untuk sains sosial (SPSS) dengan analisis deskriptif, analisis korelasi, dan analisis regresi pelbagai. Hasil dapatan kajian menunjukkan bahawa terdapat tiga pemboleh ubah bebas seperti jenama, kualiti produk dan faktor promosi mempunyai hubungan yang signifikan terhadap kepuasan pelanggan terhadap produk kosmetik. Terdapat satu pemboleh ubah bebas yang harga tidak mempunyai hubungan yang signifikan terhadap kepuasan pengguna terhadap produk kosmetik. Nama Jenama adalah faktor yang paling mempengaruhi yang berkaitan dengan kesetiaan jenama produk kosmetik, diikuti dengan kualiti produk, harga dan promosi

Kata kunci: nama jenama, kualiti produk, harga, promosi, kepuasan pengguna

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LIST OF ABBREVIATIONS AND SYMBOL

| ABBREVIATIONS | | MEANING |
|----------------------|---|---|
| ANOVA | = | Analysis of Variance |
| H_0 | = | Null Hypothesis |
| H_1 | = | Alternative Hypothesis |
| SPSS | = | Statistical Packages for the Social Science |
| IV | = | Independent Variables |
| DV | = | Dependent Variable |

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

Since ancient time, cosmetics are used to enhance the appearance of a human. In order to look attractive, healthy and clean, human wear cosmetics and it remained the function until this century. The cosmetic industry seems the world's leading industries and Asia's cosmetic industries show the rapid growth in the market. Research on cosmetic has received a lot of awareness from the government that is governing the industry. Nowadays, business players have diversified their marketing strategies not only for the female market but also to the male market as well (Pan et al., 2011). Cosmetics are more vital rather than materialistic need by people for a good end. Nowadays, the cosmetic and toiletries industry in Malaysia start developed rapidly. People may find various types of cosmetic product with a different brand name, product quality, price, and promotion and it helps the consumer to have better choices as the consumer to compare and go through before purchasing the cosmetic products. It creates a competitive market in the cosmetic industry because the customers tend to shift to another brand and marketers need to think on how to create customers loyalty to sustain in the market.

1.2 Background of Study

Some people might think that the word, 'cosmetics' is designed of perfume and make up for women while the word cosmetics itself can be defined as any substances or range of product used primarily to help teeth in good condition clean, cologne, perfume body odors, protect or keep the external part of the human body outer skin, improve hair system, and change appearance of nails and lips. The used of cosmetic products is mainly for cleaning, perfuming, correcting, changing and protecting different external part of the human body outer skin, the external part related to the sex organ, teeth and mucous membranes of hollowed out area in best and healthy condition (Guidelines for Control of Cosmetic Products in Malaysia, 2015). Soap, facial cleansers, cream, sunscreens, toothpaste and mouth rinse, perfumes and deodorizers, shampoo, and color cosmetics are examples of cosmetic product available in the market.

Cosmetic's products are commonly sold through department stores, pharmacy, direct sales, specialty stores, supermarket, and hypermarket. Today, cosmetic products market in Malaysia is rapidly developing. The great importance of personal grooming is women. Premium personal care products are interested and purchased by employed women and those with greater salaries. As studied by Hassali et al., (2015) there is changing of attitude among the population towards cosmetics, men in Malaysia favor as they started to care about the personal grooming rather than premium or luxury appearances. They also prepared and afford to pay even the prices rising for products with great quality and good benefits. Asian marketplace is some of the rapidly rising cosmetic markets. Malaysians spend about RM1.6 billion yearly on reputable marks from Europe and the US and it becomes favorites among Malaysians. However, local cosmetic brands are trying to gain people and public trust as many producers started to sell abroad the cosmetic product to another country like Europe, Australia, and China (Malaysia Insider, 2014). Malaysian shopper prefers and more influences on interesting advertising of famous brand name that help enhance appearances of youth to obtain cosmetic products (Hassali et al., 2015).

However, there are many issues raised regarding the use of a cosmetic product such as use of poison and fake cosmetics in the market. This issue arises as there are many competitors in the cosmetic industry that the founder needs to decide aggressively on advertising, research, and development of the product to survive in the cosmetic market. Control of Drugs and Cosmetics Regulation 1984 are used to control, protect, value and benefits of beauty products for consumers (Erina, 2015).

In order to have a better understanding of consumer behavior, brand loyalty should play its vital role. The competition in the cosmetics industry in Malaysia is very intense. Once consumers are satisfied, consumers will make a consistency purchase of the same product over time. Brand loyalty gives the edge to the firms in the marketplace and it is a significant factor in the success or failure of any firm in the market.

There were about seven factors that influenced consumers' brand loyalty towards brand such as brand name, product quality, price, promotion, design, store environment, and service quality (Lau et al., 2006). It is supported by Yee & Sidek (2008), which agreed that there were seven factors that influenced consumers' brand loyalty towards certain brands as relevant factors attributable to brand loyalty. Another finding supported that there were seven factors attributable to brand loyalty which showed positive relationships with brand loyalty except for the design (Khraim, 2011).

1.3 Problem Statement

There are thousands of cosmetics brand's organizations trying multiple strategies to attract new consumers and retain existing consumer attention for their business survival in rapid growth market competition. In Malaysia's market overview, it is about 60,000 types of cosmetic product available in the market. Hence, consumers have savvy information about the cosmetic product because of the huge amount of information available about cosmetic products and consumer may choose their favorite brands. Furthermore, consumers tend to gain information from the internet to read the review from other consumers. There are about 75 million reviews on the website (Chua & Banerjee, 2013). This can show that the information available on the internet was huge. The exposure of consumer to excessive product information will lead to an interruption in purchase activity. Therefore, the expectation and requirement of consumers towards the cosmetic product become higher and consumers difficult to stick on one brand. Managers will face difficulties to stop them from switching to other brands and to make them loyal towards cosmetic products. Managers should figure that what factors should be focused to get customers attention and to make them loyal toward the cosmetic product. It is necessary for cosmetic companies to understand which factor affects the customer's brand faithfulness on cosmetic products. In a nutshell, it was important for the business owner to clear about the changing of purchase trend for cosmetic industry in today's competitive environment in order to survive and sustain in this market.

1.4 Research Questions

1. What are the factors influence brand loyalty of cosmetic products?
2. Does consumer satisfaction influence brand loyalty of cosmetic products in Malaysia?
3. Which is the most influential factor relating to the brand loyalty of cosmetic products in Malaysia?

1.5 Research Objectives

1. To investigate the factor that influences brand loyalty of cosmetic products.
2. To determine the relationship between the factors that influence brand loyalty with consumer satisfaction of cosmetic products.
3. To identify the most influential factor relating to the brand loyalty of cosmetic products.

1.6 Scope & Limitation

1.6.1 Scope of Research

This research conducted to evaluate the factor that influences consumer's brand loyalty toward cosmetic products. This research will be used respondent from the age range from 18 years old and above. Target respondents are cosmetics product user that lives in Melaka. Primary data are gathered using taken from questionnaire surveys by using quota sampling technique. This research will be conducted using an online survey among consumers of cosmetic products.

1.6.2 Limitation of Research

Limitations influences are beyond researcher control. geographical factors where researcher only focuses on one city of Malaysia (Melaka) and it unable demonstrate all citizens of Malaysia is one of the major limitations of this study. This will edge the accurateness of the outcomes of portraying the result obtained in the state. Besides that, this study only uses surveys to examine consumers' brand constancy towards cosmetic goods. This drive controls the exploration in

understanding deeper about the real factor that influencing consumer towards cosmetic products.

Other than that, there are merely four variables being examined in this research and there are other factors that not examined and might cause the study not representative enough to cover all the factors that impact customers' brand loyalty in the beauty area.

Last but not least, limitation of this research such as respondent non-cooperation to answered given questions and language barrier where the respondent does not understand the term that caused the research difficult to conduct.

1.7 **Significant of Study**

Recognizing the organization's need to create exciting brand experiences that entice customers to continually purchase from and remain loyal to the brand is crucial for the survival of firms (Ramaseshan & Stein, 2014). Once the brand trustworthiness is built, it would be simpler for firms to attain viable competitive advantage (Wel, Alam, & Nor, 2011). This research is projected to give a better thoughtful of factors influencing brand loyalties of cosmetic products in Malaysia. The information would be beneficial to marketers or organizations to enhanced understanding their target market and also aid them to enhance fulfill the desires and requirements of their existence and possible consumers. Most vitally, it is to make customers develop brand loyalty towards their tendering brand through exceptional brand experience.

1.8 Contribution of the Study

This research should be better and have improved from the previous study by comparing the factor that influences brand loyalty towards cosmetic products and seeks for similarity and differences from the previous result to get a better understanding on the chosen factors and brand loyalty. This study will help practitioners to work and focus on how to build a good relationship that may lead to brand loyalty towards the products and convince the consumer to repurchase the product in the future. This research hope may help scholars in adding new knowledge and information about the factors that build brand loyalty.

1.9 Summary

In nutshell, this section will be discussed the contextual of the study and problem statement that drives the researcher to study the topic. A clear explained of the factor that influenced brand loyalty towards cosmetic has been stated in this chapter. Next, the research question and research objective have been constructed in this chapter. Lastly, the scope, limitation and significant of study has been point out in this chapter.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter included the literature review scan from all related earlier findings conducted by other academic as well as all related current issues with regards to elements that affect brand loyalty towards cosmetic products in Melaka. It provided a case of why further study of this area is significant from the relevant literature.

2.2 Cosmetic Products

To enhance human look and odor of the human body, a human may use cosmetic product which made up from chemicals or natural substances (Parmar, 2014). Cosmetics Market (makeup or beauty products) is a mixture of chemical substances which used to help in enhancing the appearance of the human body. Cosmetic has become common and popular among young and adult people as it identifies them with a more comfortable lifestyle, better versatility, and comfort (Azuzkulov, 2013). Sunscreen, skin treatment, hairdressing, antiperspirant, makeup and color cosmetics, and fragrances are some of the cosmetics goods which can be found through the distribution channel.