FACTORS AFFECTING BRAND LOYALTY TO COSMETICS PRODUCT: 
A CASE STUDY OF THAI CONSUMERS IN BANGKOK

Kanokwan Kitrungpai boon1 and Dr. Seongdok Kim2

Abstract: This research aims to investigate factors affecting brand loyalty to cosmetics products of Thai consumers in the Bangkok area. After reviewing related literature, four independent variables were selected in this research: word-of-mouth, perceived value, convenience, and satisfaction on product. To measure the constructs of the research instrument, a survey questionnaire was administered and data were collected from sample of 384 experienced cosmetics product purchasers in the Bangkok area, utilizing convenience sampling techniques. The significance and relationships of word-of-mouth, perceived value, convenience, and satisfaction on product towards brand loyalty to cosmetics product were tested and analyzed using the multiple linear regression. The result showed that all independent variables are positive predictors of brand loyalty to cosmetics products. This result provided important managerial implications to cosmetics industry to focus on customer retention and loyalty to enhance sustainability and profitability. Further investigation of the factors contributing to customer loyalty and in other geographical areas is highly suggested for future studies.

Keywords: Brand Loyalty, Convenience, Cosmetics Products, Perceived Value, Satisfaction on Product, Word-of-Mouth (WOM).

Introduction

The cosmetics industry is classified into beauty and personal care industries (Bidness Etc, 2015). The cosmetic industry revenue growth rate has been 3.4% based on a 5 Year Compound Annual Growth Rate (CAGR) since 2007. Moreover, Yeomans (2012) noted that the global beauty product industry will grow up to $265 billion in 2017 due to improved global economics and increased demand for cosmetics industry.

Similar to the global cosmetics industry, the Bank of Thailand (2015) reported that the revenue of the Thai cosmetics industry has grown up every year in Thailand. Also, Euromonitor (2014) reported that the cosmetics industry in Thailand has a growth trend and Thai's consumers usually seek beauty information on the internet, which is one way to increase the level of competition (Cramer, 2014). Furthermore, the opening of Sephora beauty-retail store at Siam Center in 2013 and the increased number of the distribution channels in the Bangkok area have intensified the competition in the cosmetics industry, both of international and local brands (Euromonitor, 2014). As a result, Cramer (2014) stated that the competition in this industry tends to be getting severe and brand loyalty is highly affected by both online shopping and offline shopping. Therefore, brand loyalty has become more critical concern to the cosmetics industry and regard as an essential way to create a sustainable competitive advantage.

1 MBA graduate at Assumption University, Graduate School of Business.
2 Lecturer at Assumption University, Graduate School of Business.
Despite the increasing demand for cosmetics product in Thailand, little research has done on how to strategically retain customer’s loyalty. Therefore, it is crucial for the cosmetics industry to identify what factors accountable for brand loyalty.

The objective of this current research is to examine the factors affecting brand loyalty to cosmetics products of Thai consumers in the Bangkok area.

This current research would be significant for the cosmetics companies to strengthen the potential factors that influence Thai consumers to become loyal to their cosmetics brands. In addition, this research would be beneficial to the firms that maintain existing customers and attract new loyal customers as well. These benefits are not only for the local brands but also for the international brands, because the international brands can understand Thai consumer behavior towards cosmetics brands from the findings of this current research.

**Literature Review**

Loyalty is the degree of commitment and satisfaction toward a specific product or service that is often displayed via frequent or repeat purchase (Melecio & Chavez, 2015). According to the theory of multidimensional brand loyalty (Sheth & Park, 1974), brand loyalty behavior is divided into three dimensions; emotive, evaluative, behavioral. Sheth and Park (1974) stated that at least one of these three dimensions could create brand loyalty and there are seven types of brand loyalty from the combination of three dimensions as shown in Figure 1.

**Figure 1: Theory of Multidimentional Brand Loyalty**

(Modified from Sheth and Park, 1974)

In addition, Lam (2005) agreed with the theory of multidimensional brand loyalty but he theorized the theory of loyalty behavior in an easier way as shown in Figure 2; repeat purchase behavior and non-purchase behavior. The repeat purchase behavior refers to repurchasing particular brand while the non-purchase behavior refers to positive behavior toward a particular brand without purchasing like a positive word-of-mouth.

**Figure 2: Theory of Loyalty Behavior**

Based on the aforementioned two theories, the determinants for brand loyalty generated in this current research are information, perceived utility, product availability, and consuming experience.

In this current study, the information factor to be applied is word-of-mouth (WOM) because WOM tends to be a potential communication channel for cosmetics products in recent years (Cramer, 2014; Lam, 2005). Perceived utility is perceived value as the cosmetics products
are not only evaluated by utility but also evaluated by other aspects (Omanga, 2010). For product availability, it can be applied to convenience, which is related to the distribution channel or the acquisition of cosmetics products (Sheth & Park, 1974). Lastly, consuming experience is related to customer attitude toward purchasing (Lam, 2005) which is the satisfaction on product in this current research setting. In-depth literature review on word-of-mouth, perceived value, convenience, and satisfaction on product are follows.

- **Word-of-mouth (WOM)**
  Regarding to Lam (2005), WOM is defined as a communication about products and/or services among the group of friends, family, expertise and potential people. Lam (2005) also theorized WOM as a cause of brand loyalty. Mulala and Themba (2013) defined WOM as a non-commercial information source, which is related to an interpersonal communication and it turned out to affect customer purchasing decision as well as brand attitude. Yu and Dean (2001) found that positive word-of-mouth has the highest correlation with every dimension of brand loyalty. Similarly, Casalo´ et al. (2008) stated that WOM was considered one of the most powerful issues in the market place.

- **Perceived Value**
  Fernández and Bonillo (2007) and Sumaedi et al. (2014) defined perceived value as customer perception towards the brand after the customer evaluated or traded-off between benefit and cost that received from the brand. In general, perceived value is related to various concepts such as utility, reasonable price, and product quality. To be specific, in the cosmetics market, perceived value represents reasonable price and acquisition value (Omanga, 2010). The marketing theory indicated that perceived value is a key factor to generate a sustainable and competitive advantage (Fernández & Bonillo, 2007). Especially, profitability and loyalty have a strong relation with the perceived value. Moreover, a study of Waarden (2013) found that perceived benefit leads to repurchasing intention associated with loyalty behavior. In addition, the perceived value of cosmetics products is proved to have a strong positive relation with brand loyalty (Omanga, 2010).

- **Convenience**
  According to Mual and Qurneh (2012), making the product available for customers is categorized as a place in the marketing mix theory. They further noted that place is related to location and the distribution channel of the brand. Furthermore, Charoenettasino and Wu (2013) found that convenience has a positive relationship with customer satisfaction. Similarly, the theory of multidimensional brand loyalty (Sheth & Park, 1974) stated that delivering products at the right time and place can create behavioral brand loyalty. Additionally, Ergin et al. (2005) found that women customers would use the same skin-care brand if they can find their desired product at the store. The findings of their study indicated that the product availability or convenience has a positive relationship with brand loyalty.

- **Satisfaction on Product**
  Selnes (1993) defined satisfaction as a process that customers evaluate performance of the product or service with their ideal norm. Similarly, satisfaction is defined as the response of customers after they evaluated expectation with the actual value that received from product or service (Omanga, 2010). Ou et al. (2011) found that the quality of the product or service would increase customer satisfaction and it would lead to brand loyalty. Moreover, satisfaction with a product or service increased with the good performance of product or service, and the satisfaction directly affected loyalty behavior positively (Chen & Quester, 2006). Similarly, Bowen and Chen (2011) found that if customer
satisfaction increases, the level of loyalty behavior would increase dramatically.

**Conceptual Framework**

The conceptual framework was developed on the basis of the aforementioned two theories. After reviewing relevant literature, four factors were selected in this research which are word-of-mouth, perceived value, convenience, and satisfaction on product. The relationships between each independent variables and dependent variable were constructed in Figure 3.

**Figure 3: Conceptual Framework**

![Conceptual Framework Diagram](image)

(Source: Developed by the researcher for this study)

- **Hypotheses**
  - H1: Word-of-mouth affects brand loyalty to cosmetics products.
  - H2: Perceived value affects brand loyalty to cosmetics products.
  - H3: Convenience affects brand loyalty to cosmetics products.
  - H4: Satisfaction on product affects brand loyalty to cosmetics products.

- **Research Methodology**
  The quantitative approach was used to investigate the hypotheses. The method of collecting primary data was a survey questionnaire that was constructed to measure the level of response in each variable. Survey questions were adopted mostly from Hsieh et al. (2012) and Sreenivasulu et al. (2014) and some questions were from Casalo´ et al. (2008), Hellier et al. (2003), and Omanga (2010). The answers of all variables questions were rated from one (strongly disagree) to five (strongly agree).

  The Cronbach’s alpha test was run to ensure reliability of the research design. Multiple linear regression was used to investigate the relationship between independent variables and dependent variable. In order to check multicollinearity, the variance inflation factor (VIF) was also analyzed in the process of multiple linear regression.

- **Target Population and Sampling Size**
  The target population of this current research was Thai consumers in the Bangkok area who have purchased cosmetics products. There were 384 respondents participated in the on-line survey.

- **Sampling and Data Collection Procedure**
  Nonprobability sampling method, convenience and snowball method, was utilized in the current study. The questionnaires were distributed to respondents via online platform including Line, Facebook, and other social media sites. The collected data were computed and analyzed by Statistical Package for Social Science (SPSS) version 17.0 to test research hypotheses and answer research question.

- **Pilot Study**
  The pilot study was tested for the reliability of the questionnaire. It is to ensure that the questionnaire is in the right direction and also has consistent responses (Fasheyitan, 2015). The results of reliability are shown in Table 1, indicating that all questions are reliable to be used.
### Table 1 – Reliability Analysis of Research Instrument (N=25)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of Items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Word of mouth</td>
<td>4</td>
<td>0.854</td>
</tr>
<tr>
<td>Perceived value</td>
<td>4</td>
<td>0.777</td>
</tr>
<tr>
<td>Convenience</td>
<td>4</td>
<td>0.698</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>4</td>
<td>0.899</td>
</tr>
<tr>
<td>Brand loyalty</td>
<td>4</td>
<td>0.784</td>
</tr>
<tr>
<td>Overall</td>
<td>20</td>
<td>0.930</td>
</tr>
</tbody>
</table>

### Data Analysis

As aforementioned, data from 384 sample was collected. Among 384, there are 284 female respondents (74%), and 100 male respondents (26%). Most of respondents were the group of 25-34 years old (46.1%) followed by 18-24 years old group (38.8%). Moreover, the monthly income group between 20,001-30,000 Baht was majority of respondents (34.6%) and most of respondents usually spent on cosmetics products around 1,001-2,000 Baht per month (29.4%).

### Table 2 – Summary of Descriptive Statistics

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>100</td>
<td>26%</td>
</tr>
<tr>
<td>Female</td>
<td>284</td>
<td>74%</td>
</tr>
<tr>
<td>Total</td>
<td>384</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24 years</td>
<td>149</td>
<td>38.80%</td>
</tr>
<tr>
<td>25-34 years</td>
<td>177</td>
<td>46.09%</td>
</tr>
<tr>
<td>35-44 years</td>
<td>41</td>
<td>10.68%</td>
</tr>
<tr>
<td>45-54 years</td>
<td>10</td>
<td>2.60%</td>
</tr>
<tr>
<td>&gt; 55 years</td>
<td>7</td>
<td>1.82%</td>
</tr>
<tr>
<td>Total</td>
<td>384</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ 10,000 Baht</td>
<td>17</td>
<td>4.43%</td>
</tr>
<tr>
<td>10,001-20,000 Baht</td>
<td>113</td>
<td>29.43%</td>
</tr>
<tr>
<td>20,001-30,000 Baht</td>
<td>133</td>
<td>34.64%</td>
</tr>
<tr>
<td>30,001-50,000 Baht</td>
<td>77</td>
<td>20.05%</td>
</tr>
<tr>
<td>≥ 50,000 Baht</td>
<td>44</td>
<td>11.46%</td>
</tr>
</tbody>
</table>

### Table 3 – Summary of Multiple Linear Regression Analysis (N=384)

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>SE B</th>
<th>Beta (β)</th>
<th>Sig. value</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Word of mouth</td>
<td>0.211</td>
<td>0.042</td>
<td>0.224</td>
<td>0.000</td>
<td>1.599</td>
</tr>
<tr>
<td>Perceived value</td>
<td>0.205</td>
<td>0.057</td>
<td>0.188</td>
<td>0.000</td>
<td>2.191</td>
</tr>
<tr>
<td>Convenience</td>
<td>0.131</td>
<td>0.043</td>
<td>0.141</td>
<td>0.002</td>
<td>1.727</td>
</tr>
<tr>
<td>Satisfaction on product</td>
<td>0.349</td>
<td>0.050</td>
<td>0.333</td>
<td>0.000</td>
<td>1.874</td>
</tr>
</tbody>
</table>

*Note: R² = .532, Adjusted R² = .527, p-value < 0.01

Each independent variable had a statistically positive relationship with brand loyalty at 99 percent confidence interval. In particular, the most powerful factor affecting brand loyalty was satisfaction on product. All hypothesis were supported by the findings of the current research as shown in Table 4.
Table 4. Summary of Hypotheses Testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1. Word-of-mouth affects brand loyalty to cosmetics products.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2. Perceived value affects brand loyalty to cosmetics products.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3. Convenience affects brand loyalty to cosmetics products.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4. Satisfaction on product affects brand loyalty to cosmetics products.</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Conclusion and Discussion

All independent variables which are word-of-mouth, perceived value, convenience, and satisfaction on product were found to be statistically significant predictors to brand loyalty to cosmetics products of Thai consumers in Bangkok area.

Regarding WOM, this research finding was consistent with that of Casalo et al. (2008). Their study found that the relationship between WOM and loyalty behavior is statistically positively related. Additionally, Yu and Dean (2001) concurred the positive relationship between WOM and loyalty behavior in their research findings as well. This can imply that most of customers use WOM as credible information source and decide whether to purchase the product or not (Mulala & Themb, 2013).

For perceived value, this research finding was in line with the finding of Omanga (2010) in that perceived value has a positive relationship with brand loyalty to cosmetics products in Nyeri town. In addition, Sumaedi et al. (2014) found that perceived value is a crucial factor to enhance the level of customer loyalty behavior. A study of Fernández & Bonillo (2007) stated that perceived value seems to play an important role with customer’s repurchase decision and loyalty behavior after considering traded-off benefits and costs of product.

For convenience factor, this research finding proved that convenience has a direct effect on brand loyalty. This research finding conforms to the finding of Ergin et al. (2005) in that convenience positively relates to brand loyalty. Furthermore, they inferred that if the customers can find their desired skincare brand on the shelf, they are willing to re-consume and be loyal to the brand. Hence, it is similar to theory of Sheth and Park (1974) that convenience is a crucial factor that creates brand loyalty behavior by delivering product at the right time and place.

Lastly, satisfaction on product was the strongest predictor of brand loyalty in this current study. This finding was similar to previous research such as Omanga (2010) and Bowen and Chen (2011). Omanga (2010) stated that there was positive relationship between satisfaction and brand loyalty toward cosmetics products in Nyeri town. Furthermore, Bowen and Chen (2011) found that the relationship between satisfaction and loyalty is positively non-linear. In addition, Chen and Quester (2006) found that customer satisfaction has a direct positive effect on brand loyalty to hairdressing salons in Taiwan. As a result, customers would like to be loyal to the brand, once they are satisfied with the product and services that they had received (Chen & Quester, 2006).

Findings of the current research indicate that word-of-mouth, perceived value, convenience, and satisfaction on product are all crucial factors that can create brand loyalty to cosmetics products. These findings have significant managerial implications given brand loyalty has been a pivotal role for creating sustainability competitive advantage in the industry (Fernández & Bonillo, 2007). There are four recommendations for cosmetics brand firms to consider to increase brand loyalty.
Recommendation

- Word-of-mouth (WOM)
  Based on the results, WOM is a positive predictor of brand loyalty to cosmetics products. Therefore, managers of cosmetics firms should focus on WOM as a potential communication way and managers should initiate strategies to create positive word-of-mouth. The managers might use social network or an internet platform to communicate and engage the customers directly. The social network and an internet platform will allow customers to share and discuss beauty topics easily. Once the customers are motivated and have a positive attitude, they would say positive things about the brand to other people. However, managers should ensure that the customers have a positive attitude otherwise the negative WOM is likely to decrease the level of loyalty behavior.

- Perceived value
  To motivate customers be aware of high value of a product, managers may consider adding value to cosmetics products by launching limited edition products, increasing product quality and product function. Moreover, the brand may provide proper information in order to create effective product usage. In addition, showing unique values and benefits of the product such as hygienic and clean production process can be the way to create customer perceived value as well. Once the customers have high perceived value, they may realize that the brand charges fair prices and the products are a value for the money. Therefore, the customers would be loyal to the brand.

- Convenience
  The finding of the current research also indicates that convenience is a positive predictor of brand loyalty to cosmetics products. Therefore, managers in cosmetics products should ensure up-most conveniences to customers, making the product available at all time. When customers can find their favorite cosmetics product conveniently, they are willing to purchase the product and are likely to be a loyal customer of the brand. However, if their desired products are not available or it takes a long time to acquire, the customers might try other brand’s product and switch to other brands that the customer can get it relatively easily. Therefore, putting the product at the right time and place can make the customer become more loyal to the brand.

- Satisfaction on product
  Since there is a positive relationship between satisfaction on product and brand loyalty to cosmetics products, the manager should attempt to increase the level of customer satisfaction on product. In the action plan, the way to increase customer satisfaction on product might be creating outstanding product performance, such as non-allergenic ingredients, natural ingredients, long lasting features, and waterproof features. Forasmuch, the outstanding product performance will make the customers have good usage experiences of products and be satisfied with them. In that way, customer loyalty behavior can be promoted.

Further Research
This research examined only four main predictors of brand loyalty to cosmetics products. However, there might be other factors that account for creating and retaining loyal customers to the brand. Thus, further research should be studied in other determinants of brand loyalty such as brand image, celebrity endorsement, etc.

Since this research focused on Thai consumers of cosmetics products in the Bangkok area, findings are unlikely to explain brand loyalty behavior in different geographic areas. Therefore, further studies need to be conducted in diverse regions in order to grasp more accurate picture on increasing demand of cosmetics products across the country.
References:


