FACTORS WHICH AFFECT CONSUMER’S PERCEPTION OF AND PURCHASE INTENTION OF A PRODUCT IN THE SKINCARE INDUSTRY

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FACTORS WHICH AFFECT CONSUMER’S PERCEPTION OF AND PURCHASE INTENTION OF A PRODUCT IN THE SKINCARE INDUSTRY

1. ABSTRACT
The cosmetics industry continues to grow exponentially and is currently worth over $3.5 billion with hundreds of new products entering the market every year. With the emerging internet market and a greater demand for lower costs, firms are looking at new ways they can drive sales. Although much research has explored consumer perceptions within the cosmetics industry, there is little within more specifically, the skincare industry. Hence, this study aims to gain further insights into factors which affect consumer’s intention to purchase skincare products. Data has been collected using self-administered questionnaires and analysed using multiple regression. This study offers a number of methodological and managerial contributions. Managerially, this paper provides retailers, practitioners and policy makers with further insight into way in which they can drive skincare product sales. Methodologically, the paper takes a unique perspective compared to most papers by using real consumers rather than simply students like previous studies.

2. INTRODUCTION
The Australia cosmetics market is estimated to be worth $3.5 billion in 2015 and has grown modest over the past decades due to the saturated market and threats from rival external retailers. Over the past five years, overall sales growth in industry revenue is 2.1% in average (Cosmetic and Toiletry Retailing in Australia Industry Report 2015). While the emerging of new cosmetics and personal care brands including natural, green, organic products has driven growth in a mature market, the shrinkage of household disposable income because of global economic recession leads to consumers’ shifting from higher end cosmetics to cheaper alternatives. In addition, the development of online shop and discounted import products attract more Australia consumers and posts a big price pressure to local department stores.

To promote the sales, cosmetic firms use a variety of ways to persuade consumers and increase their purchase. Previous research has addressed that consumers’ purchase intention
and brand attitude is highly influenced by their attitude towards the ad (e.g., Lutz, MacKenzie, and Belch 1983; MacKenzie, Lutz, and Belch 1986; Mitchell and Olson 1981; Shimp 1981). Advertising is an important tool for firms to deliver informative knowledge about products and present brand image as well. It affect consumers’ evaluation of products by demonstrating product features and values. In cosmetics industry, how consumers’ product judgement and attitude towards advertising become critical determinants haven’t been closely looked insight.

To better understand Australia consumers’ purchase intention in cosmetics and alleviate the sales growth suspension in Australia cosmetic industry, this study aims to gain further insights into consumers purchase intention in cosmetics and the reasons affecting their purchase.

Therefore, research questions for this study are:

1. Does consumer’s attitudes toward the brand affect their judgement of product?
2. What role does consumer skepticism play in product judgment and in the developing of consumer’s attitudes towards the advertisement?
3. Do consumer’s attitudes towards the advertisement and their product judgment affect intention to purchase the product?

3. **RELEVANT LITERATURE**

*Product Judgement*

Product Judgment, also referred to as product evaluation, has been extensively identified by previous researchers as an important construct within consumer’s purchasing decisions. Most of the literature supports the notion that product judgment is the individual’s conclusive evaluation of the product. (Yeung & Wyer Jr, 2004) suggest that consumers form impressions in their initial appraisal of the product, after which this is impressed on more conclusive judgments about the product. Further, much research has demonstrated that product judgment is subjective. While one person may say that a burger is ‘tasty’, another person may say that the burger is ‘tasteless’ (Einhorn, 1974). Therefore, product judgement is the product of a consumer’s subjective evaluation. Due to the subjective nature of product judgement, research demonstrates its importance in the purchasing process as it often has a strong relationship with other dimensions such as consumer attitudes of the brand.
Consumer Attitudes of the Brand

Kolter (2000) has defined consumer attitudes as a person’s enduring favourable or unfavourable evaluations, emotional feelings, and action tendencies toward some object or idea’. Fishbein & Ajzen (1975) further defines consumer attitudes as ‘a learned predisposition of human beings’ in contrast to irrational impulsive decisions. From both of these definitions, it is clear that consumer’s attitudes are reasoned perceptions of a certain product or brand as demonstrated by Wilcock, Pun, Khanona, & Aung (2004) (Olson & Mitchell, 2000). Within the cosmetics industry, some research has explored consumer attitudes (Yeon Kim & Chung, 2011). Among other studies, Yeon Kim & Chung (2011) demonstrates how consumer’s attitudes towards personal care products influences consumers purchase intention.

As consumer attitudes are enduring, previous researchers have also demonstrated how this creates bias which affects a consumer’s judgement of products relating to this brand or product category (Ager & Dawes, 1965; Bilkey & Nes, 1982; Rao & Monroe, 1988). This is reinforced by further studies which have demonstrated how consumers develop attitudes based on price or prior knowledge which in turn affects their absolute judgement of the product’s quality regardless of its actual quality (Rao & Monroe, 1988). It is therefore predicted that consumers who have more positive attitudes towards Shiseido, will be more likely to evaluate Shiseido’s products favourably. More specifically, it is postulated:

H1: The more positive consumers’ attitudes are toward Shiseido, the more positive their product judgements of Ultimune are.

Ad Skepticism and Inferences of Manipulative Intent

Further, research has shown that consumer skepticism is a construct which should be considered when exploring product judgement. Advertising is one of the most popular channels for firms to persuade consumers and hence has led to increased questioning from consumers due to increasing over exaggerating and deceiving information within advertising claims. Since a free market allows firms to promote their products in a favourable fashion, research has demonstrated that some degree of exaggeration must be tolerated. Because of this, consumers are continually becoming more attentive and developing means by which to cope with such persuasion tactics. This emotion is defined by (Obermiller & Spangenberg,
1998) as skepticism toward advertising which is ‘to question and disbelieve the claims of advertising’. It has different dimensions, from being skeptical about the literal information provided by advertising, to question the underlying motives of the advertisers (Ford, Smith, & Swasy, 1990). Campbell (1995) further suggests that while some attention-getting tactics used in advertising attract consumers’ more attention and increase processing, consumers are also more likely to infer that advertiser is attempting to manipulate them. Campbell (1995) defined inferences of manipulative intent as “consumer inferences that the advertiser is attempting to persuade by inappropriate, unfair, or manipulative means”. Therefore it is predicted that if a consumer is sceptical, this will make them more likely to infer manipulative intent. In addition, inferences of manipulative intent may also have negative effects on consumers’ evaluation of the advertised products. Since consumers make their judgement of a products based on the advertising, a consumer who infers manipulative intent is also likely to evaluate a product poorly (Kirmani & Wright, 1989). Thus, the following hypotheses are postulated:

**H2:** The more sceptical consumers are towards the ad, the more likely they perceive inferences of manipulation intent.

**H3:** The less likely they perceive inferences of manipulation intent, the more positive their attitudes are toward product judgement.

*Consumer Attitudes of the Advertisement*

Inferences of manipulative intent has been identified to also influence consumer’s attitudes of the advertisement which in turn affects consumer’s product judgement. Advertisers use various appeals in advertising to promote products, such as informational appeals to deliver product information and emotional appeals to arouse consumers’ desired feeling about products. However, consumers generally believe that advertisers use inappropriate tactics in order to manipulate consumers (Alsop & Abrams, 1986; Bartos & Dunn, 1979; Moog, 1990; Packard, 1980). Some basic tactics are necessary to catch consumers’ attention and enable persuasion to occur. On the other hand, some tactics make consumers evaluate ad credibility and advertisers’ motivations (Cotte, Coulter, & Moore, 2005). As consumers experience more and more this persuasive attempts, they gradually develop knowledge about persuasion and persuasive tactics and form proper judgement about the appropriateness or fairness of advertisers’ persuasion tactics (Campbell, 1995; Friestad & Wright, 1994). When consumers
realize advertisers attempting to manipulate or unfairly persuade them, they will become resistant to this advertising information or simply ignore the advertising claim and gather information from other sources instead. Therefore, inferences of manipulative intent will lower the advertising persuasion and lead to lower evaluation about the advertising. It is also predicted that this will in turn lead to a poorer product judgement as identified in the literature (Ager & Dawes, 1965; Bilkey & Nes, 1982; Rao & Monroe, 1988). Thus, the following hypotheses are postulated:

**H4:** The less likely consumers perceive inferences of manipulation intent, the more positive their attitudes are toward the ad.

**H5:** The more positive consumers’ attitudes are toward the ad, the more positive their product judgements of Ultimune are.

**Antecedents of Purchase Intention**

Previous researchers have demonstrated that purchase intention is influenced by two key variables, namely, product judgment and attitudes towards the advertisement. Product Judgement (also known as product evaluation) has been shown to influence a consumer’s intention to purchase a particular product (Hui & Zhou, 2002). Chang & Wildt (1994) in a study which looks at a variety of different industries, identifies that as consumers perceive that an item is of a higher value, they are more likely to purchase that item. Within the cosmetics industry, over 60% of retailers offer free gifts with their products which has been known to affect consumer’s evaluation, thereby emphasising the importance of better understanding product judgement. Further, studies have shown that when consumers evaluate a product to be poor, then they are less likely to purchase the product (REF). For example, Raghubir (2004) suggests that if retailers offer free gifts with cosmetic products, then they may have a lower intention to purchase due to judging the product as low quality. Therefore, these studies predict that as consumer’s have a higher evaluation of a product, they are more likely to purchase the product.

Attitudes towards the advertisement has on a consumer’s intention to purchase (Mehta & Purvis, 1995; Mullner, Singh, & Smith, 2005). Attitudes towards items have been identified to affect the way in which a consumer perceives that particular item or items associated with it (Kolter, 2000). This is also noted by Fishbein & Ajzen (1975) in his Theory of Planned
Behaviour where he suggests that consumers who have a more positive attitude towards the product are also more likely to have an intention to purchase the product. Also within the cosmetics industry, studies have shown how increased attitudes lead to an increased purchase intention (Sukato & Elsey, 2009; Yeon Kim & Chung, 2011). Hence, it is postulated:

**H6:** The more positive consumers’ product judgements are, the more positive their purchase intentions are.

**H7:** The more positive consumers’ attitudes are toward the ad, the more positive their purchase intentions are.

These hypotheses can be summarised in the following conceptual model:

4. METHODOLOGY
This study is utilizing a mix mode approach and has employed self-administered questionnaires as the survey instrument. A web-based survey and shopping mall intercept are used to gather responses form a large number of participants. In line with the overall research questions, the questionnaires is made up of 6 sections which include ‘Attitude
towards cosmetic brand’, ‘Product Judgement’, ‘Scepticism towards Ad’, ‘Inferences of Manipulation’, ‘Attitude towards a Specific Ad’, and’ Purchase Intention of a product’. For all sections, a seven-point Likert scales are used.

To carry out this study, the brand Shiseido has been used as a brand stimulus. Further, their newly released product named ‘Ultimune’ is being used as a product stimulus. Shiseido is chosen in this study because it is Japan’s largest cosmetic manufacturer and is the first Western style cosmetic brand in Asian. As a global player, its overseas sales generate more than 47.5% of total company revenue, more than half of which is generated from European and American market. Since Australia is a nation of immigrants, over half of survey participants are from overseas and Shiseido is a well-recognised brand for them.

We first elicit participants’ attitudes towards cosmetics, their scepticism and inference of manipulation towards Ad in general and then use “Shiseido” as a specific cosmetic brand to access participants’ attitude towards a Shiseido product “Ultimune” and its Ad as a stimulus. Finally, we ask participants to provide their purchase intention after watching the Ad. Shiseido is chosen as an example in cosmetics because it is the largest Japanese cosmetic company and also is the first Western style cosmetic brand in Asian. It can be accessed in every department store in Australia. Since around 50% of participants are Asians, Shiseido is a good brand for both Westerners and Asians to assess their attitudes toward cosmetics.

To ensure rigour in the study, established scales were used, all of which had a Cronbach’s alpha of over 0.8. These are attitudes (a = 0.811), Product Judgement (a = 0.936), Scepticism towards Ad (a = 0.885), Inferences of Manipulation (a = 0.820), Attitude towards Ad (a = 0.917) and purchase intention (a = 0.844).

5. DATA ANALYSIS
There are 800 responses collected and 124 responses are discarded due to missing data and being straight liners. Thus, 676 valid responses are analysed by using SPSS. 68.3% of valid responses are female and 26.8% are male. 75% of responses are in age group 18 to 34. It shows that the predominant consumers of cosmetics are female aging from 18 to 34. Among of these valid responses. 60% of participants have heard of Shiseido and 26% of them have used Shiseido.
Regression analysis: Consumer skepticism towards IMI

Firstly, Regression analysis is conducted between scepticism towards Ad and inference of manipulation intent, so as to assess if a positive relationship could be confirmed ($R^2 = 0.121$). The relationship is proved to be consistent with hypothesis H1 ($p < 0.05, B = 0.348$): if consumers are more sceptical about ad, they are more likely to infer the manipulation intent.

<table>
<thead>
<tr>
<th>Predictor Variable</th>
<th>Standardized Beta</th>
<th>t-Statistics</th>
<th>P-value (Significance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skepticism towards Ad</td>
<td>.348</td>
<td>9.625</td>
<td>.000</td>
</tr>
</tbody>
</table>

5.2 Regression analysis: IMI towards Attitudes of Ad

Consumers’ inference of manipulation intent is analysed to check whether it will affect their evaluation of advertising ($R^2 = 0.520$). The result supports the prediction H2 that a negative influence exists in consumers’ attitude towards ad ($p < 0.05, B = 0.721$).

<table>
<thead>
<tr>
<th>Predictor Variable</th>
<th>Standardized Beta</th>
<th>t-Statistics</th>
<th>P-value (Significance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMI</td>
<td>.721</td>
<td>27.032</td>
<td>.000</td>
</tr>
</tbody>
</table>

Multiple Regression: Predictors of Product Judgement

Multiple regression is conducted between each of antecedents (IMI, attitude towards Shiseido and Ultimune ad) and product judgement of Ultimune to understand their influence towards consumers’ judgement of product ($R^2 = 0.659$). The findings demonstrate that all the three factors have significant relationship towards product judgement. As H3 and H4 predicted, consumers’ product judgment is negatively influenced by their IMI ($p < 0.05, B = 0.246$), and compared to attitude towards brand ($p < 0.05, B = 0.163$), consumers’ attitude towards ad ($p < 0.05, B = 0.399$) has more significant effect on their product judgement.

<table>
<thead>
<tr>
<th>Predictor Variable</th>
<th>Standardized Beta</th>
<th>t-Statistics</th>
<th>P-value (Significance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMI</td>
<td>.234</td>
<td>5.570</td>
<td>.000</td>
</tr>
<tr>
<td>Attitude toward brand</td>
<td>.163</td>
<td>5.352</td>
<td>.000</td>
</tr>
<tr>
<td>Attitude toward Ad</td>
<td>.399</td>
<td>9.427</td>
<td>.000</td>
</tr>
</tbody>
</table>
Multiple Regression: Predictors of Purchase Intention

We assume that consumers’ judgement of product and their attitude towards product’s ad are determinants of their purchase intention. The results reveal that product judgement do play important role in consumers’ purchase intention \( (p < 0.05, B = 0.486) \), however, their attitude towards ad of product do not have significant influence on their purchase intention \( (p > 0.05, B = 0.064) \). Hence, H5 is rejected.

Table 4: Multiple regression result: Predictors of purchase intention

<table>
<thead>
<tr>
<th>Predictor Variable</th>
<th>Standardized Beta</th>
<th>t-Statistics</th>
<th>P-value (Significance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product judgement</td>
<td>.486</td>
<td>11.662</td>
<td>.000</td>
</tr>
<tr>
<td>Attitude toward product ad</td>
<td>.064</td>
<td>1.526</td>
<td>.127</td>
</tr>
</tbody>
</table>

6. DISCUSSION / CONCLUSION

The results provided some interesting insights into the skincare industry. Firstly, consumer skepticism emerged as a significant predictor of inference of manipulation. This was expected as consumers who are sceptical are more likely to be attentive to such inferences within advertising. Further, IMI was shown to have a positive influence on attitudes towards the advertisement. This is in line with the general literature, however it provides valuable insight for the skincare industry where customer loyalty and trust is a fundamental element of the business model. This means that as firms continue to look for ways to drive sales, they should make use of advertising which is honest and in line with their overall brand image. Based on the results using strategies such as ‘bait pricing’ or ‘additional costs’ will lead to unfavourable consumer attitudes towards the advertisement.

The results further demonstrated that attitudes towards the brand, inferences of manipulation and attitudes towards the advertisement were all significant predictors of consumer’s product judgement. Hence, when consumers have more positive attitudes of the brand and more positive attitudes towards the advertisement, they are more likely to make a positive judgement of the product. This is in line with the literature which explores how attitudes determines a consumer’s conclusive evaluation of a product (Rao & Monroe, 1988). The results therefore imply that firms should strive to ensure that their brands and advertisements
are consistent and are favourably viewed. It also demonstrates that when firms suffer a negative brand image, they may benefit from having multiple brands to reduce the effect of consumer bias as demonstrated in the results. The last significant predictor was inference of manipulative intent. Despite it being significant however, it did not have a negative influence as predicted. This is strange as all the literature demonstrated that IMI had a negative influence on product judgement. This discrepancy in the results may be somewhat attributed to the brand Shiseido which currently enjoys strong brand equity and therefore little skepticism. Perhaps if a brand with less brand equity had been used, results would have been in line with the literature.

The results lastly showed that product judgment is a significant predictor of purchase intention while attitudes towards the advert is not. This demonstrates that while advertisements may not always lead to an intention to purchase, product judgement should be the focus of firm’s promotional efforts as they aim to drive sales.

To address the research questions, attitudes towards the brand does affect product judgment, skepticism plays a fundamental role in determining IMI which influences product judgment and finally product judgment is a key factor influencing purchase intention while attitudes towards the advertisement is not a significant predictor.

The results have a number of limitations. Firstly, only one brand was used to test this model. To reduce brand effect, future studies should look at using numerous brands. Secondly, as cosmetics is affected by culture, it may prove valuable for future studies to examine cultural difference using this model. Despite the limitations, the study contributes methodologically and managerially. Managerially, this paper provides retailers, practitioners and policy makers with further insight into way in which they can drive skincare product sales. Methodologically, the paper takes a unique perspective compared to most papers by using real consumers rather than simply students like previous studies.

7. REFERENCES


