A STUDY ON CONSUMER BEHAVIOR TOWARDS THE PURCHASE OF COSMETICS PRODUCTS THROUGH ONLINE PORTALS

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Abstract: In the present day in age, shopping online has become an important activity for everyone. Along with other products, even cosmetics have now started selling online. Trends are ever changing, a few years back nobody would consider buying cosmetics online as it is considered necessary to try out such products in person to judge the color, texture etc., but now, a lot of websites solely depend on online portals to sell cosmetics. The study is aimed at understanding the effect of pricing, discounts and advertising on purchase of cosmetics online. A survey of 157 respondents was analyzed using various functions of SPSS. The results show that pricing, advertisements and discounts influence the purchase behavior of consumers while purchasing cosmetics online.

Keywords: Cosmetics, Discounts, Online Shopping, Pricing, Advertising.

I. Introduction

In the present day and age, people are becoming self-aware. A part of this process is to take care of one’s own body. Taking care of the body is not just restarted to healthy eating and drinking water, but at the same time, people are now taking extra caution while deciding what their body should come in contact with. The usage of cosmetics has prevailed since day in age, but as the consumers become more advanced, the products become more advanced. People want to live healthy, and this concept of life now not only includes a vegan diet, or exercising, but it also includes what choices people make when they purchase cosmetics that they use on themselves.

Cosmetics

Cosmetics are either substances or products that can used to enhance the appearance of one’s face or add fragrance and texture to the body. Most cosmetics are designed for application to the face, hair or body. They are made of chemical compounds, a lot of them produced chemically and some taken from natural resources. Different types of organic and inorganic compounds are used in the manufacturing of cosmetics. The most common type of organic substances used are modified natural oils and fats, along with a variety of petrochemical agents. Inorganic compounds include processed minerals, such as, iron oxides, talc, zinc and zinc oxide.

The cosmetic industry is comprised by a limited number of multinational corporations. Most of them came into being in the early 20th century. The distribution and sale of cosmetics, however, spread among an array of different businesses. The worldwide cosmetics industry generates approximately US $ 170 Billion worth of annual turnover (Eurostaf-2007). Europe being the leading market, responsible for about 71 US $.

The industry is expected to generate about 429.8 US $ by the year 2022, with an expected CAGR of 4.3%. Skin, hair and sun care, deodorants, shampoos and available and used by individuals. Retail stores, like, supermarkets, brand outlets, and specialty stores for intergarl parts of the distribution channels. Online channels are now gaining popularity among consumers.
Due to the increase in disposable income in the past couple of years, especially the previous decade, there is a rise in demand of skin and sun care products. Along with raise in income, change in global economies, change in lifestyles, rising demands of skin care and sun care products is also influencing the demand of these products. The change in climatic conditions every few years, especially due to global warming has also led to an increase in demands of cosmetics.

The India cosmetic industry is now growing at a CAGR of 7.5% between 2014 and 2016. Just like for the rest of the world, this increase is due to increased purchasing power and increasing consciousness about one’s wellbeing and health. The awareness is rising amongst the Indian audiences because of the traditional media and also because of online platforms. The flourishing fashion and the film industry are also increasing awareness amongst masses, these platforms have helped people look at beauty in a different way. People now think that it is important to look good along with taking care of the body in terms of a healthy living.

According to the Confederation of Indian Industries (CII), the total industry estimates to about US$950 million. It also projects a growth of about 20% per annum in different segments of the industry (toiletries, fragrances etc). Among the various categories of cosmetics, the fastest growing in India is the color cosmetics that accounts for about 10% of the total amount. Costs of importing products is much higher as compared to producing the products within the country. The tariff on import of related products is about 39.2%.

Online Shopping

Online shopping includes an activity of action of purchasing products or services using the internet. It requires the user to go online, then to a seller’s website, choosing something of choice and need and placing the order for its delivery. The payment is either made online using a debit or credit card, or there is also an option for paying upon delivery. It eliminates the need of going to the retail store physically.

Indian cosmetic industry is expected to grow at a fast rate. Consciousness among both men and women will help this growth. The companies have also realized the potential of the rural markets and have started expanding to these markets. This new area of expansion will also help the companies grow base.

In traditional marketing and purchasing, discounts and advertisements have seen to have great relevance when it comes to influencing purchase behavior. A lot of times, higher discounts and repeated advertising is seen to increase purchase action. Every customer is price sensitive and responsive to lower prices. In an Indian market, where price plays the most important role, it is seen that lower prices are often resulting in increased purchase behavior.

The paper is aimed to study the impact of discounts, pricing and advertising has on purchase behavior of consumers when it comes to shopping of cosmetics online. Particularly online shopping has been chose because of the increase in online shoppers and also to understand with something like cosmetics which is usually tried and tested at the shops before purchase, with the elimination of this option, how would most customers respond purchasing of cosmetics online.
II. Objectives of this Research

1. To determine whether advertising encourages people to shop online for cosmetics.
2. To determine whether different prices online encourage people to shop online for cosmetics.
3. To determine whether discounts online encourage people to shop for cosmetics online.
4. To study how different demographics are affected by pricing, discounts and advertisements while purchasing cosmetics online.

III. Dimensions of Study

1. Discounts Online- The study tries to understand whether or not an average online consumer notices the available discounts on online platforms that are available for cosmetics. Discounts often act as incentives for most buyers to purchase certain products. The study wishes to understand whether this tactic is successful when it comes to the purchase of cosmetics online.
2. Prices- Another aspect that study is aimed at is understanding whether people notice any price difference between online portals and brick mortar stores. And if consumers notice price differences (either higher or lower) then are they motivated or demotivated to make purchases of cosmetics online.
3. Advertising- Advertising is very important in increasing product and brand awareness. Most online portals are heavily investing and relying on different mediums of advertising in order to increase sales and awareness. The study is aimed at understanding how influential advertising when it comes to brand awareness amongst in the consumers.
4. Online purchase- The base idea of the study is buying online. Whether consumers are willing to switch or are already buying using online portals is another important aspect of the study.

IV. Scope of the Study

The study will help gain perspective on the kind of influence advertising, discounts and pricing have on the consumer’s mind to promote online shopping of cosmetics online. The study will particularly point out the factors individually affect buying decisions and explain the extent of influence. There are no previous researches that are particularly studying shopping of cosmetics online and how certain factors influence purchase behaviour.

V. Literature Review

(Britton, 2012) There is a lot of existing research on the kind of effect advertising relating to fashion and beauty have on women. The impact on self-esteem, self-confidence have been studied previously. But, there is very little research how cosmetics influence women and manipulate their appearances. The research used the survey method for data collection, the survey questioned usage, habits and beliefs of students (particularly female) towards makeup. The results show that the cosmetic industry has a significant influence on college women. College women form a major part of the cosmetic industry. However, they don’t change their makeup habits and routines very often. There was no correlation between self-esteem and an individual’s particular usage, habits and beliefs. Though, there was a relationship between the levels of self-monitoring and an individual’s cosmetic habits.
There are various makeup trends in the society that are coming up. These trends are also changing rapidly, with new styles, aspirations and ideas. With the major change that are showing in the industry, there is a psychology behind it. The research is conducted to understand the reason behind the rapid changes, impact of consumers and advertisements on these changes. Advertisements do not have a great influence over today’s consumer. There are various other factors that influence a consumer like online reviews, blogs, testimonials and video reviews. Which shows that psychological influences are extremely impactful.

There have been certain grooming activities and habits that everyone is expected to follow, from brushing one’s teeth to flossing etc. People who don’t follow these are frowned and looked down upon. In the recent years, along with these activities, wearing makeup has also become an important process. How long a woman takes to wear makeup differs from one to other. The study helps in understanding whether a woman values herself more or less when she is wearing makeup. The study used the survey method to collect data and mainly filled in by students. The study found that women feel more in place when they have makeup on. They had a sense of content when they had makeup on. Most women are unsure about how they feel when they don’t have makeup on. But even so, having no makeup on didn’t make them feel unattractive. Lastly, most women felt that they felt uncomfortable wearing more than usual amount of makeup.

The study tries to evaluate the impact applying makeup can having on identity. Most variation in attractiveness comes between individuals due to the difference I identities. The study includes understanding how cosmetic and identity affect attractiveness by studying professionally applied makeup. Study 1, 33 YouTube models were rated before and after they were made to wear professional makeup. Study 2 included super models who went through the same process. The study concludes by establishing that professionally applied cosmetics have a larger effect than self-applied makeup. But, the effect of individual differences in facial appearances is way more important in perceptions of attractiveness.

This particular study was conducted to understand the perception and awareness among college students towards online shopping. The level of awareness, factors that affect online shopping along with challenges encountered while shopping online are taken into account for the study. The data was collected from 60 students studying in college. Most of students have a positive perception towards online shopping. Most of them agree that shopping online saves time, allows purchase at any time, provides access to information, and better security. The pull factors that affect online shopping are ease, security in payment, product variety, promotion, website reputation etc. There are also a bunch of secondary factors that affect online shopping, namely, money, delivery time and fee, return policy etc.
(Mohamed, Hussein, Zamzuri, & Haghshenas, 2014) The study was conducted to give information about an individual’s online shopping continuance intention. The research has used two theories, Expectation Confirmation Theory and Technology Acceptance Model. For research context, an online marketplace which connects buyers and sellers in the country of Malaysia has been used. To collect data, convenience approach was used. According to the results of the study, satisfaction contributes to individual online shopping continuance intention. Along with satisfaction, the usefulness of a website as perceived by the user also contributes to continuance intention. The research helps increase the understanding of role of satisfaction, perceived use of websites towards continuance intention.

(Jung Eun Lee, 2014) The study was conducted to inspect the effects of high vs low price discounts by combining existing literature on price discounts, perceived risks and purchase intentions for products sold online. Effect of price discounts on perceived risks, along with the following effect of these risk perceptions on online purchase intentions. The study used an experimental design. The results reflected how the discount size helps increase the customer’s perceived risks and these regulate the bond between price discount and purchase intentions. The study helps provide a better consideration of customer’s risk perceptions for online price discounts, which allows retailers to decide discounts in order to attract customers.

(Rakesh & Khare, 2012) This research evaluates the influence of deal proneness on Indian consumer’s shopping behavior online. Online shopping attracts heavy investment from retailers. Shopping websites available on the online platform offer a lot of discounts and promotions to attract customers to shop online. However, online retailing is in the early stages of development and growth in India. The results of the study indicate that Indian customers are not influenced by offers, deal or other promotions offered online by retailers. Promotions may not be viewed as an important attribute while making purchases online for products and services in India.

(Dr. G. K. Deshmukh, 2016) For customers, the experience involved is very different from shopping online as compared to the traditional shopping. It is possible to touch and feel the products before the purchase in the traditional mode of shopping, but online shopping allows only for visual assessment. The objective of this paper is to understand online shopping behavior of consumers in the Indian continent. The research includes an empirical study of around 100 online consumers to recognize their online shopping behavior by making use of the Structural Equation Modeling. The main finding of this research portrays the demographics of customers, variety of products, sellers, and characteristics of websites have a positive influence on the intention and the behavior of the customers in India.

(Deepjyoti Choudhury, 2014) Online shopping has become one of the latest trends in the dynamic of shopping. It is also quickly becoming an important sect of one’s lifestyle. The widespread access of the internet and e-commerce platforms, online shopping has witnessed a big growth in the past couple of years. People in their youth have formed the majority of online shoppers. The study is administered to understand the attitude of the youth towards shopping online. The objective is to find out whether there is any impact of major five factors; internet literacy, educational qualification, gender, website usability and online product price on online shopping. Students of the Assam University
were subjects under the study. The results showed there is a significant relationship between the gender, product price and internet literacy and shopping online. However, there is no relationship between education and website usability and online shopping.

(Sohail) Technology has revolutionized over the past couple of years, but still people take time to accept and adopt the use of technology in their daily lives. There’s still a lack of acceptance from the customer’s side, and this resistance poses a challenge to most marketers. The usage of internet amongst the people in Pakistan has increased at a constant rate but adoption of shopping using online portals is still slow. This papers aims at creating a model based on the level of acceptance of technology. The model helps understand other facts that also affect the intentions behind online shopping. 150 responses to a survey were collected. The research made use of regression analysis in order to evaluate the model. The results of the research show that perceived ease of use and perceived enjoyment are the two main factors that affect shopping online intention.

(Kayhan Tajeddini, 2014) The paper aims to use a cross-sectional approach that focuses on the impact of attitudes, consumer innovativeness and subjective norms on the intention to buy cosmetic products. There have been several models in the past that aim to conceptualize the complex behavioural and social process by which most individuals adopt new products. Consumer innovativeness along with attitude and perceptions of subjective norms should be included as an important individual difference variable. This inclusion would help better the understanding how perceptions come into existence and the subsequent role they have in purchase intentions in regards to cosmetic products. Data was collected using a questionnaire circulated in a mall in Sweden. Analysis was done using tests of significance. The paper adds to the understanding of three key facts by analysing the structural relationships among attitudes towards new cosmetic products, novelty-seeking tendencies, behaviors and attitudes of people who have the intention to buy skin care and make-up products.

VI. Analysis and Interpretation

<table>
<thead>
<tr>
<th>Case Processing Summary</th>
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<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Cases</td>
</tr>
<tr>
<td>Valid</td>
</tr>
<tr>
<td>Excluded&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
According to the table above, 100% of data has come in the valid entries, since 0 data points have been excluded. This shows that all the data has been used for analysis in the tests and nothing has been discarded for the analysis.

### Reliability Statistics

<table>
<thead>
<tr>
<th>Cronbach's Alpha</th>
<th>Cronbach's Alpha Based on Standardized Items</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.744</td>
<td>.730</td>
<td>11</td>
</tr>
</tbody>
</table>

Cronbach’s Alpha analysis is 0.744 which is greater than the required 0.7. Hence, the data is reliable and acceptable.

Regression:

### Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.747(^a)</td>
<td>.558</td>
<td>.525</td>
<td>.34065</td>
<td>1.839</td>
</tr>
</tbody>
</table>

\(^a\) Predictors: (Constant), NoticeDifference, FrequencyOfUse, AdvMotivation, LikeUsing, Age, LowerHigher, RecommendOnline, FrequencyOfPurchaseOnline, FrequencyOfAdvertisements, PriceBand, FrequencyOfPurchase
a. Dependent Variable: PurchaseBehaviour

The model explains 55.8% of all variations and after adjustments explains 52.5% of all variations. This may explain only half of the model but can show that online purchases maybe dependant on many other factors apart from discounts offered online and advertisements. These factors may include the experiential shopping that is provided in stores and in malls, the trust factor when shopping online or even technical know-how when dealing with older customers. The lack of explainability in the model may point towards low level of commoditization.

H₀: The factors of the model are insignificant.

H₁: The factors of the model are significant.

ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>21.263</td>
<td>11</td>
<td>1.933</td>
<td>16.658</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>16.826</td>
<td>145</td>
<td>.116</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>38.089</td>
<td>156</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The significance value is < 0.05 and hence we reject the null hypothesis and conclude that the model is significant.

VII. Findings and Conclusion

Table 1- Prices being lower or higher in relation to the frequency of purchase

<table>
<thead>
<tr>
<th></th>
<th>Never</th>
<th>Often</th>
<th>Rarely</th>
<th>Sometimes</th>
<th>Very Often</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equivalent</td>
<td>7</td>
<td>4</td>
<td>5</td>
<td>28</td>
<td>5</td>
<td>49</td>
</tr>
<tr>
<td>Higher</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Lower</td>
<td>5</td>
<td>24</td>
<td>21</td>
<td>34</td>
<td>14</td>
<td>98</td>
</tr>
<tr>
<td>Total</td>
<td>13</td>
<td>31</td>
<td>27</td>
<td>64</td>
<td>22</td>
<td>157</td>
</tr>
</tbody>
</table>
In the questionnaire survey of over 150 people, a few conclusions maybe drawn.

Firstly, determining if advertisements encourage people to shop online, we look at the frequency of exposure of advertisements as well as the motivation to shop because of advertisements. Owing to the mean value being higher than the test value, we can conclude that the respondents come across more than a usual amount of advertisements.

Respondents also have a moderate positive correlation between the frequency of advertisement and frequency of purchase. It was also noticed that people who come across advertisements more than frequently are less likely to purchase. This shows that an average customer who comes across advertisements time and again, mostly gets annoyed by the company or brand, to an extent wherein he decides to not purchase the product because of the fact that he has seen the advertisements way too many times.

Also, we see that there is a significant impact of advertisements on the purchasing behavior of customers with nearly double the motivation and likeliness of buying a product if the respondents were motivated by the advertisements. Finally, motivation caused by the frequency of advertisements peaks near the middle and actually diminishes when the frequency goes too high.

While analyzing how prices encourage purchase behavior we look at discounts, difference, and an absolute value of price. Those respondents that believed that discounts motivated them were three times as likely to be favorable towards purchasing cosmetics. We also see people who believe online portals had a lower price were 33% more likely to purchase products online.

Motivation caused by discounts where correlated with the motivation caused by advertisements presents a positive low correlation which may point to different respondents being motivated by different mediums. We also see purchase behavior increase by three-fold and is statistically different for those people who are motivated by advertisements when compared to those who are not.

The two social demographics that we have considered while analyzing the purchase behavior is age and gender. Looking at the purchasing behavior we see that age groups of 18 to 25 and 25 to 35 are the most active consumer with a sharp dip after 35 years. We also see women are nearly two times as likely to like purchasing cosmetics as compared to men who also have a higher deviation for the same. Motivation by advertisements is also the highest in the younger age segments of below 15 and 15-18 years and in the older age groups of 35. Though the group between 18 to 25 is motivated by advertisements they also have the highest level of uncertainty of with the largest number of respondents within the group answering maybe.
Hence, we can conclude that price does have a significant influence on the purchase of cosmetics online as well as discounts motivating certain age and gender demographics. We also see, that advertisements do have a significant influence on the purchase behaviors but a higher frequency of advertisements is detrimental to the original cause, an observation that may have been counter intuitive.

**Recommendation:**

The study on consumer behavior towards purchase of cosmetics online and the kind of impact advertising, discounts and pricing has on the behavior will give a better understanding of how these factors influence a consumer. The scope of online shopping is wide, and people are becoming more aware by the day, but awareness about purchasing cosmetics online is still lesser as compared to other products. A lot of people are still unsure and an unaware about the possibility of buying cosmetics online. Companies that are selling cosmetics online can work on their awareness and advertising campaigns as a major part of the masses remain untapped. The study also indicates that there is a lack of trust from the side of the buyers pertaining to the purchase of such products as quality is utmost important while purchasing cosmetics. Companies also need to work on the trust factor to promote more selling. There is a lot of potential for both the sellers and the buyers involved given that sellers try to increase awareness and establish trust.

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