FACTORS INFLUENCING REPURCHASE INTENTION OF THAI FEMALE CUSTOMERS TOWARD KOREAN COSMETICS IN BANGKOK
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Abstract: This study attempts to investigate the factors that influence the repurchase intention of Thai female customers toward Korean cosmetics in Bangkok. Specifically, it focuses on Etude House, one of the most well-known Korean cosmetic brand in Thailand, with high sales revenues. A total of 402 current customers were approached to collect data, using self-administered questionnaires. They were analyzed utilizing the descriptive research technique. The Pearson correlation coefficient was used to test all hypotheses. The results indicate that subjective norms, beliefs, attitudes, advertising & information sources, physical attributes, psychological attributes, and perception play a crucial role in the repurchase intention of Thai female customers. This study will be beneficial to cosmetic manufacturers and marketers as it can help them gain a better understanding of Thai consumers’ behavior and specific requirements. The findings could also be used to establish appropriate marketing strategies in response to the issues raised.

Keywords: subjective norms, advertising & information sources, physical attributes, psychological attributes, repurchase intention

1. Introduction
International products have influenced Thai consumers ever since the country opened up to worldwide consumption. Traders have enlarged their operations abroad for the purpose of tempting new international shoppers (Steenkamp and Hofstede, 2002). Specifically, there has been a flood of Korean products, among other, in the Thai market ranging from TV series, movies, music, games, food, fashion, cosmetics, automobiles, electric appliances, computers, and gadgets, to name a few. Korean cosmetics have become especially popular among Thai ladies largely due to the fact they are believed to give them the natural beautiful look of their favorite Korean and Thai TV series stars.

Korea has developed a globalization strategy to take advantage of the so-called “Korean Fever” to export its products. Korean Wave or Korean Fever (some journalists have also called it ‘Kim Chic’) is part of an entertainment drive meant to enlarge the popularity of South Korean culture across the world. (www.edition.cnn.com, 04/03/2011). If this is any indication, the total earnings from Korean culture products jumped from 500 million dollars in 2002 to 1 billion dollars in 2005. Nowadays, South Korea is among the top ten cultural exporters in the world and is seen as a growing power house (www.channelnewsasia.com, 04/03/2011). In their efforts to develop their cosmetic brands abroad and move from the domestic to international levels, cosmetics companies have been riding on the Korean Wave and are rapidly spreading all over Asia.

Korea has big cosmetic manufacturing units, such as for example Amore Pacific Corporation, one of the largest cosmetic firms in the country with more than twenty portfolio brands in cosmetic and healthcare products. In 2009, it was ranked as the 20th highest in terms of sale revenues among all cosmetic companies in the global beauty care industry, with its sales up 20.7% from the previous year (www.taipeitimes.com, 01/06/2011). The Korean cosmetic industry has positioned itself to challenge developed countries such as Japan.

In Thailand, numerous types of cosmetics are offered by a larger number of companies in response to different styles of customers. The cosmetic products found on the Thai market include, among other, facial makeup, personal care products, and fragrances. 70% of them are manufactured under international brands, 20% are imported directly from small firms with no recognized brand name and 10% of produced by local Thai brands (www.gotomanager.com, 25/04/2011).

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Kasikorn Research Center reported that during the January-September 2010 period, Thailand imported cosmetic products worth approximately 363 million dollars; 21.8% came from the U.S.A., 16% from France, 13.2% from Japan, 8.5% from Indonesia, and 4.3% from Korea. Given the growing competition within the cosmetic industry in Thailand, both domestic and international brands struggle to acquire new market shares, which makes the Korean huge sales increase all the more remarkable (14.3 million dollars versus 6.79 million dollars the previous year; a 110.6% growth rate). This rate is the highest in a decade and might be higher than other countries in the future.

Bangkok has many cosmetic shops selling Korean products and providing services to ‘make women look like Korean stars.’ They carry the following Korean brands: Etude House, SkinFood, Laneige, Missha, The Face Shop, Rojukiss, and Holika. 78.25% of women in Bangkok have experienced (buying and using) Korean cosmetics, reflecting Korea’s success in broadening the appeal of Korean products among Thai consumers (Winn, 2010). On the streets of Bangkok and other big Thai cities, young girls’ outfits, make-up, and hairstyles often match those of Korean stars. Indeed, the Korean Wave has inundated Thailand, changing the Thais’ consumption patterns. Thai people prefer the Korean look and cosmetics over any than others.

Official agents and distributors in Thailand are not the only ones importing cosmetics from the Korean parent companies. Wholesalers, trying to avoid taxes and taking advantage of low costs to attract customers, buy them through direct sales techniques.

One cosmetic brand quite popular and successful in Thailand is Etude House. In 2009, it had 200,000 members in the country and sales totaling 250 million Baht (8.3 million dollars). Etude House, which was established in 1995, was the first cosmetic brand in Korea. It operated the biggest cosmetic factory in South Korea under the Amore Pacific Corporation. Unsurprisingly given the appeal of French cosmetic products, the brand name, is a mix of French and English (Etude is a musical term that means “to study” in French). The company operates under four main strategies; high quality, reasonable price, simple design, and varied colors. It targets adolescents and favors natural and innovative products. Etude House first expanded to Japan, China (including Taiwan and Hong Kong), and then moved to Thailand, Singapore, Vietnam, Malaysia, Philippines, Indonesia, Iran, Pakistan, and India. It has now become a global beauty brand. (www.etudehouse.com, 09/05/2011).

As is the case with all companies, Etude House marketing teams constantly try to seek new customers and retain their existing ones. To do so, they need to understand consumers’ pleasure and stimulate repurchase intention as consumer retention is more cost effective than finding new customers (Ennew and Binks, 1996a, b, 1998). Likewise, Hellier et al. (2003) found that the intention to repurchase is essential to the wealth and sustainable growth of a company.

This study focuses on Etude House and women’s repurchase intention toward this brand. Data is collected in Bangkok, Thailand, a country considered to be greatly influenced recently by Korean cultures and products. Specifically, it looks at the antecedents (beliefs, attitudes, subjective norms, advertising & information sources, physical attributes, psychological attributes, and perceptions) that might affect the repurchase intention of customers. The goal is to better understand the factors influencing Thai consumers’ behavior towards Etude House brand.

After reviewing the relevant literature and articulating the conceptual framework and the methodology used in this research, this article analyzes the findings and make some recommendations.

2. Literature Review

The following theories and related literature support the main conceptual framework of this study.

- Repurchase Intention

Customer repurchase intention is meant to cover or explain the personal judgment regarding the repeat buying of a specific product (Hellier et al., 2003). Repurchase intention is a valuable force to improve a company’s profit and sustainable growth. A host of marketing studies such as, for example, Anderson et al. (1994) and Hennig-Thura & Klee (1997), have acknowledged that the good experiences of customers lead to re-consumption in the future. Any consumer retention strategy needs to include the antecedent variable (i.e. perception) to encourage repeat buying intentions and predict the appropriate behavior.
(Rentschler et al., 2002).

Ajzen and Fishbein (1975), the proponents of the theory of reasoned action (TRA), have argued that four major factors (attitudes, subjective norms, and intentions) are essential to predict consumer behavior. The three-component TRA formula runs as follows: BI = A + SN, with BI standing for Behavioral intention, A for Attitude, and SN for Subjective Norms. An individual’s behavioral intention relies on his/her attitude toward that behavior and subjective norms. The individual intends to adopt a specific behavior, which means he/she may perform the actual action.

The researcher in this study has adopted the TRA as part of the model designed to analyze customers’ attitude toward repurchase behavior and how they think others would expect them to behave. This study will also include the other TRA components as part of the conceptual framework carefully.

- Subjective Norms

Typically, an individual is influenced by other people with regard to his/her attitudes, attentions, norms, and buying behavior. Subjective norms, an external variable, are social influences capable of affecting specific actions of consumers (Ajzen, 1991). A person has a sense of others’ expectations as to which specific way he/she should or should not act (Ajzen and Fishbein, 1975). These influencers and referents, such as, for example, family, friends, coworker, social status, or media, are part of the customer’s decision making. The affectability of interpersonal relations is considered as one crucial factor for studying the purchase behavior of customers.

Several previous studies such as, for instance, research by Chung and Pysarchik (2000) or Summers et al. (2006), have asserted that subjective norms are an important factor in terms of contribution towards an individual’s behavioral intention. In Thailand, where this research is conducted, a collectivist society, there is a strong group-orientation tendency (Hofstede, 1980). Thai people pay great attention to interpersonal relationships and others’ wishes and feelings (Albert, 1996).

- Beliefs

Belief can be defined as the psychological part in which a person adheres to a statement (Schwitzgebel, 2006). Schiffman and Kanuk (2004) argued that it represents an individual’s cognitive part and comprises perceptions and knowledge, possibly derived from previous experiences and related information. Perceptions generally build one’s belief structure. Customers believe in the consequences of product attributes, which conform to intentional behaviors and particular outcomes. Ajzen (1991) confirmed that behavioral beliefs influence attitudes before performing specific intentions.

Consumers’ beliefs may also involve country of origin or product characteristics, i.e., those directly associated with affective responses (attitude) of consumers (i.e. liking) that could stimulate customers’ willingness to purchase later (Papadopoulus et al., 1988).

- Attitudes

The word “attitudes” refers to overall favorable feelings. It measures the degree of an individual’s like or dislike towards specific objects (Ajzen and Fishbein, 1980). According to Krech et al. (1962), attitude is the readiness system of positive or negative appraisal, emotions, and behavioral inclination regarding a given object. Schiffman and Kanuk (2004) argued that the attitude towards a product or a brand result from an evaluation of its overall benefits. Customers will have favorable attitudes when they feel there is an adequately high level of desired features. Conversely, they will have unfavorable feelings, if they feel that the level of desired features is not adequate or if there are many negative effects. The overall evaluation is associated with the desired benefits and product attributes that influence the customers’ thoughts and perform the particular outcomes.

- Advertising & Information Sources

Advertising & Information Sources represent nonpersonal communication that mostly involves mass media (i.e. TV, radio, magazines, newspapers) to transmit the message about a company, product, service, or an idea to the target market (Belch and Belch, 2009). Advertising communicates the message that conveys the concept of the product, service, or the idea to persuade the mass audience (Burke, 1973). Advertising and information sources are valuable for perform the following five crucial functions: informing, persuading, reminding, adding value, and assisting (Shimp, 2003). These factors play an important role in consumer behavior, which in turn could affect customer repurchase intention.

- Physical Attributes

Physical attributes are the tangible compositions of a product appearance or service characteristics that are used to decide the product’s nature and performance (Keller, 1998). The
determinant characteristics are descriptive features used to characterize products and services which possess the specific attributes that consumers desire (Keller, 1999). Product appearances are beneficial marketing tools for penetrating new markets and tempting current customers (Kivela, 1997). Physical attributes can be identified as tangibles such as quality, colors, graphics, sizes, shape, and the components of a product. These characteristics are normally used to satisfy the practical needs of customers (Bhat and Reddy, 1998).

- Psychological Attributes

Psychological attributes may be defined as the ability of producers to provide enjoyable experiences or values to their consumers (Holbrook, 1994), as well as to satisfy intangible wants, such as, for example, reputation and social needs for interaction (Sheth, 1983). Psychological attributes have been identified as extrinsic characteristics of products and services that are generally relevant to customer’s consumptions. These attributes can indirectly influence the purchase behavior through usage imageries, feelings, experiences, etc. (Keller, 1998).

In developing countries, imported goods are seen as holding pleasant characteristics, for instance, social status and self-esteem, which provide hedonic rewards (i.e. feelings of enjoyment and delightfulness) to customers when they use these foreign products or brands (Bhat and Reddy, 1998; Kinra, 2006). According to Stauss & Neuha (1997) and Yu & Dean (2001), psychological attributes are associated with emotional values. If these attributes can satisfy a consumer’s sensory pleasure needs, then the likelihood of repurchase intention will be high.

- Perceptions

Perceptions refer to perceived quality as shoppers assess the overall advantages of a product or a service about its intentional purpose, relative to actual behaviors (Zeithaml, 1988). Perception depends on consumers’ judgment toward the product superiorities. According to Zeithaml et al. (1990), perception is multidimensional and involves the following aspects: appearances, reliability, responsiveness, assurance, and personalization. Appearances represent the physical characteristics of a product that the consumers perceived. Reliability is the capability to deliver the promised services dependably and correctly. Responsiveness can be defined as the readiness to supply the services promptly. Assurance refers to the ability to create confidence and trust. As to personalization, it is the ability to provide personal attention to each consumer.

Perceptions can affect the repurchase intentions of current consumers and the primary purchase of new consumers. Fornell (1992) stated that the consumers who are disappointed with the performance of a product or a service tend to reveal their experiences to more persons and may also move to competitors who possessed better perceived qualities. Bad perceptions could generate negative conversations which would decrease the current and new consumer bases. Conversely, good perceptions are likely to generate positive conversations, which are powerful instruments to keep existing consumers and attract potential buyers. Iyer & Kalita (1997) and Kinra (2006) pointed out that the consumers in developing countries are likely to perceive foreign goods as high quality. Besides, consumers may buy the products, if they perceive those products can serve the right features, and have the benefits and quality sought.

Thus, perception is considered as a critical factor affecting the repurchase intention of Thai female customers towards products in general, and for the purpose of this study, towards Etude House cosmetic products in particular.

3. Conceptual Framework and Research Hypotheses

Figure 1: Conceptual framework

As aforementioned, the purpose of this study is to determine the significant factors influencing Bangkok-based customers’ repurchase intention...
toward Etude House, a Korean cosmetic brand. In addition, this research tests the significant relationships between customers’ subjective norms, beliefs, attitudes, advertising & information sources, physical attributes, psychological attributes, perceptions, and willingness to repurchase.

Based on the conceptual framework and research objectives, the following nine hypotheses have been identified among the independent variables and the dependent variable (repurchase intention):

H1o: There is no relationship between subjective norms and attitudes toward Etude House cosmetics.

H2o: There is no relationship between beliefs and attitudes toward Etude House cosmetics.

H3o: There is no relationship between advertising and information sources on physical attributes of Etude House cosmetics.

H4o: There is no relationship between advertising & information sources on psychological attributes of Etude House cosmetics.

H5o: There is no relationship between physical attributes and perceptions toward Etude House cosmetics.

H6o: There is no relationship between psychological attributes and perceptions toward Etude House cosmetics.

H7o: There is no relationship between subjective norms and repurchase intention toward Etude House cosmetics.

H8o: There is no relationship between attitudes and repurchase intention toward Etude House cosmetics.

H9o: There is no relationship between perceptions and repurchase intention toward Etude House cosmetics.

4. Research Methodology

The researcher obtained 402 questionnaires from Thai female customers in Bangkok, who are current customers of Etude House and have product experience of at least 6 months. Since they tend to be familiar with the products and may decide whether or not to repurchase them in the future, they make up the population for this study (Dumrongkulkumjorn, 2003).

Three sampling procedures were applied as follows: (i) Judgment or purposive sampling - The targeted population was women shopping at Etude House’s stand-alone shops and brand counters at department stores that carry the brand (Siam Square, The Mall Bangkapi, and Siam Paragon). These branches are among the top shopping areas and have plenty of customers and high sales revenue; (ii) Quota Sampling, a method used to compute the entire sample members and separate them into subgroups. The 402 questionnaires were divided into three equal portions; (iii) Convenience Sampling, which is used for a large number of respondents.

The researcher collected the data from 134 respondents in each of the three department store branches mentioned above. The primary data was collected by using the survey technique and self-administered questionnaires during July - August 2011. The content of the questionnaire supported the conceptual framework and was in line with previous studies. The questionnaires were in Thai and consisted of ten parts. Part 1 includes a screening question to identify women who are current customers and have product experience of at least 6 months using Etude House cosmetics. Parts 2 - 9 are the attitudinal rating scale. Based on the five-point Likert scale, they measure the respondent’s attitudes with ratings ranging from disagree (1) to strongly agree (5). Part 10 includes personal information and consists of four items (age, education, income, and career).

The data were processed by the Statistical Package for Social Sciences (SPSS) software to generate readable and easily interpreted information. All variables were tested the relationships using Pearson Correlation. A 0.05 confidence level was set to determine the hypotheses in this study. If the p-value is greater than 0.05, the null hypothesis failed to reject and there is no relationship between two variables. On the contrary, if the p-value is less than 0.05, the null hypothesis is rejected and there is a relationship between two variables.

5. Results and Conclusion

The demographic data indicate that the majority of the participants are teenagers and adults 35 years old or less. They account for 393 people (97.8%). The highest educational level is bachelor degree (76.1%). They are students (53.5%) and employees (30.1%), who have a monthly income of 670 US dollars (20,000 Baht) or less (77.6%). Etude House’s Thai female customers are thus women with a monthly of 20,000 Baht or less.

The results of hypothesis testing are based on the conceptual framework. The p-values of the nine hypotheses are 0.000, which is less than 0.01
and 0.05 (0.000 < 0.01 < 0.05). The null hypotheses are rejected; there are significant relationships among all variables. Subjective norms have a medium positive correlation with attitudes (H1); the coefficient of correlation is 0.460. Student House cosmetic products offer clear benefits, so female customers may have more favorable attitudes, especially if others recommend the attractive products or share their good experiences with those products. The correlative number is the lowest value for this research. The levels of subjective norms and attitudes can be different based on given products. In case of cosmetics, social influences have not significant effect on Thai female customers’ attitude (like/dislike).

Beliefs have a direct effect on attitudes (H2). There is high positive correlation (0.767) as attitude is an operation of the strength of beliefs (Ajzen and Fishbein, 1975). When individuals have positive beliefs, they tend to have favorable attitudes. If customers believe in the company’s reputation and popularity, they will have a more favorable attitude toward those cosmetics.

Advertising & information sources have significant relationships with physical attributes (H3) and psychological attributes (H4). Advertising such as, for example, magazines, billboards, and internet advertisements, is a good means to convey the product appearances and details to the targeted customers. Customers’ opinions of physical products can be derived from advertising and their own experiences with them. Furthermore, psychological characteristics come primarily through advertising that can create positive feelings, enhance customers’ confidence, and desire for the products. Advertising & information sources have a positive correlation with physical attributes (0.609). It is higher than psychological attributes (0.562), which means that the media transmits product details to customers more than favorable feelings do.

Physical and psychological attributes have direct effects to perceptions (H5 and H6); the correlative numbers are 0.548 and 0.820. Most Thai female customers perceived emotional and experiential benefits from psychological attributes, more than functional benefits from physical attributes. Customers have a positive perception, when they perceive the right features and quality. They love affordable prices, adorable design alike romantic fairy tales and varied colors, and sweet packages. Physical features can provide functional advantages to personal perceptions and respond to the tangible wants of customers. Specifically, they feel pleasure and therefore desire the cosmetics; the psychological characteristics can offer symbolic advantages to personal perceptions. That most Thai customers prefer Korean cosmetics more than domestic products is consistent with the studies of Bhat & Reddy (1998) and Kinra (2006) who stated that in developing countries, imported goods are seen as holding pleasant characteristics, such as, social status and self-esteem that achieve the emotional rewards when the customers use foreign products or brands.

Subjective norms have a direct relationship with repurchase intention (H7). Current customers tend to repurchase Etude House cosmetics, if these products are in big demand and impress others, all the more as the Korean Wave attracts Thai female customers to buy products of this brand. The correlation coefficient is a medium positive relationship (0.480), an unexpected result for this research. Since Thailand is considered to be a collectivist society with strong group-orientation (Hofstede, 1980), influencers and referents are concerned with customers’ decision making. Social influence affects Thai ladies’ intention to repurchase cosmetics less than other products (i.e. apparels, brand name bags, jewelries), as the latter reflect the image and social status of the users through visible product appearances, logos, or brand names (Kim et al., 2002).

The linkage between attitudes and repurchase intention has a high positive relationship (H8). The correlation coefficient is 0.761. Most female customers have favorable attitudes towards product distinctiveness and preference for the brand. When customers have favorable attitudes, they will have more committed behavioral tendencies.

There is also a high positive relationship between perceptions and repurchase intention (H9) with a correlation coefficient of 0.776. If the current customers perceived the quality and characteristics of the cosmetic products and if they have positive experiences with them and are impressed by their overall performances, they are likely to repurchase these products in the future. High perception of quality can provide a significant competitive advantage over the competitors’ offer and increase the market’s demand. Both attitudes and perceptions are crucial
variables on customers’ repurchase intention.

6. Recommendations

The findings of this research could help marketers understand customer behavior. If international cosmetic companies consider consumer behaviors and cultures in different markets and comprehend their wants and needs, they will most likely register more loyalty and achieve higher profits.

Customers have favorable attitudes and high repurchase intention, if they perceive a positive influence from others (H1 and H7). Since the majority of female customers are students and employees 35 years old or less, Etude House should focus its marketing activities around universities, office areas, and shopping centers. Setting up events may attract many people to join in and get initial product experience. Also, the use of social network is a powerful tool to inform and join in with others and discuss how to use or choose cosmetics or find out which cosmetics are people’s favorite or hear about good experiences after make-up sessions, etc. These good interpersonal influences can generate favorable attitudes and behavioral intentions.

Beliefs and attitudes are the most important factors that influence repurchase intention depending on personal characteristics (H2 and H8). Marketing strategies may focus on the image of products and brands by building brand awareness, using celebrity’s credibility, and others. When people have positive beliefs and favorable attitudes toward those products, they will have more willingness to buy them.

Advertising and information sources convey physical and psychological characteristics of the products to influence the customers’ recognition and buying behavior (H3 and H4). The appropriate use of media and frequency of exposures need to be considered, for instance, TV advertising, radio, beauty and fashion magazines, billboards, website, etc. The advertisement should communicate the product features and benefits together with the promotion of beautiful and youthful appearances. Moreover, the advertisement of cosmetics can enhance the customers’ confident and further his/her desire for the products.

Customers have positive perception if they have experienced the right and good characteristics of the products (H5 and H6). Professional marketers need to understand the markets, especially the product features, functional benefits, and emotional values that can generate positive feelings among customers. As to product design and quality, the product design should mention the graphics, color, package, size, and shape. Most female customers prefer sweet colors and adorable packages. Also, since most customers like the affordable price of Etude House products, promotion can stimulate the demands, for example, discount prices, premiums to name a few. Besides Korean letters on the products can make them feel proud to possess foreign goods, thus fulfilling their emotional benefits. The varied colors can attract ladies to imagine and enjoy using cosmetics and offer them to mix & match as their lifestyles (e.g lipstick, eye shadow, blushers).

The high quality of the cosmetics helps to build the confidence of target customers and convince them to use them. Customers tend to be concerned with the quality of make-up products before deciding to purchase them (H9). Thus, cosmetic firms should concentrate on quality control measures including improving the products consistently so as to remain competitive.

Finally, the positive relationships between the proposed factors (subjective norms, beliefs, attitudes, advertising & information sources, physical attributes, psychological attributes, perceptions) and repurchase intentions have been confirmed. Still, customer intention to purchase could be higher if marketers tried to increase the value of these factors. Such a strategy would be beneficial to improve customer retention and could help companies sustain growth and profits in the future.

- Recommendations for Further Research

As suggested by Wiwutwanichkul (2007), Kim & Chung (2011), and Khemlani (2003) who studied the factors influencing consumers’ buying intention of cosmetics, further issues are worth investigating in more details, such as, perceived value, perceived behavioral control, and celebrity endorsements. Since this research shows that there are positive behavioral intentions in Thai females’ attitudes and perception, future studies should focus on actual purchase behavior as well as post-purchases, for instance, loyalty or positive word of mouth. Finally, this paper only focused on Korean cosmetics and on one company. Other researchers could study other products, brands, or different countries of origin so as to gain a better understanding of Thai customers’ requirements.
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