

# **FACTORS AFFECTING PURCHASING BEHAVIOR OF CHINESE CUSTOMERS TOWARD COSMETIC STORES IN BEIJING**

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## **ABSTRACT**

With the increase in per capita income and the development of urbanization, people's living standards continue to improve, and people's appearance is getting more and more attention. A value-for-money economy came into being. The demand for cosmetics has skyrocketed. In Beijing, the cosmetics industry has also developed rapidly and continuously in recent years.

This study needs to study the impact of demographic factors, service marketing mix 7Ps and word-of-mouth communication on the purchasing behavior of cosmetic consumers in Beijing.

The results of the study found that demographic factors, service marketing mix 7Ps and word-of-mouth communication have an impact on purchasing behavior of Chinese customers towards Beijing cosmetics stores.

The findings can provide better recommendations for cosmetic companies' marketing strategies and help cosmetic industry gain a foothold in the Beijing market.

**Keywords:** Chinese Customers in Beijing, Cosmetics Stores, Customers Purchase Behavior

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## **Background**

The early cosmetics are the products now called color cosmetics, called MAKE UP in English, and the modern cosmetic concept has expanded a lot, including all skin care and hair care products, called COSMETICS in English. In Japan, because cosmetics are inseparable from fragrance, they are called fragrant cosmetics. In Greek, the meaning of cosmetics is the technique of decoration, which means to make up for the defects and promote the advantages of the human body. The definition of cosmetics in the “Regulations for Hygiene Supervision of Cosmetics” promulgated by the Ministry of Health of China is: “Cosmetics are spread on any part of the human body surface (skin, hair, nails, lips, etc.) by rubbing, spraying or other similar methods. Daily chemical industry products for the purpose of cleaning, eliminating bad smells, skin care, beauty and modification.” There are many types of cosmetics, and the most frequently used ones include basic cosmetics, cosmetic cosmetics for modification, and special products for special people.

After the reform and opening up, with the economic development and income level and rich cultural exchanges, consumers' lifestyles and values continue to change, and the role and function of cosmetics have also changed, and their purchase patterns have also changed dramatically. The luxury goods used by a few people have become fast-moving consumer goods commonly used in people's daily lives, and the demand for cosmetics has expanded significantly.

In recent years, China has become one of the largest cosmetics markets in the world due to stable economic growth, rising income levels and a large population base. This study aims to test whether there are relationship between demographic profile, service marketing mix 7P's, word of mouth communication and purchasing behavior of Chinese customers toward cosmetic store in Beijing. Therefore, this study proposed three hypotheses as follows:

H1: Demographic profile has effect on purchasing behavior of Chinese customers toward cosmetic stores in Beijing.

H2: Service marketing mix (7Ps) has effect on purchasing behavior of Chinese customers toward cosmetic stores in Beijing.

H3: Word-of-mouth communication has effect on purchasing behavior of Chinese customers toward cosmetic stores in Beijing.

## **Investigating constructs**

This study addresses the purchase behavior to Chinese customers toward cosmetic stores in Beijing. The proposed factors of demographic profile service marketing mix 7P's and word of mouth communication were used to examine the relationship with purchasing behavior of Chinese customers toward cosmetic stores in Beijing. The definitions of key terms in this study are described as follows:

- **Cosmetic stores mean** – These stores sell both local and international brands.
- **Demographic profile** – Demographic segmentation is to divide the market on variables such as age, race, religion, gender, nationality, occupation, family size, family life cycle, ethnicity, income, social class and education.
- **Service marketing mix 7P's** – product, place, price, promotion, people, processes, physical evidence.
- **Word-of-mouth communication** – online channel and offline channel.

## Methodology

The research is a survey research design that uses questionnaire to collect data from respondents. The research adopted quota sampling method by using online questionnaire to collect data. The respondents are who living in Beijing. Quota sampling is used in this study because compared with other sampling techniques, researchers based on their understanding of the overall structure, after grouping, take samples in a convenient way. Due to the number of population is unknown, the researcher use Taro Yamane table to calculate by the approximately sample size for this study (Poldongnok, 2009). The sample size is calculated based on 95% confidence level and 5% sampling error. However, this study collected data from 384 samples due to the limitation in terms of only 4 months study period for the independent study course, the researcher was allowed to collect 180 samples.

Data was analyzed using descriptive statistic to describe variables by mean, frequency standard deviation and percentage. Chi-Square was used to delimit the relationships between demographic profile and purchasing behavior of Chinese customers towards the cosmetic stores in Beijing, and the relationships between Service Marketing Mix (7Ps) and purchasing behavior of Chinese customers towards the cosmetic stores in Beijing, and the relationships between word-of-mouth communication and purchasing behavior of Chinese customers towards the cosmetic stores in Beijing.

## Results and Discussion

This study collected data from Chinese customers who living in Beijing. Questionnaires were distributed to 180 respondents through online channel and 154 acts were received and all were used in data analysis, resulting the response rate of 85.56% were achieved.

In summary, the respondents of this study are Chinese customers who living in Beijing, The majority of the respondents were female (61.04%), followed by male (38.96%), mostly aged 26-30 years old (32.47%), followed by 21-25 years old (23.38%) 31-35 years old (16.23%). they graduated with Bachelor's degree (36.36%) followed by Certificate (19.48%) Master's degree (17.53%) High school (16.23%) Secondary school (5.84%) and Doctoral degree (4.55%). Marital status: most of them are Married (47.4%), followed by single (36.36%) divorced (8.44%) separated (7.79%). Monthly

income: most of them are 5001-6000 CNY (34.42%) followed 6001-7000 CNY (24.03%), 4001-5000 CNY (16.88%), 3001-4000 CNY (12.99%) Lower than 3001CNY (8.44%) and More than 7000 CNY (3.25%).

Most respondents agreed that service marketing mix strategy such as price, promotion, process and physical evidence have an impact on purchasing behavior of Chinese customers toward the cosmetic stores. However, product, place, people from service marketing mix strategy didn't influence purchasing behavior of Chinese customers toward the cosmetic stores.

Most respondents agreed that word-of-mouth communication such as online channel and offline channel have an impact on purchasing behavior of Chinese customers toward the cosmetic stores.

This leads to development of conceptual framework of the study and the following hypothesis:

H1\*: Demographic profile has an effect on purchasing behavior of Chinese customers towards the cosmetic stores in Beijing.

H2\*: Service Marketing Mix (7Ps) has an effect on purchasing behavior of Chinese customers towards the cosmetic stores in Beijing.

H3\*: Word-of-mouth communication has an effect on purchasing behavior of Chinese customers towards the cosmetic stores in Beijing.

Note:\* Partial support at significant level of 0.05.

**Table 1** Result of Hypothesis 1: Relationship between Demographic Profile and purchasing behavior

Demographic Profile	focus of purchasing	of frequency of purchasing	channel for purchase	amount spending per time	of reason for purchase
Gender	0.000*	0.000*	0.000*	0.000*	0.000*
Age	0.000*	0.000*	0.000*	0.000*	0.000*
Education	0.000*	0.000*	0.000*	0.000*	0.000*
Monthly income	0.000*	0.000*	0.000*	0.000*	0.000*
Marital Status	-	-	-	-	-

The table 1 showed that the demographic found having significant relationship with purchasing behavior of Chinese customers towards the cosmetic stores in Beijing (P < 0.05)

**Table 2** Result of Hypothesis 1: Relationship between Service Marketing Mix (7Ps) and purchasing behavior

Service Marketing Mix (7Ps)	purchasing behavior focus of purchasing	frequency of purchasing	channel for purchase	amount spending per time	reason for purchase
Product	-	-	-	-	-
Price	-	0.032	-	0.012	-
Place	-	-	-	-	-
Promotion	0.012	-	-	0.004	0.021
People	-	-	-	-	-
Process	0.015	-	-	-	-
physical evidence	0.023	0.010	-	-	-

The table 2 showed that the Price, promotion, process and physical evidence found having significant relationship with purchasing behavior, and product, place and people found having no significant relationship with purchasing behavior. ( $P < 0.05$ )

#### **Service Marketing Mix (7Ps) (product) and purchasing behavior**

Product was not found having a partial significant relationship with purchasing behavior of Chinese customers towards the cosmetic stores in Beijing ( $P > 0.05$ )

#### **Service Marketing Mix (7Ps) (price) and purchasing behavior**

Price was found having a partial significant relationship with purchasing behavior of Chinese customers towards the cosmetic stores in Beijing ( $P < 0.05$ ). Respondents who were agree price (compare two stores and choose the lowest) buy cosmetic every 3-6 months (44.06%), Respondents who were agree price (the fair price) buy cosmetic per time by 301-600 CNY (44.83%)

#### **Service Marketing Mix (7Ps) (place) and purchasing behavior**

Place was not found having a partial significant relationship with purchasing behavior of Chinese customers towards the cosmetic stores in Beijing ( $P > 0.05$ )

#### **Service Marketing Mix (7Ps) (promotion) and purchasing behavior**

Promotion was found having a partial significant relationship with purchasing behavior of Chinese customers towards the cosmetic stores in Beijing ( $P < 0.05$ ). Respondents who were agree sale promotion (offer “ discount coupons ” ) buy cosmetic per time by 301-600 CNY (43.64%). Respondents who were agree sale promotion (offer “gifts and samples”) buy cosmetic every 3-6 months (48.84%). Respondents who were agree sale promotion (buy one get one free) buy

cosmetic every 3-6 months (50.94%). Respondents who were agree public relation ( through live performances) buy cosmetic the reason of basic skin care (36.73%)

**Service Marketing Mix (7Ps) (people) and purchasing behavior**

People was not found having a partial significant relationship with purchasing behavior of Chinese customers towards the cosmetic stores in Beijing ( $P > 0.05$ )

**Service Marketing Mix (7Ps) (process) and purchasing behavior**

Process was found having a partial significant relationship with purchasing behavior of Chinese customers towards the cosmetic stores in Beijing ( $P < 0.05$ ). Respondents who were agree process (beauty consultation) focus on buying cosmetics is benefits (43.28%)

**Service Marketing Mix (7Ps) (physical evidence) and purchasing behavior**

Physical evidence was found having a partial significant relationship with purchasing behavior ( $P < 0.05$ ). Respondents who were agree physical evidence (well decorated) buy cosmetic every 3-6 months (44.12%). Respondents who were agree physical evidence (AR virtual makeup equipment ) buy cosmetic per time by 301-600 CNY (42.47%).

**Table 3** Result of Hypothesis 1: Relationship between Word-of-mouth communication and purchasing behavior

Word-of-mouth communication	purchasing behavior focus of purchasing	frequency of purchasing	channel for purchase	amount of spending per time	reason per purchase
Online channel	-	0.007	0.003	0.015	-
Offline channel	-	-	-	-	0.032

The table 3 showed that the Word-of-mouth communication found having significant relationship with purchasing behavior. ( $P < 0.05$ )

**Word-of-mouth communication (online channel) and purchasing behavior**

Online channel was found having a partial significant relationship with purchasing behavior ( $P < 0.05$ ). Respondents who were agree online channel (check product purchase reviews from the website (e.g., taobao.com) the channel for buying cosmetics is official website. Respondents who were agree online channel (check product purchase reviews from the website (e.g., taobaocom) buy cosmetic every 3-6 months. Respondents who were agree online channel (check product purchase reviews from the website (e.g., taobao.com) buy cosmetic per time by 301-600 CNY.

### **Word-of-mouth communication (offline channel) and purchasing behavior**

Offline channel was found having a partial significant relationship with purchasing behavior ( $P < 0.05$ ) Respondents who were agree offline channel (ask friends for advice before buying) the reason of buying is basic skin care

### **Implication of the study**

1. In this study, the majority of the respondents were female, aged 26-30 years old, marital status was married, their education level was bachelor's degree and monthly income is 5001-6000 CNY. Can provide this group of people with products suitable for them, the operator can establish a marketing model for this group of people to increase the sales of cosmetics.

2. According to the promotion, process and physical evidence factors, customers are more inclined to give discount coupons, sample gifts, decorated cosmetics stores that provide AR makeup instruments and beauty information. The operator of the cosmetics store can make some adjustments to the decoration of the store, add more promotional activities to attract consumers, install AR test makeup tools to attract consumers to enter the cosmetics store, can provide some beauty information to recommend some suitable for consumers product.

3. Most offline customers will ask people around them before buying, while online customers will review product reviews and believe articles written by professionals before buying. Therefore, the operator of the cosmetics store can do some website activities, buy products on the website, write a good review after receiving the product and get red envelopes, or find some professionals to promote it to improve its word-of-mouth.

### **Limitation and Recommendation for future study**

The research process still faces the following limitations, mainly:

1. Sample limitation: Although the research object of this study is in the Beijing area, only four of the 16 districts in Beijing are selected. Due to the limitation of manpower and material resources, it is impossible to conduct a sample survey of 16 districts.

2. Time difference: The research questionnaire in this study is issued at a specific time, so only the cross-sectional analysis of the cosmetics demand characteristics of the interviewee can be carried out to express consumers' views at that specific time point, but the demand characteristics will vary with the time. Changes have occurred in response to changes in time and environment, and this study did not delve into the effects of changes in time and environment.

The recommendations given are to increase the frequency of consumer purchases, increase the single purchase number of consumers, expand market share and improve word of mouth.

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