

THE PRACTICES OF LOCAL COSMETIC PRODUCT ON THE CUSTOMER LOYALTY AMONG MALAYSIAN YOUTH

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ABSTRACT

Over the past decades, skin care products with whitening and lightening function have been introduced to the Asian market and have been recognized as the best-selling product categories in the Asian beauty industry included Malaysia. The needs and desires of people to be beautiful should be the same throughout the world. People will gain confidence and stand in front of crowds without fear with the aid of the beauty product. The first impressions given to people in this modern society are crucial. People are increasingly emphasis on the appearance rather than other more durable criteria and emphasize on the shape of the female body, with the aids of the fashion and cosmetic products. Based on this reason, the desire to be beautiful has become increase until they are willing to take a risk by using the product that contains harm ingredients to appear beautiful in a short time. Although various ways have been done by the Ministry of Health to combat the use of dangerous products, it is very suprising that consumers are still loyal to use this product. Therefore, this study is to investigate what are the factors that influence customer loyalty towards cosmetic industry especially into skincare consumerism among Malaysian Youth. Hence, this paper intends to review past literature and develop a conceptual framework that will investigate the relationship between the practices in cosmetic industry and customer loyalty, particularly in local cosmetic product. This proposal hopes to contribute to cosmetic industry and customer and provides insights to marketing researchers in understanding the influence of business ethics and customer loyalty. Hence there is no findings reported in this paper since this is a conceptual paper.

Keywords: *Youth, Cosmetic Product, Cusotmer Loyalty, Malaysian*

INTRODUCTION

Cosmetic is one of the components that make people more attractive. It becomes a trend for most individuals to use cosmetics in their everyday lives irrespective of which generation groups they intent to. While cosmetic use is on the rise, some consumers are not very worried about cosmetics ' consequences for their healthy body, such as skin and physical perspective. As mentioned by Rodda (2004) it stated that some Asians, they tend to overdo the usage like whitening practices. They randomly selected products to be used without thoroughly reviewing the usefulness and negative results of the product that been use (Mansor & Yaacob, 2010). Sales of hair care, skin care and color cosmetics from 2008 to 2013 showed a 4 per cent increase in sales of color cosmetics in Malaysia to reach RM486 million compared to RM467 million, a 5 per cent increase in skin care to reach MYR1.6 billion and a 4 per cent increase in hair care to reach MYR921 million (Euromonitor, 2014).

According to all data regarding to the sales and demand of the skincare product, we always have enquiry, why consumer being loyal to the unethical business product especially skincare product while they are aware that the product will cause harm to the consumer but the consumer still buy the product over and over again. As reported in Harian Metro, 2019 many cases reported in the media regarding the negative effects of these hazardous chemicals that can cause itchy skin, red, rebarling and so on. What is feared is that if the product can expose the user to be risky with skin cancer or possibly fatal (Yusliza Yukimar, 2019). The concern was also voiced by aesthetic experts, Dr Riza Hartini Razali againts the use of cosmetics containing hazardous materials, the consumer awarness of a major focus.

Such reports include using poisonous ingredients. Amanda, 2019 reports that “14 cosmetic products found to contain poison. Health Ministry warns against cosmetics products found to contain scheduled poison diphenhydramine”, 2019; Beatrice Nita, 2019).Use of misleading and excessively claimed benefits.This suggests that cosmetics dealer s are dishonest, which can be defined as immoral, only focus on profit without considering the negative effect to the users.

Unfortunately, there are so many unethical company procedures are being pursued in the cosmetics sector. Furthermore, due to the reliance of the cosmetics sector on the chemical industry, issues such as environmental pollution have been raised hugely. Unscientific and unethical procurement of natural ingredients such as palm oil and environmental harm induced by the use of such cosmetic products are other significant problems facing the cosmetics sector. Hence, since businesses have an important effect on customer understanding of the brand, organizations should prevent unethical practices.

PROBLEM STATEMENT

Many businesses have appeared in the cosmetics company in the age of globalisation. Cosmetic products are quite a lot on the market and confuse customers with choosing them and they are still being asked about their safety. Most of the beauty products generated are still not environmentally friendly in the sense that they still use ingredients that are detrimental to customers (Shaputra, 2013). The competition that is taking place in the cosmetics product business, where each firm continues to try to create high-quality and diverse products so that they can compete with other current products. Despite attempts to enhance product quality, many beauty products businesses are still not liable for using a combination of dangerous chemicals in their beauty products in order to save manufacturing expenses. This can be hazardous for customers who eat these products.

In Malaysia, millions of consumers spend around RM2 billion a year on cosmetic including from the small scale sector, compromising themselves with goods that are detrimental to their health (Farah and Aliza, 2016). Demand and current trend in the beauty industry are growing rapidly, but they are poorly regulated when there are many reports of loopholes that allow manufacturers and retailers to operate and promote their products by placing their consumers living at a high risk (Farrah and Aliza, 2016).

While the Asean Cosmetic Directive highlighted its first objective of existence in 2008 is to enhance cooperation among member of countries by ensuring the safety, performance and claimed benefits of all cosmetic products in Asean, a number of reports on non-compliance with the regulation can be easily be found in mass media.

More than 62 skin lightening items were launched in 2008 in South East Asia. In addition, women's participation in the workplace is growing their income and wealth. Most of the women tend to buy the whitening product to lighten their skin. (Deirde, Helen, Mark, 2010) To fulfill consumer needs, the whitening product was still developing to match the market demand.

While these industry surveys and studies identify the trends and future demand of customers primarily young women in the worldwide, the demand for halal cosmetics in Southeast Asia is increasing as stated in the "Asia Pacific Halal cosmetics market sales to see high growth by the end of 2020, "2019) .Increasing awareness of the transdermal essence of cosmetics, increased personal grooming needs, demand for organic or vegan, friendly cosmetics, and comprehensive distribution channels are key factors in the growth of such cosmetics in Southeast Asia. In Malaysia's market, it is not only consider at the harmful ingredient, but the producer have to consider that the product are produced using the halal ingredients since the majority of the population in Malaysia is Muslim. Referring to the Department of Islamic Development Malaysia (JAKIM), halal is an Arabic word which brings the meaning of allowed or permissible. Therefore, if a product is classified as halal, it means that the item not only uses healthy products, but also the processes of production, processing, packaging and delivery comply with shariah regulations. The procedure has to convince the users, including

non-muslims, assurances that the product is safe, clean and ethical and that it can be used without any doubt (Nadia Badaruddin, 2019)

Having said that, while demand and trends for halal cosmetics products are increasing, numerous reports on unethical practices by cosmetics sellers are still being reported in the mass media. Therefore, this requires a research to investigate the impact of sellers' ethical practices on their customers. A review in the literature demonstrates that businesses cannot just depend on being the brand that provides the cheapest price in the market, but also other non-financial factors are becoming more important to consumers in their purchase decision making (Cullen, 2017). Nelson (2015) estimates that 66% of customers around the world are willing to spend their money on responsible companies dedicated to doing the right thing (Cullen, 2017). However, the study also claimed that companies can not only be ahead in the market but also attract and retain customers by being ethical (Cullen, 2017).

LITERATURE REVIEW

Overview of Customer Loyalty in Beauty Industry

Beauty is one of the industries with the lowest customer loyalty. There is so much choice that people feel curious to try ever new products (Teneva, 2018). In recent years, the market of the cosmetics industry is growing in the world. The cosmetics companies are constantly develop and make many cosmetics products for the consumers' demand. The competition in the cosmetics industry is increasing. However, the products knowledge of many cosmetics consumers was limited. Literature on brand ngiand brand loyalty contains many different approaches to define the concept of brand loyalty. These range from preference, to repeat purchase, to various degrees of commitment. (Keller, 1998) maintains that loyalty is a distincti on ceptthat isioften measurediin aibehaviouralisense through theinumberiof repeat purchases.

According to Che Wel et. al., (2011), brand loyalty define as kept long-term preferable relationships to ais pecific product service and also includedisome degreeiofcommitment towardithequalityiof aibrandthat is aifunctioniof bothipositive attitudesiandirepetitive purchases. Khraim (2011); believeithaticustomersimayialsoibe loyalidue to highiswitching barriersirelated toeconomicaliand psychological factor which make it costly or difficult for the customer to change.

Aaker and Keller, 1990 believeithatloyalty isiclosely associatediwith variouisifactors, oneiof theimainionesibeing theiexperience of use. Customersimay be loyalioing to high switching barriers relatedvto technical, economicalvor psychologicalv factors,iwhich makevit costly or difficult for thevcustomer tovchange. In anothervpoin of view,vcustomers mayalso be loyal because theyvareisatisfiediwith the brand, andithus want toicontinue the relationship (Fornell, 1992)

As conclusion, customer loyalty is important for every business to remain sustain in the industry (Ranabhat, 2018). Every organization or business must have their own strategies to

keep the customer stay loyal to them (Sanow, 2019). Therefore, this study is important as comprehensive information about customer loyalty, with the definition and perception of customer loyalty provided by different countries and industries and also relevant legal and regulatory bodies in Malaysia can contribute in term of the effort to reinforce business ethics in beauty industry.

Customer Loyalty

The concept of customer loyalty is essential to a marketing strategy (Toufaily, Ricard, & Perrien, 2013); from the point of view of the practitioner, it is also one of the company's most enduring assets. (Holbrook, 2012) Suggested that behavioral or purchase-loyalty comprised of frequent purchases of the product, while behavioural loyalty included a degree of dispositional engagement, in terms of some distinctive value connected with the brand. Customer loyalty was regarded dimensional, including both attitudinal engagement and behavioral re-purchase intention. Based on previous studies, customer loyalty was described as the positive attitude of the client towards the m-commerce website, leading in a repeat purchase conduct. Creating and retaining customer loyalty helps businesses create long-term, mutually beneficial interactions with clients (Pan, Sheng, & Xie, 2012); these loyal clients show attachment and dedication to the business and are not drawn to competing products . Furthermore, devoted clients are prepared to pay more, communicate greater purchase intentions and resist switching (Evanschitzky et al., 2012). In this sense, it is essential that companies have loyal clients.

Loyalty to purchase or use a particular brand of a product is established when a brand becomes the consumer's preferred option. Consumer loyalty is what makes a brand worth millions or billions of amount. Consumers appreciated these products for what they are and what they represent adequately to stick with them and dismiss the openings of rivals, generating a constant stream of income for the company. According to (Mwai, Muchemi & Ndungu, 2015), scholarly study in a multitude of industry environments has shown that brands with a big market share are likely to have more faithful customers than brands with a tiny market share. Aaker (1991) thinks that it is comparatively cheap to maintain customers, particularly if they are satisfied with or like the brand. There is considerable inertia among customers in many industries, even though there are comparatively low switching costs and a low customer dedication to the current brand.

Customer Value

Customer value was regarded a source of significant advantage for organisations (Woodruff, R. B, 1997). Customer value is produced and produced in a reciprocal process between the two sides in a company partnership (Gro, 2011) and is assessed from a consumer experience view organisations can be seen as service enterprises. Organizations developing a distinctive significant advantage can expect a better long-term company performance. Customer value is a conceptual design (Sa'nchez .,2006). The provision of multiple value-added services is highlighted as a means to differentiate and strengthen the competitiveness of the organization.

Customer's experience of distinct kinds of client value in service may have distinct impacts on the company performance of an organization, such as customer loyalty.

Customer value is the distinction between complete customer benefits and complete consumer costs (Kotler, 2000). Another value-added value is the innovation of a proactive business that will provide an chance for superior client value, while others with reactive innovation will only serve customers with fair value compared to their rivals (Ingenbleek et al., 2001). However, only a few of the clients who have knowledge in assessing and assessing quality and their perceived value are very subjective, which is why it is essential for the marketer to be able to transmit the value of the client powerfully in order to attain superior client value (Lovelock and Wirtz, 2007).

In today's vibrant marketplace, customer value has been one of the most important drivers. According to Holbrook (1884), customer value is the basic foundation for all marketing activities. It relates to what is perceived as a consumer's general evaluation of a product or service based on the perception of what is received (benefits) and what is provided (expenses incurred). It is frequently referred to as the proportion or trade-off between quality and cost. Customer purchasing experiences often require the simultaneous interaction of many aspects of values.

Trustworthiness

Trust includes the belief of customers in products, brands, services or sales representatives and the institution where the goods or services are purchased and sold (Belanger, 2002). Due to the important impact on the accomplishment of a long-lasting and lucrative partnership, confidence has gained considerable attention in the marketing literature for years to come. Trust has gained a good deal of publicity from academics in a number of fields, like psychology (Mashavha, 2016). A trust connection is needed. Trust as a guarantee of a connection between two or more individuals in cooperation. According to Kendra (2003), trust is the psychological component of a state resigned to accepting deficiencies on the basis of favorable expectations and intentions or conduct of others.

If the consumer has trust in a company's services and goods, this contributes to loyalty (Ribbink, Liljander, & Streukens, 2004). There are several factors that determine customer loyalty, but the role of trust plays a crucial part in customer loyalty. In fact, digital loyalty stems from offline service quality and perceived value (Harris & Goode, 2004).

Moreover, trust has greater impact over loyalty as studied by 5, that when the level of trust is greater on the supplier then loyalty will increased and customer want to retain with the supplier by increasing the level of commitment (Rauyrueen & Miller, 2007). Essentially, organizational success was much simpler when its customer was loyal and that loyalty continued commitment to the company (Kandampully & Suhartanto, 2000).

Basically differentiation a wide study area that includes customer concern and ease, also enhances the level of loyalty when considering and object that leans customers over the electronic network (Souitaris & Balabanis, 2007). Customer relationship building is the

essential aspect of exploring, creating and sustaining customer loyalty (Wong, Chan, Ngai & Oswald, 2009). Usually E-loyalty is difficult to increase as lot of risk attached to this medium (Costabile, 2010) maintain that client confidence described as the perception of the accuracy of the customer's view, according to experience or more in the sequence of operations or relationships, is characterized by the achievement of perceptions of product quality and satisfaction. Barnes (2007) indicated that the trustworthiness includes a person's readiness to act, in specific, on the basis of the faith that his partners will achieve what he expected, with a general assumption that a individual who says, guarantees or depictions of others can be trusted. Indeed, trust is a powerful company basis. There will be no company transactions without confidence. It is therefore evident that trust is the driving force of company. Generally, trust can be viewed as a hope that depends on a individual or a group of words, commitments, opinions or verbal arguments from people or other organizations that may be justified. (Kingdom, Utami, & Aceh, 2015) indicated that there is important client confidence in customer loyalty.

In the context of cellular service industry (Sarwar, Abbasi, & Pervaiz, 2012) stated that, there is a significant relationship between customer trust and customer loyalty. Such results indicate that Customer Loyalty in cellular companies is greatly affected by Customer Trust as cellular companies are trying to offer the level of service they have announce. Their improve their consumer trust by rapidly addressing customer conflicts and grievances, marketing authenticity, and increasing customer facilitation. Such factors eventually create customer trust and prove that trustworthiness has a positive effect on customer loyalty.

Perceived Fairness

In today's beauty industry, perceived fairness has been seen to be a main factor in retaining customer loyalty (Kimes and Wirtz, 2003). Blodgett et al. (1997) discovered that individuals who viewed inequality were more likely to show anger, participate in adverse word-of-mouth advertising, and disassociate themselves from the service provider viewed as unfair. In their model of customer loyalty indicators, Bei and Chiao (2001) claim that perceived fairness can contribute to customer satisfaction and customer loyalty and that customer satisfaction is also a determining factor in customer loyalty. Indeed, Yieh, K. Chiao, Y.C., & Chiu, Y.K. (2007) discovered that client perceptions of perceived fairness are favorably linked to customer loyalty. Using an experimental study to evaluate the effect of customer equity factors on customer loyalty, (Wetzels, 2000) discovered that distributional fairness and procedural fairness during service recovery substantially enhance customer loyalty results. (Wetzels, 2000)

The Hwang & Wen (2009) research deals with consumer perceptions of fairness towards hotel overbooking and client loyalty compensation policies. The results of their research have shown that perceived fairness towards hotel overbooking and compensation policy has a beneficial and substantial connection with customer loyalty. Therefore, it is interesting to investigate the relationship of perceived fairness towards customer loyalty, since there are still lack of discussion on those area of study in cosmetic industry

(Nguyen & Tuan, 2017) proposed that service suppliers should give their consumers fair services as the most important factor in generating customer loyalty. This is consistent with Giovanis, Athanasopoulou & Tsoukatos (2015) that, if consumer feel good about the therapy they receive from their services provider, they are likely to see a greater quality of service provided and will be more prepared to enter into a long-term partnership with the service provider. Many previous empirical studies have found that fairness is regarded to be an significant factor that influences customer loyalty (Hwang & Wen, 2009)

Conceptual Framework

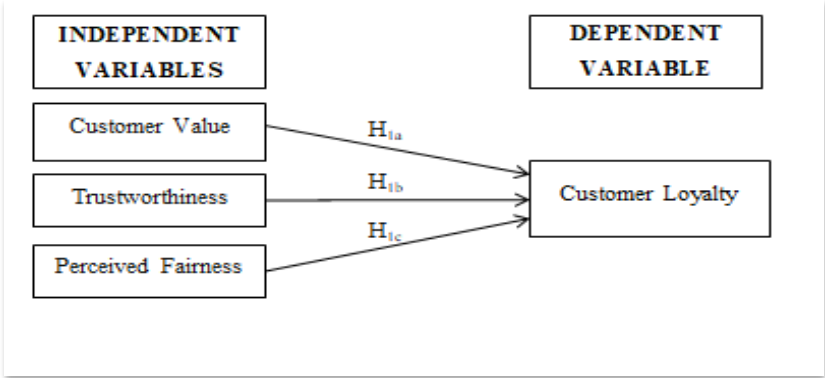


Figure 1: Conceptual framework on The Practices of Local Cosmetic Product on the Customer Loyalty among Malaysian Youth

METHODOLOGY

Research Design

This research studies the Practices of Local Cosmetic Product on the Customer Loyalty among youth in Malaysia which to test the relationship between the customer value, trustworthiness and perceived fairness toward customer loyalty. In order to conduct research on this topic, quantitative approach was employed to test the hypothesis and answer all research questions. The framework has been develop by reviewing the previous study and all the resources were found on the research engine such as google scholar, Ebsco and Emerald Insight and other few websites. A cross-sectional study is proposed in this research. This method is used to describe the characteristic that exists in that population as they allow different variables where we can collect data on some different variables to see how differences in sex, age, educational status, and income might correlate with the critical variable of interest. Beside that, cross-sectional studies are usually relatively inexpensive and allow researchers to collect an information quite quickly. Data is often obtained using self-report surveys and researchers are then able to amass large amounts of information from a large of participants.

Target Population

The population of consumer for this study is the youth that consume the cosmetic such as students, professionals and public society. The criteria of consumers we choose are the aged start from 18 and above who are using local cosmetic products. The target respondents of consumers for this research are local cosmetic users in Malaysia. The information will be collected through questionnaire.

Sample Size

The questionnaire using convenient sampling will be distributed to respondents in Malaysia. To determine a sample size for a given population, the sample size adopted in this research is 115 respondents.

Data Analysis

The actual data, to be collected through self-administrated questionnaire, will be analysed through descriptive analysis and inferential analysis conducted using Statistical Package for Social Science (SPSS) version 24 and Smart PLS 3.0. to obtain results.

CONCLUSION

The purpose of this study is to investigate the Practices of Local Cosmetic Product on the Customer Loyalty among youth in Malaysia . More specifically, the study is designed to investigate the extent to which customer loyalty can be influence by the practices of the local cosmetic product. The study is to see whether the customer consider customer value, trustworthiness and perceived fairness when purchasing a cosmetics product or not. This conceptual paper is hope to contribute to the literature and need a future research.

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