Every Girl Can be Treated as A Princess!
An Investigation of Chinese Female Consumers’ Cosmetics Consumption
– The Impact of eWoM

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ABSTRACT

With the rise of the digital technology and social medias, electronic word of mouth (eWoM) has become very influential in the process of consumer decision making, i.e. information sharing, exchanging product knowledge, sharing individuals’ experience, and communicating purposes. The advantages of adopting eWoM over traditional WoM are listed as follows, information accuracy, easy access to the information, convenience and real-time interactions. It is interesting to see how eWoM influence cosmetics consumers’ purchasing intentions and product preferences in China. Besides changing infrastructure, online shopping has also been viewed as a trendy lifestyle in Mainland China. The online transaction value of Chinese cosmetics retailing is growing at 5% annually over the past decade (Morgan Stanely, 2016). Furthermore, more than 86% of female Chinese consumers rely heavily on eWoM (online reviews) when it comes to the choice of brands, new product launch promotion and new cosmetics trends…etc. (Nielsen, 2014).

In order to understand the impact of eWoM on Chinese female consumers’ buying decision in cosmetics industry. We employed the information adoption model to investigate the Chinese female consumers’ online shopping behaviour and decision-making process. Our findings provide insights of showing how online reviews can influence consumer decision making in cosmetics purchase behaviour in a positive way to achieve their desired goals. The study provides useful recommendations for industry practitioners on how to utilise our research findings to achieve greater success when building eWoM for cosmetics businesses.

Keywords: Electronic Word of Mouth, Consumer Behaviour, Cosmetics Products, Information Adoption Model.
INTRODUCTION

Electronic word-of-mouth (eWoM) is defined as the exchange of positive or negative statements and knowledge by consumers potential, actual or former carried out online concerning the product or company (Hennig-Thurau et al., 2004; Wu and Wang, 2011). eWoM is disseminated via Web 2.0 applications which include; review sites, social networking sites, instant messaging sites, blogs, discussion forums, retail sites and news groups among others (Ramyah et al., Li and Du, 2011). With the rise of eWoM, review websites have been created solely to utilise its effects, these are best known as third-party review sites, an example being Epinions.com. In addition, retailers now facilitate the use of eWoM through providing their consumers with the opportunity to review/comment/rate the products as well as product manufacturers who have set up online communities to enhance the effect of eWoM (Ku, Wei and Hsiao, 2012). An example is in early 1995, Amazon.com offered consumers the opportunity to post messages evaluating the products they had purchased (Zhang, Craciun and Shin, 2010). These platforms are now vital sources of product and service information to guide consumers in the purchase decisions (Lee et al., 2011). They also provide consumers with an opportunity to voice their opinions and experiences with anyone on a globally dispersed social and geographical level (Duan et al., 2008). eWoM creates benefits to both companies and consumers. Not only it enables consumers to share their personal experience to others but also point out the benefits and value of their products/services through positive/negative feedback with key insights into consumer opinions, which they can react/respond swiftly if monitored well (Marketing Week, 2014a). In addition, this platform also offers companies a cost-effective marketing channel and the possibility of increased sales, improved consumer perceptions towards their website, increased online traffic and average time spent on the website, as well as builds a brand community (Ku, Wei and Hsiao, 2012). eWoM was proven trustworthier of explaining the products/services to consumers through other consumers’ opinions. (Maeyer and Estelami, 2011). This result is supported by researches with regards to consumers look for online third-party endorsement of product quality when assessing (Biswas, Biswas and Das, 2006). eWoM is important to the consumer as it provides an extra information source on products and services. In an industry report it was found 61% of respondents stated they utilised eWoM before purchasing (eMarketer, 2008). The rise in online review usage has begun to cause a number of issues for consumers. One issue is that there is now such a plethora of reviews as it becomes more difficult for consumers to browse all online reviews quickly and sufficiently (Ku, Wei and Hsiao, 2012).

The population of the Chinese Internet users will reach 564 million as predicted and more than 60% of Internet users have become frequent online shoppers in 2105 (Chine Internet Network Information Centre, 2015). Online shopping has brought convenience to consumers; however, there are many disadvantages (e.g., the quality of goods, the level of series, and possible risks…etc). Due to the nature of e-commerce, online shopper will be needing reliable information and assurances to ensure a pleasant consumer journey. Therefore, utilising social networks to look for relevant sites to seek for the exact information needed, bargains, and establish friendships with the retailers or sales representative for further privileges and promotional discount. This has been recognised as one of the most common communication technique in the Chinese market. The cosmetics market size is estimated to reach a higher Compound Annual Growth Rate from 2013 to 2018 (Huang et al., 2014). Many cosmetics retailers have predicted that the more consumers care about their appearances (e.g., facial condition, hair styles, skin tonnes, and body shape…etc.), hence the cosmetics market will continuous to grow. Furthermore, supermarket and department stores are the top two sales channels for cosmetics product in the Chinese market, targeting mass and premium products,
respectively. Internet retailers have exceeded the direct sale and have become one of the most powerful distribution channels for beauty and personal care products in China (e.g., interactive marketing, door-to-door delivery services, price match policy) (Euromonitor, 2014). China's colour cosmetics market grew by 7% and reached 19 billion RMB in 2013, while the growth rate of retail sales has reached 1.4%. In the global cosmetics market, the anti-aging and whitening trends are the leading cosmetics trends in China and other Asian countries which is very different from global cosmetics market. (Euromonitor, 2014). Throughout China's cosmetics retail performance, skincare and hair care products have achieved more than half of the market share in 2016. In terms of competitive environment, the top 10 cosmetics brands in the Chinese market are still international brands. It indicates that Chinese consumers feel secure and comfortable to purchase from international well-known cosmetics brands due to its credibility and brand reputation.

Because of aging groups have gradually increased, the population of females aged from 30 to 60 years old has exceeded 320 million individuals, and the figure will exceed 400 million in 2030 (Huang et al, 2014). As a result, the demand for anti-aging products is high, which means China's anti-aging cosmetics market will keep raising. In addition, facial-mask is another type of personal care product that has become popular as 92% online shoppers purchase facial-masks regularly, followed by moisturizer (56%), facial cleanser (53%), eye cream (52%) and lip care (33%) (Nelsen, 2014). According to Euromonitor (2015), 9 out of the top 10 players in China cosmetics market are international companies. The top three players Procter& Gamble (P&G), L’Oréal and Shiseido took up nearly 30% of the overall value sales in 2015 (please refer to table 1).

Table 1: Top 5 Beauty and personal care company shares by value in 2013

<table>
<thead>
<tr>
<th>Company</th>
<th>Retail Value%</th>
<th>Country of Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procter &amp; Gamble Co.</td>
<td>13.5</td>
<td>U.S.</td>
</tr>
<tr>
<td>L'Oréal Group</td>
<td>9.1</td>
<td>France</td>
</tr>
<tr>
<td>Shiseido Co Ltd</td>
<td>3.7</td>
<td>Japan</td>
</tr>
<tr>
<td>Unilever Group</td>
<td>3.6</td>
<td>U.K.</td>
</tr>
<tr>
<td>Colgate-Palmolive Co.</td>
<td>2.8</td>
<td>U.S.</td>
</tr>
</tbody>
</table>

Source: Euromonitor International-Beauty and Personal Care in China, May 2015

The current literature highlights the factors and effects of eWoM on consumer purchase decision making process (Petty and Cacioppo, 1986). This study adopted the Information Adoption Model because the model includes quasi variable in eCommerce setting (Watts and Schneier, 2003), to determine the influencing factors that effect consumers’ purchase decision making through their usefulness of perceived information. In addition, the study focuses on the China female cosmetics market where the knowledge is limited. This study is reviewing the Chinese female consumer behaviour and attitudes towards the effectiveness of eWoM in cosmetics industry. Due to the nature of this study, the findings will contribute consumer insights for gaining better understanding of Chinese female consumers’ interests and demands in online businesses.

Three research objectives have therefore been developed as follows,

- The effects of eWoM on consumer decision-making
- The effects of information senders’ expertise and information senders’ credibility
- The effects of moderating variables of information receivers’ expertise and information receivers’ involvement between information quality, source credibility and perceived
usefulness of information

**KEY LITERATURE**

The influence of WoM on consumers' decision process has been acknowledged by marketing researchers and practitioners. Consumers are seeking for relevant information to assist them making a purchase decision. The emergence of the network provides the new mode of transmission for WoM (word of mouth), which benefit the two-way communication among consumers (Feather, 2000). However, there is the difference between network space and real space. For instance, the anonymity and confidentiality of people’s identity, information transfer is not restricted by time and space; eWoM conversation can be treated as storage (Kiecker and Cowles, 2002).

*Define Electronic Word of Mouth*

The emergence of Internet provides consumers unprecedented opportunity to access to new information. It offers wider product lines and choices for consumers, also strong their ability to compare the price and quality, provides more chances to interact with companies and other consumers (Khammash and Griffiths, 2011). These communications can be applied by email and social media platforms such as Weibo, Wechat, forums and so on. Consumers can communicate on the online platforms, share the experiences and recommendation with each other. This kind of communication between consumers, share the suggestion, experience, thoughts about the product and services is Electronic word-of-mouth (Gelb and Sundaram, 2002). Based on previous literatures, the most widely used eWoM definition is stated by Hennig-Thurau et al. (2004), Electronic word-of-mouth is the potential, existing and past consumers’ positive or negative reviews about products, services, brands and companies, and other consumers or organizations can see these reviews and comment under them.

*Why Consumers Spread or Seek for eWoM?*

Hennig-Thurau (2004) summarised pervious literature and used a sample of over 2,000 participants to test the motives of eWoM communications. The result showed that social benefits, economic incentives, concern for others and extraversion/self-enhancement are the key influencing factors that consumers publish/share their own experiences on various social media platforms. Moreover, motivations in eWoM engagement are very similar compared with motivations for WoM communications. However, WoM communication is free resource, while eWoM communication can get some benefit such as gain points at the forum by posting. The points online are similar as the private reward, which are valuable. The basic motives consumers seeking WoM is to reduce decision time, reduce the decision risk and achieve the best decision result. Bickart and Schindler (2002) found there are three main motivational categories of eWoM communication. First is information motive, consumers seek for eWoM to help them do the buying decisions. Second one is support motivation; consumers seek for eWoM to support the decisions they have made. Third is entertainment motives, many consumers pay attention on eWoM strictly for amusement, at the meantime, they know the product information from eWoM that might affect their future buying decision and behaviour.
Female Consumer Behaviour

Female consumers place higher value on WoM as females often seek for advices before making a purchase decision. Female consumers are also willing to share their product-using experiences with others and personal opinions to help others to gain additional product knowledge which is very different from male consumers. The purpose of consulting others or reading reviews prior making the decision-making process is trying to reduce the risks and ensure the right purchase decision has been made (Jiang, 2013). As concluded, eWoM is not only acting as one of the important reference agent for female consumers to make purchase decision, but it is also effecting consumers’ buying decision either online or offline.

Barletta (2004) proposed Spiral Path Theory of female consumer buying behaviour. Barletta (2004) stated the spiral path of shopping behaviour of female consumer would drive them collect a vast amount of information to support their final decision making. When female consumers plan to buy a product or a service, they usually would experience a decision-making process including stimulus, nomination, research and decision (Barletta, 2004). It means female consumers usually experienced a more complex and detailed decision process. Li (2007) agreed with this argument, she stated female consumers are willing to collect more information and more choices, they expect others provide experience, female consumers have a more complex decision process than males.

Furthermore, Bakewell and Mitchell (2003) also mentioned that females are looking for the perfect answer, they rarely feel happy for find only one good answer, usually they will continue to keep seeking until a best answer emerges. Females attach importance to information’s details and content which makes their purchase decisions become more complicated. They seek for detailed information as much as possible to get more support.

Consumer Decision Making Process & eWoM Information Effect

Consumer decision-making process refers to the process of buying motivation, analysis, evaluate, buy the product in pre, during and post-purchase evaluation. It is a system process, including the recognition of demand, the determining of purchase motivation, the purchase scheme choice and implementation, and post-purchase evaluation (Blackwell et al., 2001). The five stages of Customer Buying Process were introduced by Dewey in 1910 (Blackwell et al., 2001). Which include problem recognition, information search, evaluation, purchase decision and post purchase behaviour.

Persuasive communication theory firstly stated by Hovland and Walter. (1951) cited in Jiang (2013), they indicated the communication of information could change people’s attitude and behaviour. And the reason led to the persuasion could be classified as three parts: the factor of information source, the factor of information itself and the factor of information receiver. Related to the past literature about the factors of eWoM information, the researcher categorizes eWoM information as the following three aspects: the source of the eWoM information (including website reputation, senders’ credibility and senders’ expertise), the information factor (including the number of the information, positive or negative, format and quality) and the factors of information receivers (including receivers’ expertise and involvement). The number of the information about the product or services would greatly affect the attention of the product. On-line consumer review is one kind of eWoM. The number of online reviews of a product shows the product’s popularity because it reflects the sales volume of the product. The more reviews there are, the more popular the product is. Senecal and Nantel (2004) stated
the large number of word of mouth will makes consumers think they bought the right goods. Lee et al (2008) also indicated that the number of electronic word of mouth would improve the brand evaluation and purchase intention. The more the number of Internet word of mouth, the more amount of information will be contained, the more possibility that consumer can find useful information. It is beneficial for consumers to understand and choose the products or services they need.

**METHOD**

The primary purpose of this study is to test the relationship between eWoM and consumer decision-making in Chinese cosmetics industry through quantifying defined variables. Importantly, quantitative research is associated with positivism and a deductive approach, which needs highly structured data collection techniques to test the model. (Saunders et al., 2012). This research totally collected 570 questionnaires. 283 of them have online shopping experiences, 222 respondents stated they would affected by 3 WoM information when they buy cosmetics products online. Exclude the omitted ones, 401 effective questionnaires have been collected. The ratio of valid questionnaire is 70%. In order to confirm our research hypotheses, the quantitative approach was employed for gathering sufficient data for further analysis. Online questionnaires were distributed through multiple social media channels. We had 401 useable samples collected. Regarding the eWoM information usefulness, we adopted scale measurement from Sussman and Siegal (2003), Cheung et al (2009), Bailey and Pearson (1983) in this study.

**Our Proposed Research Model**

This study is based on the Information Adoption Model which includes Information quality and source credibility are the independent variables, information adoption is the dependent variable, information usefulness is intervening variable, and consumers’ expertise and consumers’ involvement are the moderating variables.

![Research Proposed Model](image)

**Figure 1: Research Proposed Model**
H1: Information perceived to contain high usefulness would result in higher levels of decision-making than information perceived to contain low usefulness.
H2: The higher the perceived relevance of the information, the more useful the information will be perceived to be.
H3: The higher the perceived reputation of the website, the more useful the information will be perceived to be.
H4: The greater the recipient’s expertise in the topic of the message, the more information relevance affects perceived usefulness.
H5: The greater the recipient’s expertise in the topic of the message, the less the senders’ professionalism affects perceived usefulness.
H6: The greater the recipient’s involvement in the topic of the message, the more information comprehensiveness affects perceived usefulness.
H7: The greater the recipient’s involvement in the topic of the message, the less the senders’ reliability affects perceived usefulness.

RESULTS

Female consumers majority buy European and American brands online, the proportion of 38.1%. Followed by Korea and Japan brands and domestic brands, the proportion of 27% and 23.8% respectively. There are 14% Women consumers choose to buy other brands of cosmetics online. This study also identified that female consumers mostly spent more than 100 RMB in online cosmetics purchase, they account for more than 82%. 38.9% of them spend 100 to 200 RMB (Runminbi), the amount spent between 300 and 500 RMB also reached 22.2%. 19% female consumers would spend more than 500 RMB. Based on the collected samples, “convenience” is the main motive (39%) for Chinese female consumers to consume cosmetics online. The secondary cause is price and broader range of products, account for 33% and 15% respectively.

Our results have shown that 66.87% female consumers stated they would seek for information online before they buy products. ‘Strongly agree’ account for 47.95% and ‘agree’ made up 18.92%. Only 18.9% respondents stated they will not check the eWoM information. Most consumers stated that they seek for information from cosmetics shopping website, WeiBo and WeChat. The proportions are 53.35% and 25.32% respectively, which represents nearly 80% of the participants who stated large amount of eWoM information would attract their attention both positive and negative comments. And 72% respondents would buy the products because of the large amount of positive information, 66% respondents would change their mind because of the large amount of negative information.

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<tr>
<th>Tested-Results Aggregation of Research Hypothesis</th>
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<tr>
<td>Hypotheses statement</td>
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<tr>
<td>H1 Information perceived to contain high usefulness would result in higher levels of decision-making than information perceived to contain low usefulness.</td>
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CONCLUSION

This research found in the network environment, convenience and broad range of products are the main reason people choose online shopping. The cost they spend online is increasing sustainable. More than 83% females spend over 100 RMB online, almost half female consumers spend over 200 RMB. Almost every consumer would do information search before they buy product online. Large amount eWoM information can attract consumers’ attention no matter it is positive or negative. More than half consumers stated they would make the buying decision because of the large amount of positive information. Nearly 72% consumers stated they will give up their buying decision because of large amount of Negative information. The respondents of this research are females, therefore, ruled out the gender characteristic of eWoM influence. According to analysed findings, the age, education background, occupation and wages level do not have significant difference on eWoM influence.

In terms of eWoM information quality, female consumers pay more attention to the information relevance and comprehensiveness without timeliness. Consumers perceive the information usefulness by senders’ credibility and expertise. Senders’ credibility and expertise can reduce their buying risk and increase their purchase confidence. The website reputation does not affect their information perception. The findings show that consumers’ expertise fully adjust the eWoM information quality effect on information useful usefulness. However, only adjust the source credibility effect partly. Consumers’ involvement can be changed due to information quality and source credibility.

MANAGERIAL IMPLICATIONS

According to our findings, most female consumers would read online reviews before making a purchase decision. These messages not only effect consumer purchase decision, but also damage brand reputation. Therefore, the cosmetics brands should focus on eWoM information quality and encourage consumers to share their own experience. The research found information relevance and information comprehensiveness are the most vital elements for influencing information usefulness and information adoption within an online consumer community. Cosmetics enterprises should manage eWoM to improve its quality. Companies can put messages with high relevance, comprehensiveness in a prominent position.

REFERENCES


