

Effects of Social Media on Cosmetic Brands

Khusboo Janak Binwani¹ and Jessica Sze Yin Ho²

Publication Details: Received 23/02/2019; Revised 24/04/2019; Accepted: 03/05/2019

ABSTRACT

Social media has become an increasingly important platform for brands in order to showcase their products. The social media posts can reach a wide range of potential customers from all over the world and generate buzz, particularly in the cosmetics industry. This study extends Kim and Ko's (2012) research by examining the role of social media marketing activities in enhancing brand equity, value equity and relationship equity, specifically among cosmetic users. Findings from 201 cosmetic users revealed that social media marketing activities influence users' perception on brand, value and relationship equity with the cosmetic brands differently as compared to Kim and Ko's (2012) findings in the luxury segment. This study also finds varying role of relationship equity and value equity in forming brand equity and influencing the degree towards cosmetic customers' future purchase intention.

Keywords: Social Media Marketing, Brand Equity, Value Equity, Relationship Equity, Purchase Intention, Cosmetic Brands

INTRODUCTION

For decades, individuals have always heightened their personal image using cosmetics. With the passage of time, we have made progress with the help of technological advancements to develop cosmetics that may improve or alter the way we look (Hunt, Fate & Dodds 2011). Due to the rise in the level of education, increase in spending power and standard of living and growth in trade, there has been a significant number of people who have become more aware of the importance of self-grooming and maintaining their self-image (Mansor, Ali & Yaacob, 2010).

Social media has become an increasingly important platform for brands in order to showcase their products. In addition to Facebook and Twitter, emerging platforms such as Instagram and YouTube have spawned a trend of creating products made to accommodate a social-media savvy lifestyle and have transformed the course of brand market and consumer purchase. Cooley and Parks-Yancy (2019) study in the millennial students in particular also identified Instagram and YouTube the most utilized information source for cosmetic and hair product. In addition to using celebrities, companies are also working together with social media influences with large-based followers to promote their products. Therefore, social media posts have the potential to reach a wide range of customers from all over the world and generate buzz.

¹²Department of Marketing, Sunway University Business School, Malaysia. jessicah@sunway.edu.my

Cosmetics are always in demand worldwide. The growing population in emerging markets has attracted many cosmetic giants to invest in them. Asia Pacific has accounted for the largest share (32%) for beauty and personal care market globally (Doan, 2019). Malaysia alongside with Indonesia and Thailand are among the three major cosmetic markets in South East Asia (Lim, 2019). Using Malaysia as a case for the emerging market, our study adapted the model proposed by Kim and Ko (2012) work in the luxury fashion industry. We aim to evaluate the effectiveness of cosmetic brand on social media marketing in influencing their brand, value and relationship equity on purchase intention for cosmetic users.

LITERATURE REVIEW

Social Media Marketing (SMM) Activities

Social media platforms and online communities have enabled firms to engage in two-way communication with consumers (Alsaleh, Elliott, Fu, & Thakur, 2019; Cham, Lim, Aik, & Tay, 2016; Cheah, Ting, Cham, & Memon, 2019). In order to interact with each other, social media sites such as Facebook and Twitter provide new avenues of communication to brands and consumers. This two-way interaction is key for firms to develop their brand relationship with consumers. When brands use social media as a means of communication, consumers experience greater efforts of interaction and communication, brand attachment, better perception towards the brand and their products and frequent return to the brand, resulting in more profitability for the company. Brands often look to social media to elevate their brand as they need to reach a wider public. Most makeup brands these days use social media to showcase their brand. The top cosmetic brands in the U.S. such as M.A.C. cosmetics have the highest number of followers on Instagram with 21.9 million followers, followed by Anastasia Beverly Hills with 19.3 million followers (Clement, 2017).

Brand Equity, Value Equity and Relationship Equity

Equity theory was first applied in the context of buyer-seller exchange situation by Huppertz, Arenson and Evans (1978). Since then, the concept of equity in marketing has evolved to concepts such as customer equity, where relationship equity, value equity and brand equity are subsets of it. To form customer equity, it is imperative to consider the relationship equity between the firm and the consumer. In order to manage relationships, there is a need to plan and organise relationship values (Iyer, Sharma & Bejou, 2008). It is simply inadequate to churn products for customers to buy them, but it is more crucial for a brand to build a relationship to enhance customer loyalty.

Value is the customer's expectation of a firm's product and services (Yuan, Kim, & Jin, 2016). Value is created within a company through its activities along with constant, active consumer engagement (Kuvykaite & Piligrimiene 2014). Hence, value equity is a consumer's objective assessment of cost-benefit perception based on the utility of a brand. Value equity is accomplished when a product or service matches the consumer's perceptions. Brand refers to a name, term, sign, symbol or design. Keller (1993) defined brand equity "in terms of the marketing effects uniquely attributable to the brand." The brand name includes a raised value or status to the item since they are interrelated. As SMM activities are predicted to have an influence on the perception of a customer's values with a brand, we hypothesised that:

H1(a)(b)(c)(d): *Social media marketing activities positively influence customer's perception of (a) relationship equity, (b) value equity, (c) brand equity and (d) purchase intention.*

Cosmetic Purchase Intention

Purchase intention is characterised as the prospect of buyers who plan to purchase an item (Cham, Ng, Lim & Cheng, 2018; Dehghani & Tumer, 2015). A purchase intention originates from what the shopper has found out about the item from his/her peers or from social media cues. Kim and Ko (2012) suggested that purchase intention is an outcome of pre-purchase decision which could indicate a future purchase. In value equity, consumers expect the perceived product and the actual product to be the same when they purchase a product. If a brand is successful in building brand equity, consumers are likely to repurchase a product or accept the new products. *Hence, we hypothesised that:*

H2(a)(b)(c): *Customers' perception of (a) relationship equity, (b) value equity and (c) brand equity of a cosmetic brand positively influences their purchase intention.*

Mediating Role of Brand Equity

Keller (2001) - Customer-Based Brand Equity (CBBE) model - identified the importance of brand relationship as the highest level in the CBBE pyramid. Hence, in terms of brand relationship management, it is important to maintain the relationship between the consumer and the brand in order to create brand equity (Kuvykaite & Piligrimiene, 2014). Similarly, value equity relates to the perception of quality of brand that is reflected at the 2nd highest level in the CBBE model. With that, we posit that social media marketing activities among cosmetic brands build relationship equity and value equity that can positively increase the perception of brand equity and subsequently increase customer purchase cosmetic products. As such, we hypothesised that:

H3(a)(b)(c): *Customers' perception of (a) relationship equity, (b) value equity and (c) brand equity mediates the relationship between social media marketing activities and purchase intention among cosmetic customers.*

H4: *Customers' perception of relationship equity and brand equity mediates the relationship between social media marketing activities and purchase intention among cosmetic customers.*

H5: *Customers' perception of value equity and brand equity mediates the relationship between social media marketing activities and purchase intention among cosmetic customers.*

RESEARCH METHOD

Sample

We adopted the quantitative approach to address the objectives of this study. The unit of analysis of this study takes account of women who are cosmetic product users. A total of 201 respondents are recruited for this study via non-probability quota sampling. Data was collected from the respondents located in the most urban and populated locations in Malaysia, specifically Kuala Lumpur and Selangor, using self-administered questionnaire survey via paper and pencil questionnaire method as well as the online questionnaire

method. More than 50% of the respondents of this study use cosmetic on a daily basis. The cosmetic usage experiences also showed that our respondents are exposed to commercial cosmetic brands that have a social media presentation. Table 1 summarises the cosmetic users' cosmetic usage and purchase experiences as well as the demographic profiles of the respondents. To ensure sample size adequacy, we further subjected our sample size to the G*Power 3.1 software. The post-hoc statistical test was set for 201 sample size. 4 (number of) predictors, effect size of 0.15 and error probability of 0.95 indicate a research power of 0.999. Hence, sample size is adequate for the study.

Table 1: Cosmetic Usage Experience and Demographics

		n	%
Preferred Cosmetic Brands	L'Oreal Paris	20	10
	Estee Lauder	13	6.5
	Maybelline New York	27	13.4
	M.A.C	33	16.4
	Revlon	17	8.5
	NARS	21	10.4
	Urban Decay	15	7.5
	Benefit	16	8
	Cosmetics Clinique	15	7.5
	Other	24	11.9
	How often do you use cosmetics?	Everyday	105
3-4 days a week		36	17.9
1-2 days a week		22	10.9
On special occasions only		38	18.9
Age	Below 20	17	8.5
	20-29	111	55.2
	30-39	51	25.4
	40-49	14	7.0
	50-59	8	4.0
Profession	Student	74	36.8
	Employed	102	50.7
	Self-Employed	11	5.5
	Unemployed	7	3.5
	Retired	3	1.5
	Homemaker	4	2

Measurement items

Regarding the measurement items, we adapted Kim & Ko (2012) measurement items for Social Media Marketing which consist of constructs related to entertainment, interaction, trendiness, customisation and word of mouth. We also adapted Chae, Shin and Ko (2015) measurement items for the three equity drivers: Value Equity, Brand Equity and Relationship Equity. We used Shang, Wu and Sie (2016) measurement items for Purchase Intention. All items were measured using 7-point Likert scale (1= strongly disagree, 2= disagree, 3= somewhat disagree, 4= neither agree nor disagree, 5= somewhat agree 6= agree 7= strongly agree).

RESULTS

Data analysis

We analysed the data of this study using SmartPLS3.0 software. Partial Least Square (PLS) analysis is suitable as our study aimed at investigating the predictive association between the dependent and independent variables. To confirm that the data collected is not influenced by Common Method Variance (CMV), we followed Podsakoff, MacKenzie, Lee and Podsakoff (2003) procedural remedy to avoid common method bias by ensuring respondents' anonymity during data collection.

Measurement Model

We assessed the indicator reliability (outer loadings), Cronbach's Alpha (CA), composite reliability (CR) and average variance extracted (AVE) to examine the convergent validity of the measurement model. We followed the thresholds recommended by Hair, Hult, Ringle and Sarstedt (2016), i.e. thresholds for outer loading (>0.70), CA (>0.6), CR (<0.71) and AVE (>0.50). Items SMM6 and SMM11 recorded an outer loading of 0.673 and 0.693 respectively. However, removal of these items did not significantly improve the other indicator such as CA, CR and AVE. Hence, SMM6 and SMM11 were retained. Table 2 shows that all the other values for indicator reliability (outer loadings), CA, CR and AVE are satisfactory. Thus, convergent validity is established. Following Hair, Sarstedt, Ringle, and Gudergan (2017), we further assessed the model for discriminant validity using the Fornell-Larker Criterion and the Heterotrait-Monotrait Criteria (HTMT). Results in Table 3 and Table 4 show that discriminant validity is established as both ratios did not exceed 0.9. The model SRMR value of 0.07 that is less than 0.08 indicates a good model fit.

Structural model

We assessed the coefficients for the path hypothesised earlier. The structural model for our study is shown in Figure 1. The findings in Table 5 show that social media marketing activities have a significant positive influence on relationship equity (H1a), value equity (H1b) and brand equity (H1c), but do not have a significant positive influence on the purchase intention (H1d). Only relationship equity (H2a) and brand equity (H2c) are positively and significantly influencing cosmetic customers' purchase intention. While customers' perceived relationship equity (H3a) and customers' perceived brand equity (H3c) mediate the relationship between social media marketing activities and purchase intention, H3b that hypothesises similar mediation effect of perceived value equity is not supported. Finally, the findings also indicated the presence of a multi-level mediation of customers' perceived relationship equity and brand equity on the relationship between social media marketing activities and customers' purchase intention of cosmetic products (H4).

Table 2: Measurement Model

Constructs	Items	Loadings	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Social Media Marketing Activities	SMM1	0.773	0.919	0.932	0.555
	SMM2	0.798			
	SMM3	0.752			
	SMM4	0.813			
	SMM5	0.711			
	SMM6	0.673			
	SMM7	0.711			
	SMM8	0.751			
	SMM9	0.765			
	SMM10	0.740			
	SMM11	0.693			
Relationship Equity	RE1	0.856	0.824	0.895	0.740
	RE2	0.902			
	RE3	0.821			
Value Equity	VE1	0.842	0.796	0.899	0.817
	VE2	0.961			
Brand Equity	BE1	0.866	0.676	0.861	0.755
	BE2	0.872			
Purchase Intention	PI1	0.857	0.866	0.918	0.788
	PI2	0.919			
	PI3	0.885			

Table 3: Fornell-Larcker Criterion

	1	2	3	4	5
1. Brand Equity	0.869				
2. Purchase Intention	0.528	0.888			
3. Relationship Equity	0.671	0.568	0.860		
4. Social Media Marketing Activities	0.450	0.391	0.454	0.745	
5. Value Equity	0.210	0.179	0.297	0.235	0.904

Values on the diagonal (bold) represent the square root of the average variance extracted while the off-diagonals are correlations.

Table 4: HTMT Criterion

	1	2	3	4	5
1. Brand Equity					
2. Purchase Intention	0.687				
3. Relationship Equity	0.895	0.666			
4. Social Media Marketing Activities	0.565	0.426	0.516		
5. Value Equity	0.255	0.198	0.359	0.264	

Figure 1: Results of the Structural Model

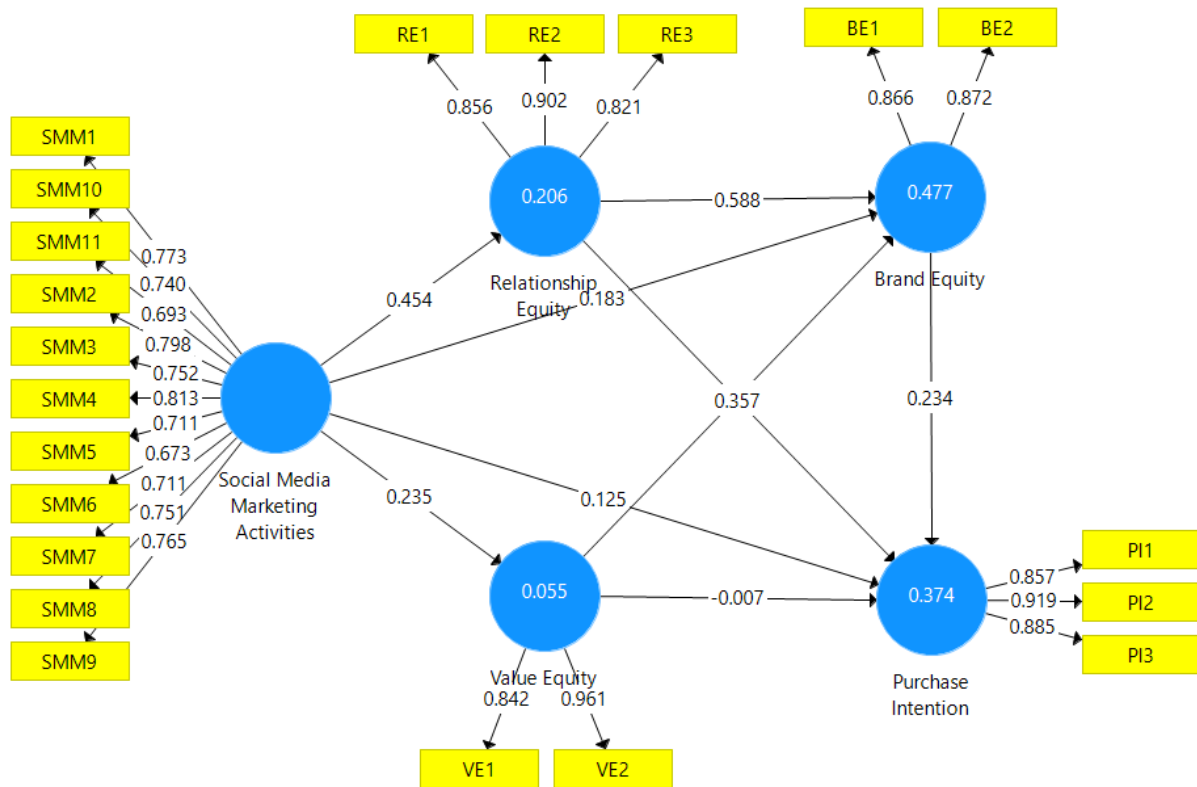


Table 5: Direct and Indirect Effects

	Direct Effect	Beta	Confidence Interval	SD	t- value	p-value	Decision
H1a	SMM→RE	0.454	[0.293,0.588]	0.073	6.225	0.000	S
H1b	SMM→VE	0.235	[0.085,0.355]	0.067	3.483	0.000	S
H1c	SMM→BE	0.183	[0.058,0.321]	0.067	2.719	0.007	S
H1d	SMM→PI	0.125	[-0.021,0.245]	0.067	1.852	0.064	NS
H2a	RE→PI	0.357	[0.190,0.536]	0.087	4.087	0.000	S
H2b	VE→PI	-0.007	[-0.113,0.101]	0.054	0.128	0.898	NS
H2b	BE→PI	0.234	[0.046,0.395]	0.091	2.583	0.010	S
	Indirect Effect	Beta	Confidence Interval	SD	t- value	p-value	Decision
H3a	SMM→RE→PI	0.162	[0.079,0.276]	0.051	3.182	0.001	S
H3b	SMM→VE→PI	-0.002	[-0.031,0.025]	0.014	0.117	0.907	NS
H3c	SMM→BE→PI	0.043	[0.009,0.108]	0.025	1.749	0.080	S
H4	SMM→RE→BE→PI	0.062	[0.016,0.118]	0.025	2.502	0.012	S
H5	SMM→VE→BE→PI	0.000	[-0.009,0.008]	0.004	0.002	0.999	NS

Note: Direct Effect – one-tailed test, Confidence Interval (5%-95%); Indirect Effect – two-tailed test, Confidence Interval (2.5%-97.5%); Social Media Marketing Activities (SMM), Relationship Equity (RE), Value Equity (VE), Brand Equity (BE) & Purchase Intention (PI); Decision: Not Supported (NS), Supported (S)

DISCUSSION AND MANAGERIAL IMPLICATIONS

This study was set out to examine the effects of social media marketing activities in positively influencing the development of the three equity drivers that subsequently influence purchase intention among cosmetic customers. We adapted Kim and Ko (2012) model to address our research objectives and found that our results were consistent with those of the authors to a certain extent. Similar to Kim and Ko (2012), social media marketing (SMM) activities encourage relationship building, value equity and brand equity perception. However, it is important to note that SMM activities alone do not exert a significant influence on purchase intention.

Although we found that SMM activities among cosmetic brands are capable of influencing the three equity drivers, only two out of three equity drivers (relationship and brand equity) are subsequently influencing purchase intention. While Ko and Kim (2012) found that value equity and brand equity significantly influence purchase intention for luxury segment, our findings found that the effects of relationship building are more important in helping to build brand equity and subsequently increase purchase intention of cosmetic brands. Value is the set expectation that consumers have on products and services. When exchange on social media takes place, firms are able to match up to consumers' expectations and thus create value equity (Yuan et al., 2016). However, the insignificant findings implied that value for money is not the priority element for cosmetic customers, but relationship and brand perception are more important for future purchase consideration.

Therefore, while designing social media marketing activities, cosmetic firms must aim at increasing their relationship with clients to tie them to their brands that will keep them returning in the future to make purchases. Buyers will, in general, take part in various kinds of brand engagement activities. Some of these engagement activities add to the development of customer's relationship with the brand - for example, brand interaction such as liking or commenting on brands pages on social media sites (Solem & Pedersen, 2016). In order to create brand equity, it is important to also build a strong relationship between the brand and the consumer (Kuvykaite & Piligrimiene, 2014). With social media being the main driver of relationship building, it allows communities to be formed within the brand, thus creating the brand identity that adds value to the brand equity.

FUTURE RESEARCH DIRECTIONS

This study highlighted the significance of managing social media activities to boost customer relationships. Makeup brands typically use social media and post photos and videos of the latest and stylish makeup looks created by consumers using their products as a mean to push their brand. A good customer relationship also improves customer brand perception and subsequently enhances purchase intention. Customer relationships can be sustained by interacting with consumers besides responding to comments and building a community to allow consumers to exchange information.

The study is constrained by several limitations which provide the avenues for future research. Firstly, the collected data only catered for women who used makeup. However, as there is also a growing demand of cosmetics among male users, future studies can further examine the effects of social media marketing activities on male cosmetic users too. Secondly, the brands identified by respondents in this study are confined to several global cosmetic brands

from the West. Prominent Korean and Japanese cosmetic brands that are booming in Asia have not been included in this study. Considering that brand effects could vary depending on the country of origin, a comparison for brand origin may have a different effect of SMM activities on the equity drivers and purchase intention too.

ACKNOWLEDGEMENT

Part of this research have been submitted as a Final Year Research Project for Ms. Khusboo Binwani's degree in BSc (Hons) Business Studies at Sunway University, Malaysia. The degree is also validated by Lancaster University, UK. The authors would like to thank staff at these universities for their valuable feedback and advise on this project.

REFERENCES

- Alsaleh, D. A., Elliott, M. T., Fu, F. Q., & Thakur, R. (2019). Cross-cultural differences in the adoption of social media. *Journal of Research in Interactive Marketing*, 13(1), 119-140.
- Chae, H., Shin, J., & Ko, E. (2015). The effects of usage motivation of hashtag of fashion brands' image based SNS on customer social participation and brand equity: focusing on moderating effect of SNS involvement. *Fashion & Textile Research Journal*, 17(6), 942-955.
- Cham, T. H., Lim, Y. M., Aik, N. C., & Tay, A. G. M. (2016). Antecedents of hospital brand image and the relationships with medical tourists' behavioral intention. *International Journal of Pharmaceutical and Healthcare Marketing*, 10(4), 412-431.
- Cham, T. H., Ng, C. K. Y., Lim, Y. M., & Cheng, B. L. (2018). Factors influencing clothing interest and purchase intention: a study of Generation Y consumers in Malaysia. *The International Review of Retail, Distribution and Consumer Research*, 28(2), 174-189.
- Cheah, J. H., Ting, H., Cham, T. H., & Memon, M. A. (2019). The effect of selfie promotion and celebrity endorsed advertisement on decision-making processes: A model comparison. *Internet Research*, 29(3), 552-577.
- Clement, J. (2017) Leading beauty brands ranked by number of Instagram followers as of May 2019 (in millions). *Statista - The Statistics Portal*. Retrieved July 20, 2019, from: <https://www.statista.com/statistics/536991/leading-beauty-brands-instagram-followers/>
- Cooley, D., & Parks-Yancy, R. (2019). The Effect of Social Media on Perceived Information Credibility and Decision Making. *Journal of Internet Commerce*, 1-21.
- Dehghani, M., & Tumer, M. (2015). A research on effectiveness of Facebook advertising on enhancing purchase intention of consumers. *Computers in Human Behavior*, 49, 597-600.
- Doan, E.Z. (2019). Size of the cosmetics market in the Asia Pacific region from 2015 to 2020 (in billion U.S. dollars). *Statista - The Statistics Portal*. Retrieved July 19, 2019, from: <https://www.statista.com/statistics/550547/cosmetic-market-size-asia-pacific/>

- Hair Jr, J. F., Hult, G. T. M., Ringle, C., & Sarstedt, M. (2016). *A primer on partial least squares structural equation modeling (PLS-SEM)*. Sage publications.
- Hair Jr, J. F., Sarstedt, M., Ringle, C. M., & Gudergan, S. P. (2017). *Advanced issues in partial least squares structural equation modeling*. Sage Publications.
- Hunt, K. A., Fate, J., & Dodds, B. (2011). Cultural and social influences on the perception of beauty: A case analysis of the cosmetics industry. *Journal of Business Case Studies (JBSC)*, 7(1).
- Huppertz, J. W., Arenson, S. J., & Evans, R. H. (1978). An application of equity theory to buyer-seller exchange situations. *Journal of marketing research*, 15(2), 250-260.
- Iyer, G. R., Sharma, A., & Bejou, D. (2006). Developing relationship equity in international markets. *Journal of relationship marketing*, 5(1), 3-20.
- Keller, K. L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *Journal of marketing*, 57(1), 1-22.
- Keller, K. L. (2001). *Building customer-based brand equity: A blueprint for creating strong brands* (pp. 3-27). Cambridge, MA: Marketing Science Institute.
- Kim, A. J., & Ko, E. (2012). Do social media marketing activities enhance customer equity? An empirical study of luxury fashion brand. *Journal of Business research*, 65(10), 1480-1486.
- Kuvykaite, R., & Piligrimiene, Z. (2014). Consumer engagement into brand equity creation. *Procedia-Social and Behavioral Sciences*, 156, 479-483.
- Lim, A. (2019). Revealed: Three markets in APAC to watch for cosmetics growth in 2019. *Cosmetics Design Asia*. Retrieved July 19, 2019, from: <https://www.cosmeticsdesignasia.com/Article/2019/01/07/Revealed-Three-markets-in-APAC-to-watch-for-cosmetics-growth-in-2019>
- Mansor, N., Ali, D. E. B. M., & Yaacob, M. R. (2010). Cosmetic usage in Malaysia: understanding of the major determinants affecting the users. *International Journal of Business and Social Science*, 1(3).
- Podsakoff, P. M., MacKenzie, S. B., Lee, J. Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of applied psychology*, 88(5), 879.
- Shang, S. S., Wu, Y. L., & Sie, Y. J. (2017). Generating consumer resonance for purchase intention on social network sites. *Computers in Human Behavior*, 69, 18-28.
- Solem, B. A. A., & Pedersen, P. E. (2016). The effects of regulatory fit on customer brand engagement: an experimental study of service brand activities in social media. *Journal of Marketing Management*, 32(5-6), 445-468.
- Yuan, C. L., Kim, J., & Kim, S. J. (2016). Parasocial relationship effects on customer equity in the social media context. *Journal of Business Research*, 69(9), 3795-3803.