

Factors Affecting Consumer Decision-Making: A Survey of Young-Adults on Imported Cosmetics in Jabodetabek, Indonesia

Larasati Wisnu Kawa*, Sarah Fadillah Rahmadiani** & Suresh Kumar***

*Student, Department of Business Administration, President University, Bekasi, INDONESIA. E-Mail: larasatikawa@gmail.com

**Student, Department of Business Administration, President University, Bekasi, INDONESIA. E-Mail: fadillahsarah@gmail.com

***Lecturer, Department of Business Administration, President University, Bekasi, INDONESIA. E-Mail: sureshkumar@president.ac.id

Abstract—Recently, many people are willing to spend big amount of money for the sake of taking care the attractive appearance by buying trusted cosmetics. Cosmetics which are available in Indonesian market ranged from local products and imported products. Unfortunately, local cosmetics now are facing difficulties when competing with imported cosmetic brands which massively entering Indonesian market. This research analyzes the factors that affect Indonesian young-adults who live in the region of Jakarta, Bogor, Depok, Tangerang, and Bekasi (Jabodetabek) to choose imported cosmetics, which are product quality, brand name, price, promotion, packaging, location and store environment. The result of this research is expected to be helpful for local cosmetics so they will improve and become the main preference for most Indonesian people. The totals of 350 respondents were selected from young-adults who are the users of imported cosmetics in Jabodetabek region. The collected data are analyzed through factor analysis and multiple regression analysis by using SPSS 20. The research found that the factors which have positive relationship with consumer decision-making on imported cosmetics are only brand name, packaging, location and store environment. This result is not precisely similar with the previous study conducted in the same field because of the different targeted respondents. The local cosmetic companies which intended to choose young adults as the target market should consider more intensively on the brand name, packaging, location and store environment of the products.

Keywords—Brand Name; Consumer Decision-Making; Imported Cosmetics; Location and Store Environment; Packaging.

Abbreviations—Jakarta, Bogor, Depok, Tangerang, Bekasi (Jabodetabek); Statistical Package for the Social Science (SPSS).

I. INTRODUCTION

ATTRACTIVE appearance is very important for both men and women. Recently, people are willing to spend big amount of money for the sake of taking care the beauty of face and skin by buying trusted cosmetics. Cosmetics which are available in Indonesian market ranged from local products and imported products. Indonesia is rich with natural materials that are used by Indonesian entrepreneurs to make local cosmetic products. Since it is made from Indonesian nature, it fits with the skin condition of Indonesian people. Unfortunately, local cosmetics brands now are facing difficulties when competing with imported cosmetic brands which massively entering Indonesian market. It is predicted that 60% of Indonesian cosmetic products is dominated with imported cosmetics, and not even

including the illegal imported products which approximately in high number [Intan, 2012]. The amount of imported products in Indonesia is increasing, especially because of the harmonization of import tariff in ASEAN countries [Saksono, 2012].

In average, local cosmetics has affordable price which is lower than imported cosmetics. Normally, demand and price have negative correlation, meaning if there is increase in price, it will resulted in the decrease of demand [Kotler & Armstrong, 2010]. However, in fact the higher price of imported cosmetics does not decrease the interest and preference of some Indonesian young-adults on buying imported cosmetics that costs higher. Association of Indonesia Cosmetics Company (Persatuan Perusahaan Kosmetika Indonesia/ Perkosmi) stated that on 2012 the sales of imported cosmetics reached Rp 2.44 trillion, increase for

30% compared to the sales on 2011 [Ekarina, 2013]. The sales in 2013 are predicted to increase even to 30%. The predicted growth of imported cosmetics this year is much bigger compared to the growth of local cosmetics which is 15% [Ekarina, 2013].

The increasing sales of imported cosmetics are caused by the stronger purchasing power of people nowadays. More people are capable and willing to pay more for high quality products, especially young-adults who wants to look attractive by using premium cosmetics. Besides, price is not the only factors that influence consumer decision-making. Brand loyalty is one of the key factors that creates recognition of the product and finally stimulate consumers decision-making [Aaker, 1991]. There are some factors which might influence consumers' brand loyalty which are product quality, price, place and store environment, brand name, and promotion [Khraim, 2011]. In the other words, product quality, price, place and store environment, brand name, and promotion influence the consumer decision-making.

Many Indonesians use imported cosmetics since they consider it has better quality compared to local cosmetics. It is assumed that if more Indonesians prefer to buy imported cosmetics rather than local cosmetics, the growth of local cosmetics companies which cannot compete will decline and thus will lessen the GDP of Indonesia. To get more understanding about this case, this paper contains a research question which is "What are the factors that affects decision-making of young-adults in Jabodetabek on choosing imported cosmetics?" From that question come up the objective which is to know the factors that make young-adults in Jabodetabek choose imported cosmetics.

This paper will explain the factors that affect Indonesian young-adults who live in the region of Jakarta, Bogor, Depok, Tangerang, and Bekasi (Jabodetabek) to decide buying imported cosmetics. The result of this research is expected to be helpful for local cosmetics so they will improve and become the main preference for most Indonesian people.

II. LITERATURE REVIEW

2.1. Cosmetics

The definition of cosmetics sometimes is expressed interchangeably. Cosmetic is a substance used by people onto the skin surface of face and body to make them looks attractive. There are many products which are derived from cosmetic category [Hornby, 2005]. The sub-category of cosmetic products are: soap and other body cleansing products; creams, lotions, face masks, powders and colors for the skin (eyes and lips); shampoos, lotions, oils, waving agents, dyes and its removers for the hair; nail polish; hair removers; toothpastes and other oral care; antiperspirants, deodorants and other personal hygiene products; perfumes and other aromatic substances [Winter, 2005].

2.2. Product Quality

Product quality embraces the features and characteristics of the products that can satisfy the consumers' needs and wants [Kotler & Armstrong, 2010]. It is stated by Goetsch & Davis (2005) that quality can be measured. Product quality can be measured by concerning the materials, color, functional quality and the endurance of the products [Khraim, 2011].

Materials for cosmetics really affect the healthiness of the skin. Further, the color is also important as one of the aspect to measure the quality of the product. Every consumer has their own preference of color which makes color as one of the consideration to buy cosmetics. Some of the functional quality in cosmetics consists of quick-dry, breathable, waterproof, lightweight, and durability [Khraim, 2006]. For instance, consumers will consider whether the mascara that they want to buy is waterproof or not.

2.3. Brand Name

Brand is a term, sign, name, symbol, or design or the combination of these that show or represent the seller's identity [Kotler & Armstrong, 2010]. Brands also convey something about the products, for instance when the consumers buy the same brands at different times, they know that they will get the same quality and benefits from the products [Kotler & Armstrong, 2010]. Brand name should be the factor that can attract the consumers and show the identity of the product by making the unique and memorable brand name [Keller, 2003].

2.4. Location and Store Environment

According to Stanton, Etzel, & Walker (1994) place is very important because of its role is to make the products can be accessed or reached by the target market. The elements of place, store environment and location, are also important for the success of retailers since it affects consumers' decision-making and loyalty [Levy & Wetz, 2012].

2.5. Promotion

Promotion is a very important thing for every firm to earn profits. According to [Kotler & Armstrong, 2010], consumers buying decisions is highly affected by the promotional efforts and their huge amount of sales. Promotion itself consists of planning, implementing and controlling an organization's communications to its consumers and other target audiences. Promotion strategy integrates the organization's communications initiatives, combining advertising, personal selling, sales promotion, interactive/Internet marketing, direct marketing, and public relations to communicate with the buyers and others who influence purchasing decisions [Cravens & Piercy, 2006].

2.6. Price

Price is the amount of money charged for product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service [Kotler & Armstrong, 2010]. It is very important for the firm to retain

loyal consumers who are willing to pay higher price for their favorite brand, thus their purchase is not only based on low price [Levy & Weitz, 2012].

2.7. Packaging

Packaging is the process of making external case of a product [Kotler & Armstrong, 2010]. In the past years, packaging was just used to keep the products from the external contamination and damage [Kotler & Armstrong, 2010]. But in this modern era, packaging has greater functions. Today's packaging must have aesthetic appearance and be able to depict the products in order to grab people's attention which will result in the increase of sales [Kotler & Armstrong, 2010].

2.8. Consumer Decision-Making

Knowing about consumer decision-making is very important. There are six stages before the consumer decide which product that they want to buy [Kotler & Armstrong, 2010]. The stages are awareness, knowledge, liking, preference, conviction, and purchase [Kotler & Armstrong, 2010]. By knowing those stages, it can be understood how the consumers decide the product which is imported products as their preference. Consumers purchase the imported cosmetic after those five stages has been passed.

2.9. Hypothesis

This paper focused on the factors that affect consumer decision-making towards imported cosmetic. Below are the hypothesis between the independent variable and dependent variable.

H₁: There is a positive relationship between product quality, promotion, brand name, location, and price towards consumer decision-making on imported cosmetic.

H₂: There is a positive relationship between packaging towards consumer decision-making on imported cosmetic.

III. METHODOLOGY OF THE STUDY

3.1. Sample

The data of this study was collected through primary source. The online survey was conducted through Google Drive in the form of questionnaire, and spread widely in social media such as Facebook and Twitter or online messenger services such as BBM, Line and Whatsapp. The questionnaire was only spread in the region of Jakarta, Bogor, Depok, Tangerang, and Bekasi (Jabodetabek) during 2nd of November until 11th of November 2013. The total samples were 350 respondents. The target population for this study was young-adults both male and female from 17 until 30 years old, who were imported cosmetics users.

Table 1 provides demographic information of the respondents who participated in the study. The sample respondents were dominated by female (62%). People whose age group is between 17-20 years old also dominate the sample respondents (78%). Approximately 77% of total

respondents were at least high school graduates. Most respondents lived Bekasi (36%), while the occupation of respondents was dominated by student (92%). Since most of the respondents were students, the majority income of the respondent was <Rp 1,500,000 (65%).

Table 1: Demographic Information of the Respondents

Variables	Measuring Group	Frequency	Percentage (%)
Gender	Male	132	38%
	Female	218	62%
Domicile	Jakarta	97	28%
	Bogor	16	4%
	Depok	24	7%
	Tangerang	86	25%
	Bekasi	127	36%
Age Group	17-20	271	78%
	21-24	71	20%
	25-27	5	1%
	28-30	3	1%
Level of Completed Education	Junior High School graduates	4	1%
	Highschool graduates	271	77%
	Undergraduate	73	21%
	Postgraduate	2	1%
Occupation	Academician	4	1%
	Employee	11	3%
	Entrepreneur	3	1%
	Manager	4	1%
	Professional	4	1%
	Students	322	92%
	Others	2	1%
Income	<Rp 1.500.000	226	65%
	Rp 1.500.000 – Rp 3.000.000	9	3%
	Rp 3.000.001 – Rp 5.000.000	89	25%
	Rp 5.000.001 – Rp 10.000.000	21	6%
	>Rp 10.000.000	5	1%

Source: Field Survey, 2013

3.2. Limitations of the Study

The sample of this research is limited in the specific time and region. This study covers only the young-adults who are the users of imported cosmetics in Jabodetabek region. The young adults are both male and female with the age is in the range of 17 until 30 years old. Therefore, the results of this study can not be used to generalize the condition broader target market in other areas in Indonesia. The result of the study may vary depends on the dominant respondents of the study.

3.3. Measurement

To test the hypothesis that have been mentioned, a survey has been conducted to the users of imported cosmetics. The questionnaire was modified from the journal article made by Khraim (2011). The questionnaire used Likert scale as the type of answers which were labeled ranging from 1

(“Strongly Agree”) and 5 (“Strongly Disagree”). Data analysis is conducted by using Software Statistical Package for Social Sciences (SPSS) 20.

Based on the result of reliability which is shown in Table 2, brand name, packaging, location and store environment are reliable and acceptable enough to be used ($\alpha > 0.6$). Because based on George & Mallery (2003), variables which have Cronbach’s Alpha more than 0.6 are accepted to be used. While the other variables which are product quality, price and promotion are not acceptable enough ($\alpha < 0.6$).

Table 2: Cronbach’s Alpha Value

Variable	Cronbach's Alpha
Brand Name	0.641
Location & Site	0.746
Packaging	0.735

Source: SPSS 20 and Research Primary Data

IV. RESULTS

Table 3 shows the result of rotation of component matrix. The rotated component matrix was used in order to know the indicators belong to which factors. The indicators are not allowed to belong to more than one factor. There are two types of data, convergent and divergent. Convergent is the condition where the indicators that loaded in some factors and has high correlation towards the factors. While divergent is the loaded indicators that only have high correlations to each factor and low correlation to the other factors.

Table 3: Rotated Component Matrix

	Component		
	1	2	3
L4	.826		
L3	.826		
PA3	.773		
PA2	.677		
B2		.801	
B1		.750	
B3		.654	
L2			.880
L1			.806

Source: SPSS 20 and Research Primary Data

From the table 3, it can be concluded that each of 9 indicators have its own correlation with one factor, not with two factors. It means that the indicators are accepted to be used in this research. Table 3 shows that the indicators L1, L2, L3, L4 are separated into two different factors. Therefore, those indicators are classified into two newly renamed factors, which are location and packaging–store environment. Hence, there are three factors which are acceptable to be used which are brand name, location, packaging and store environment.

Multiple linear regression analysis was used with the purpose is to predict how is the condition (the fluctuation) of independent variable, if the value of two or more independent variable is manipulated (the value is fluctuated). From the Table 4, brand name ($\beta = .468$, $p < .05$), packaging and store

environment ($\beta = .213$, $p < .05$) have significance influence to the consumer decision-making towards imported cosmetics. While location does not have significance influence to the consumer decision-making towards imported cosmetics ($\beta = .051$, $p > .05$).

Table 4: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.893	.234		3.806	.000
Brand Name	.468	.056	.420	8.358	.000
Location	.051	.048	.052	1.051	.294
Packaging and Store Environment	.213	.059	.189	3.622	.000

Source: SPSS 20 and Research Primary Data

Table 5 shows, the value of the adjusted R² (.297) implies that the independent variables which are brand name, location, packaging and store environment explain only 29.7% factors that affects consumers decision-making on imported cosmetics.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.551 ^a	.303	.297	.67693

Source: SPSS 20 and Research Primary Data

V. DISCUSSIONS & CONCLUSION

The purpose of this research is to analyze the factors that affect consumer decision-making of young adults in Jakarta, Bogor, Depok, Tangerang, and Bekasi (Jabodetabek) on imported cosmetics. Based on the hypotheses of the writers, the factors which are product quality, brand name, price, promotion, packaging, location and store environment have positive relationship with consumer decision-making on imported cosmetics. Those factors could influence brand loyalty [Khraim, 2011] which later will affect consumers decision-making [Aaker, 1991].

Based on the evaluation of rotated component matrix factor’s results, data reduction is done which later resulted in the eliminations of variables. Thus, there are only 3 variables accepted to be used which are brand name, location, packaging and store environment ($\alpha > .6$). From the result of multiple regression, location could not be the singular factor that affects consumer decision-making since it does not have significant influence ($p > .05$). While brand name, packaging and store environment have significant influence to the consumer decision-making on imported cosmetics ($p < .05$). Thus, if brand name or packaging and store environment is used as singular factor, it significantly influences consumer decision-making on imported cosmetic. Compared among those two variables, brand name has the most significant

influence towards consumer decision-making on imported cosmetics ($\beta=0.449$).

According to the previous study regarding to the brand name in general business sector, brand image has positive influence on buying behavior when the brand name is quite strong [Kuhn, 2008]. It is proven by the previous research that young Thai consumers prefer to choose imported apparel products rather than local apparel products because of the brand name and other factors [Ponbamrungwong & Chandsawang, 2009]. Those research supported the result of this study that brand name has significant influence towards consumer decision-making on imported cosmetics.

According to the previous study regarding to the packaging in general business sector, the good packaging can be used by the company to differentiate its products from the competitors' products, in which later on will lead to positive influence towards customers buying behavior [Wells et al., 2007]. It is proven by the previous research that the satisfaction of Turkey's young women consumers is significantly influenced by good packaging of the products [Topoyan & Bulut, 2008]. Those researches supported the result of this study that packaging has significant influence towards consumer decision-making on imported cosmetics.

There are many researchers has conducted the research about the importance of store environment on consumer behavior [Turley, 2000]. In retail business, the environment of store has significant impact on shopping behavior [Levy & Weitz, 2012]. It is shown in the previous study which store environment has significant and positive influence towards cosmetics purchase intention of Iranian female consumers [Hanzaee & Andervazh, 2012]. Those statements supported this study that store environment has significant influence towards consumers decision-making on imported cosmetics.

The most important things in retail business are location, location and location. Location is very important for consumer and also become the competitive advantage for the company. Based on the previous study, it is stated that location has positive relationship towards consumer decision-making on men's skin care [Moungkhem & Surakiatpinyo, 2010]. It supported the result of this study which location is one of the factors of consumer decision-making towards imported cosmetics.

Most of the respondents of this research (78%) are young adults whose age is between 17-20 years old. It is viewed by the writers that those young adults in the category are still highly consider others' perception towards themselves. So they perceive the brand name is important because its prestige can increase the image of the users. Besides, the young adults in this category perceive packaging as important because they tend to like something unique that can be seen from the packaging of product. As stated by [Levy & Weitz, 2012], location is the most important thing for retail business. And it is proven in this research that location and store environment positively influence consumer decision-making.

The results of this research are not exactly similar with the previous study conducted in this field, which is Khraim (2011), because of the different targeted respondents between

the two researches. The factors which are significant in this research are only brand name, packaging, location and store environment, while the research of Khraim (2010) found that product quality, price and promotion are also significant factors that affect consumer decision-making. On the other hand, the result of this research corroborates the findings in other research, namely Price (2010). Based on Price (2010), brand name has greater role that influence consumer decision-making compared to packaging.

According to the writers' knowledge, there is limited study conducted in this field, especially the study which focused on the young-adults as the users of imported cosmetics in Jabodetabek. Thus, it is expected that the result of this study can contribute some insights for the local cosmetics to beat imported cosmetics. Based on the findings of this research, the writers recommends local cosmetic companies which intended to choose young adults as the target market to consider more intensively on the brand name, packaging, location and store environment. The local cosmetic companies should be able to create strong brand name, unique packaging and attractive store environment in order to attract consumers. Besides, the strategic location should also become the main concern so the products will be reachable.

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Sarah Fadillah Rahmadiani is currently an undergraduate student of bachelor degree in Business Administration study program and concentrating Retail Business, Faculty of Business, President University, Indonesia. Her areas of interest include Retail Business, Marketing, Communication, and Human Resource Management. Her hardworking and sharing spirit have been proven through 2 years of dedication as Marketing and Communication officer in Young On Top Campus Ambassador, a social movement of young generation for the betterment of Indonesia.



Larasati Wisnu Kawa. She is currently an undergraduate student of Faculty of Business concentrate in Retail Business, President University. She was member in Academic Department of President University Major Association of Business Administration. She also contributed as committee of some events in President University. Her areas of interest include Entrepreneurship, Marketing Management and Retail Business.



Suresh Kumar, BEng, MBA is currently working as the Lecturer of Business Administration study program, Faculty of Business in President University, Indonesia. His areas of interest include Retail Business, Operation Management and Information System. He has contributed more than one research article to International journals and presented papers in 3 international conferences.