

FACTORS INFLUENCING CONSUMER PREFERENCES ON NATURAL AND NON-NATURAL COSMETICS IN TURKEY

İLKAY KARADUMAN

Istanbul Aydin University, Faculty of Economics and Administrative Sciences
Asst.Prof.Dr.

E-posta: ilkaykaraduman@aydin.edu.tr

- Abstract -

The individual consumer has a set of preferences and values whose determination is outside the realm of economics. Consumer makes decisions by allocating their scarce income across all possible goods in order to obtain the greatest satisfaction. Formally, consumers maximize their utility subject to budget constraint. Natural and organic cosmetics create a global trendsetter with its market growth. The changing values of the society are the primal reason why cosmetics go green. Today's consumers prefer to avoid toxic ingredients by using natural and organic cosmetics. The two largest markets for pure natural and organic cosmetics are in North America and Europe and The Turkish market is one of the most exciting and dynamic markets in Europe at present. In this study it is examined the factors influencing consumer preferences on Natural and Non-Natural Cosmetics Products in Turkey.

Keywords: *Consumer Preference, Consumer Behavior, Cosmetics*

JEL Code: L25, M3, L65

1. INTRODUCTION

Modern humans display both worship and respect for nature, and an urge to conquer or master it. The relative importance of these competing themes varies across culture, history, and across individuals at any time, within a culture (Rozin et al., 2004). But human race caused great damages on nature while trying to conquer it. As Rozin et al. (2004) mentioned especially in developed parts of the world, in recent decades, a strong desire for the things that are natural has appeared.

Cosmetics (colloquially known as makeup or make-up) are care substances used to enhance the appearance or odour of the human body. They are generally mixtures of chemical compounds, some being derived from natural sources, many being synthetic (Schneider et al., 2006). With the strong desire of the human race to naturally produced products, natural cosmetics gain great importance. European Parliament (2009) defines cosmetic product as any substance or mixture intended to be placed in contact with the external parts of the human body (epidermis, hair system, nails, lips and external genital organs) or with the teeth and the mucous membranes of the oral cavity with a view exclusively or mainly to cleaning them, perfuming them, changing their appearance, protecting them, keeping them in good condition or correcting body odours. With a simple definition, natural cosmetics are products completely free from any synthetic constituents and contain only purely obtained, healthy forms of ingredients.

This is well known that natural cosmetics market is rapidly growing all around the world. High consumer demand for natural and organic cosmetics is leading to an increasing number of cosmetic products making 'natural' or 'organic' claims. However, it is difficult for the average consumer to work out how natural product formulations really are (Beerling, 2011). Some products may claim that they are natural or organic but some of them may be semi-natural or naturally inspired products which contain chemical ingredients. The changing values of society are one of the reasons why the cosmetics market is going green. Today's customers are enthusiastic about products from companies which accept responsibility for

social issues and the environment. The continuing health and wellness trend is another key source of motivation. With a wealth of information now at their disposal, more and more consumers are making the switch to natural and free-from alternatives than ever before. In this study, it is examined natural and organic cosmetics concept and the factors drive consumers to make their decisions on natural or non-natural ones with a consumer behavioral point of view. In the first part of the study, it is examined natural and organic cosmetics production. In the second part, it is examined consumer preferences on these products. At the last part of the study, it is conducted a research to examine the factors which drive consumers' preferences on natural or non-natural cosmetics.

2. CONSUMER PREFERENCES ON ORGANIC AND NATURAL COSMETIC PRODUCTS

The global cosmetic industry has gone through a transition period since the late 19th century. In the past, cosmetic products were recognised as luxury items, and only upper class women could afford to purchase cosmetics (Shergill and Kuo, 2011). Recently, the market share of cosmetics is growing rapidly and these products are no more luxury items and not only for women but also for men and children.

2.1. Organic products

In USA, FDA regulates cosmetics under the authority of the Federal Food, Drug, and Cosmetic Act (FD&C Act) and the Fair Packaging and Labeling Act (FPLA). The term "organic" is not defined in either of these laws or the regulations that FDA enforces under their authority (FDA, 2013). National Organic Program (NOP) regulations include a definition of "organic" and provide for certification that agricultural ingredients have been produced under conditions that would meet the definition. They also include labeling standards based on the percentage of organic ingredients in a product (FDA, 2013). Cosmetic products labeled with

organic claims must comply with both USDA regulations for the organic claim and FDA regulations for labeling and safety requirements for cosmetics. A cosmetic product's organic ingredients do not determine that is safe for human health. Some organic ingredients may be hazardous, toxic or allergenic for human life.

2.2. Natural products

Webster's Revised Unabridged Dictionary (1913) describes natural products as "A chemical substance produced by a living organism; - a term used commonly in reference to chemical substances found in nature that have distinctive pharmacological effects. Such a substance is considered a natural product even if it can be prepared by total synthesis." This definition shows that a natural cosmetic product should be produced with natural ingredients processed from living organisms as plants, vegetables, fruits or animals. Natural cosmetic products cannot only be explained with the ingredients but also the production method has a great importance.

2.3. Natural cosmetics production methodology

Natural Cosmetics manufacturing is a process of transportation of raw materials into cosmetic products with minimum level of disturbance of the nature and without using genetic manipulation and modification. Especially the usage of renewable and biodegradable materials which have substantially lower ecological impact is preferred as an ingredient. Using natural raw materials is not enough. Production methods and packaging should be environmentally friendly. A traceable production method with using clear processes is necessary.

Genetic engineering is not supported by nature and genetically engineered and modified raw materials from plants or animals should not be used for the

production. Natural sources of raw materials (certified ones if possible) and economical, environmentally-friendly and recyclable packaging should be used.

German Association for Pharmaceuticals, Health Care Products, Food Supplements and Personal Hygiene Products – BDIH prepared an eight step guideline for natural cosmetic manufacturing (BDIH, 2013): Raw materials, no animal testing, the use of inorganic salts, permissible components, deliberate rejection, preservatives, certification.

2.4. Consumer preferences and natural cosmetics

Fluctuations in the cost of materials, new application requirements, and changing brand awareness are just a few of things that can cause consumer needs to change. Keeping close track of customer response to a product and taking their demands into consideration are important for maintaining market share (Thomasnet, 2013). Customer preference refers to how customers select goods and services in relation to factors like taste, preference and individual choices. Factors such as the consumer's income and price of the goods do not influence the customer's preferred products or services (Ehow, 2013).

According to Cox and Grether (1996), consumer economics traditionally operates on the hypothesis that consumers seek the most utility, or satisfaction, that they can buy. Consumer preferences involve the ranking of goods and services according to how much benefit they afford. The study of consumer preferences employs assumptions about consumers' behavior and how they decide preferences. Heightened awareness of health, environmental and sustainability concerns drive consumer to prefer natural products. As explained in the Saintemarie (2012)'s article, recognizing that a brand's truly natural aspect is far more positively perceived by consumers compared to the brands that are merely naturally inspired, product manufacturers are making efforts to reformulate their products using truly natural ingredients and move from the naturally-inspired

segment to the truly natural segment. A Shelton Group (2009) survey shows that consumer prefers natural products within three categories mostly: Home cleaning products (75%), Food and beverages (65%), Cosmetic products (55%)

2.5. Factors effecting consumer preferences as an individual

Solomon (2013) explains Consumer behavior as an individual with 5 main dimensions: The perception of the consumer, consumer learning and memory, motivation, personality and the self. In this study, consumer is taken as an individual and it is explained his/her behavior as an individual social dimensions (social groups, family etc.) excluded from the study.

2.5.1. Consumer perception

Perception is defined as the process by which an individual selects, organizes, and interprets stimuli into a meaningful and coherent picture of the world. (Schiffman and Kanuk, 2000). Perception is a three stage process that translates raw stimuli into meaning. Sensation refers to the immediate response of our sensory receptors (eyes, ears, nose, mouth, finger, skin) to basic stimuli such as light, color, sound, odor and texture. Perception is the process by which people select, organize and interpret these sensations (Solomon, 2013). In the literature, studies of Imram (1999), Hoffman (2000), Röhr et al. (2005), Yeung (2011) are on consumer perception on food natural food and food safety. No studies on consumer perception and natural cosmetics have been found in the main academic databases.

2.5.2. Consumer learning

Learning is a relatively permanent change in behavior caused by experience. Memory is a process of acquiring information and storing it over time so that it will be available when we need it (Solomon, 2013). Many studies like the studies

of Hoch and Ha (1986), Churchill and Moschis (1979), Ward and Wackman (1971) can be found in the literature about consumer learning but none of them are on the effect of consumer learning on natural cosmetics.

2.5.3. Motivation

Motivation refers to the processes that lead people to behave as they do. It occurs when a need is aroused that the consumer wishes to satisfy (Solomon, 2013). Consumer motivation is an internal state that drives people to identify and buy products or services that fulfill conscious and unconscious needs or desires. The fulfillment of those needs can then motivate them to make a repeat purchase or to find different goods and services to better fulfill those needs (Ehow, 2013). Consumer motivation has a wide range of research area from gift giving (Goodwin et al., 1990) to sports tourism (Kurtzman and Zauhar, 2005).

2.5.4. The personality of the consumer

Personality is the concept which refers to a person's unique psychological makeup and how it consistently influences the way a person responds to her environment. The relationship (or lack of relationship) between personality constructs and behavior is as much a problem for the field of psychology as it is for consumer behavior (Crosby, 1984). Consumer personality has also a wide range of research. Kassarian (1971) made a good review of previous researches in his study.

3. METHODOLOGY, RESULTS AND CONCLUSIONS

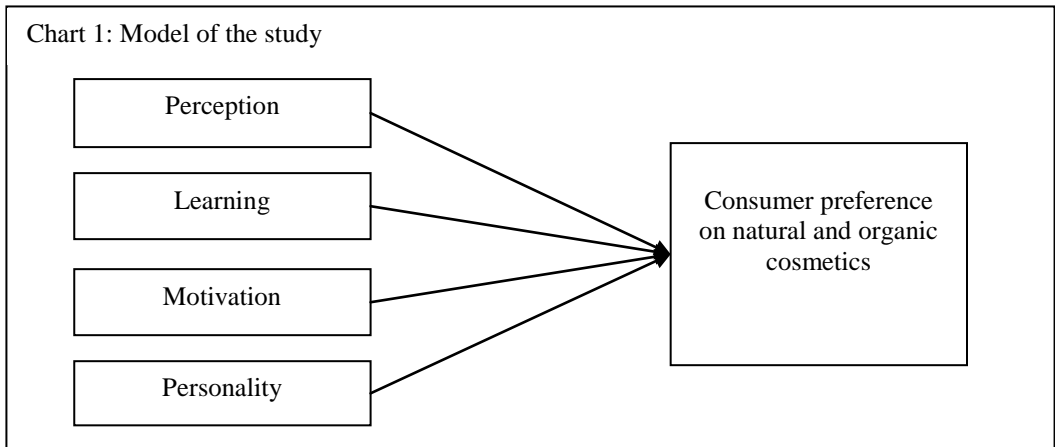
3.1 Research methodology and model

A self-administered questionnaire containing all measures was constructed and preliminarily tested to insure that the questions were understandable and clear

without any ambiguities. To facilitate the data collection, it is obtained the cooperation with five cosmetic reseller stores; the questionnaire was distributed to those stores and 5% discount provided for consumers who attend to the research. Stores from different places have been chosen in order to get sociodemographic variability on certain variables like gender, age and income.

The final sample comprises a total of 199 attendees aged between 17 and 58 years old ($x = 33.11$). Females are superior in number, since they represent about 74 percent of the total sample.

Perception, learning and memory, motivation and personality are main incentives for a consumer as an individual. In this study these factors are taken as independent variables and consumer preference on natural and non-natural cosmetics as dependent variable.



* In the structured model, “the self” dimension has been neglected.

3.2. Results of the analysis

In the study, firstly a factor analysis has been conducted. The results of the factor analysis may be seen in Table 2.

| Table 2: Factor Analysis and Reliability for Factors | | | |
|---|-----------------|-----------------|------------------------------|
| Item Labels | Factor Loadings | Number of Items | Reliability (Cronbach Alpha) |
| Consumer Perception Factor Analysis | | | |
| A0104 | 0,707 | 5 | 0,844 |
| A0107 | 0,641 | | |
| A0108 | 0,804 | | |
| A0111 | 0,722 | | |
| A0112 | 0,611 | | |
| Explained Variance: 68,4%, KMO: 0,782, Bartlett Significance: 0,000 | | | |
| Consumer Learning Factor Analysis | | | |
| A0109 | 0,874 | 4 | 0,726 |
| A0114 | 0,692 | | |
| A0115 | 0,798 | | |
| A0116 | 0,832 | | |
| Explained Variance: 62,8%, KMO: 0,722, Bartlett Significance: 0,000 | | | |
| Consumer Motivation Factor Analysis | | | |
| A0106 | 0,776 | 5 | 0,722 |
| A0117 | 0,674 | | |
| A0119 | 0,833 | | |
| A0121 | 0,764 | | |
| A0124 | 0,655 | | |
| Explained Variance: 70,2%, KMO: 0,832, Bartlett Significance: 0,000 | | | |
| Consumer Personality Factor Analysis | | | |
| A0110 | 0,876 | 3 | 0,864 |
| A0113 | 0,669 | | |
| A0118 | 0,741 | | |
| Explained Variance: 66,8%, KMO: 0,760, Bartlett Significance: 0,000 | | | |

The result of factor analysis proved that independent variables tested can be grouped under four (perception 5 items, learning 4 items, motivation 5 items and personality 3 items) groups and Items that have less factor loadings than 0,5 were

omitted. Factor analysis results confirmed the model constructed. Most of the dimensions' reliabilities are over 72%, and KMO greater than 0,70.

All the results presented so far were obtained through simple bivariate analyses. In order to see if the relationships that were uncovered would hold in a multivariate context and to determine the relative importance of the various types of influences on consumer preference, multiple regression analysis was conducted using the consumer preference ratio on natural or non-natural cosmetics as dependent variable and the four individual consumer behavior factors as independent variables.

| Factor | Standardized β | Mean |
|--------------------------------------|----------------------|-------|
| Consumer perception | ,522 | 0,000 |
| Consumer learning | ,578 | 0,000 |
| Consumer motivation | ,326 | 0,000 |
| Consumer personality | ,464 | 0,000 |
| $R^2 = ,177$ $F = 46,899$ $p = ,000$ | | |

3.3. Conclusions

This study examines individual consumer behavior factors and their effect on consumers' buying decision of natural cosmetics. It provides a literature review of the relevant topics. The last section of the article includes the results obtained by statistical analyses, its theoretical and managerial implications, limitations and suggestions for future research. The results of the research indicate that consumer learning has a great importance on the buying decision of natural cosmetics. Today's consumers are getting more and more conscious on the negative effects of chemical ingredients in cosmetics. In the information era, learning is easier than ever before and consumers easily find the information they needed on the product they wanted to buy. With the effects of the environmental and health

concerns, most of the consumers who prefer natural cosmetics perceive chemical ingredients as hazardous, whilst natural and organic is considered inherently safe and healthy. This reality directly effects consumers' perception on natural cosmetics and they decide to buy natural ones. Consumer motivation has multi-dimensions and it is not easy to motivate a consumer who is aware of the negative effects of chemicals and other materials to buy non-natural cosmetic products. That's why cosmetic companies usually try to accept their consumers as social beings and form their marketing efforts on the social factors of the consumer behavior.

Consumer personality has a direct effect on the consumer's buying behavior of natural or non-natural cosmetics. If consumers care about health and environment as a personality factor, they usually decide to buy natural products. But according to the research results, the effect of the personality is relatively low on the buying decision. Research results give the opportunity to the companies to form their marketing efforts on the learning of the consumer even if they produce natural or non-natural cosmetics. Today's consumers need to learn what they are buying and what consequences they are going to be faced with. Since the market share for natural products getting bigger day by day, the subject offers a wide range of research possibilities for the future researchers.

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