



Determining factors influencing on the demand for luxury brands inside Iran (Case study: Cosmetics Industry)

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ABSTRACT

Today, most cosmetic companies try to obtain a greater market share of customers than its competitors. Interactive marketing is one of the factors that can assisted these companies to at first try to interact more with customers to satisfy them and meet their needs. In this study, the researcher sought to identify factors affecting domestic demand for luxury brands and study their differentiated aspects than other brands by customers. This study in terms of objective is an application study, as its results are applicable to the cosmetic industry and the country commercial and industrial planners. It is a correlation and descriptive in terms of subject characteristics, as it seeks to identify and detect the relationship between the independent variables (different aspects of interactive marketing) and dependent variable (customer buying behavior). The population of this study includes all the users of the domestic Cosmetics Luxury products of Golsar Sabz Company (Atosa), Dumasi Company, Royal Atosa Company, Danny Van Company, Maral Manufacturing Company, Eugene Manufacturing Company, Jamil Company, Tabiat Zنده Company, Kadous Company, Tooba Ghol Company, Pars Hayyan Company, Dr. Jila Company, Kian Ara Zagros Company and Newssad Company in the period January 2013 to June 2014 and 409 subjects were selected by simple random sampling. Since there is not available accurate statistics of the number of people, the population in this study is considered unlimited. To determine reliability, with an emphasis on internal consistency of the questions, Cronbach's alpha coefficient was calculated for each variable related to the set of questions. Method of data collection is field study and collection tool is questionnaire. The data analysis had been carried out using SPSS and LISREL in two ways: descriptive and inferential and all research hypotheses were confirmed.

Keywords: Dimensions of Interactive Marketing, Customer buying behavior, Domestic luxury brand.

1. Introduction

Manufacturing and service companies in recent years have faced many challenges. The most important of these challenges was the competition between them and increase customers' knowledge and awareness. However, it appears that they have not developed scheduled approach to better understand their customers and meet their needs and avoid the tendency of customers to the competitors. One of the keys to customer loyalty is brand trust and marketing mix. In fact, when customers are not comparable to each other, they use what usually have like the image or brand of the company to make decisions. Accordingly, tangible features with intangible characteristics

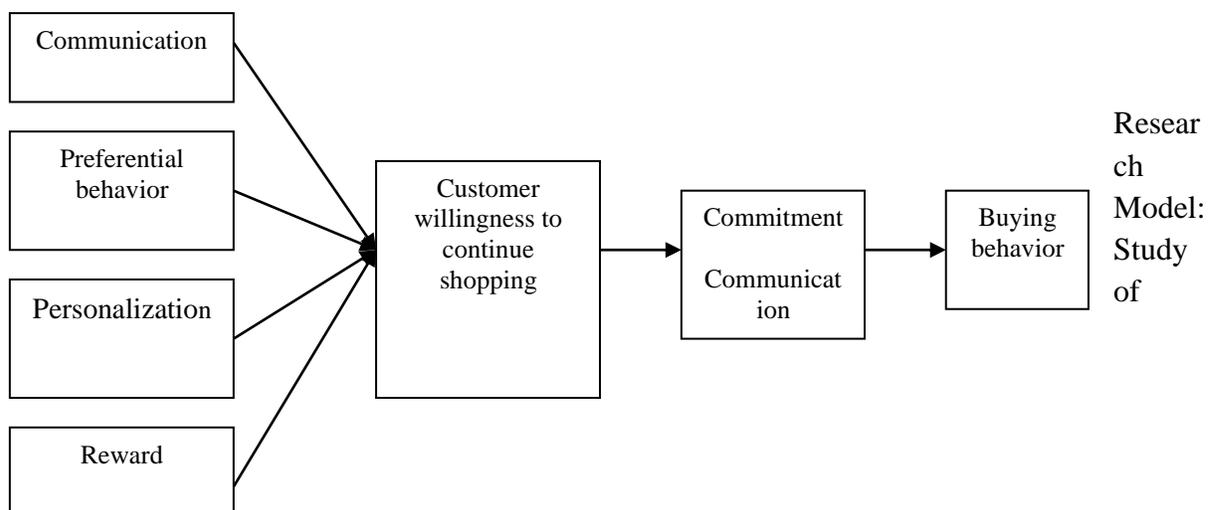
must be considered in studies (Loannis & Constantine, 2009). Brand trust is the result of many years of work and customer relationship and practicing and meet the customers what they promised as well as offering top-quality or at least desirable goods and services for customers that has gained from the ability and expertise of the company. The trust over time just created and crystallized through repetition the interaction between customers-company. If the company trust is now gone, brand will disappear quickly. In other words, buying behavior is the result of a complex interplay of cultural, social, personal and psychological factors (Keller, 2008). Many of these factors are beyond the scope of influence and control of the marketers; but for the identification and understanding of those consumers that marketers are trying to influence them, the recognition and respect of the marketing mix impact on their purchase decision can be helpful. Consumer analysis the stimuli according to their perceptions and personal experience and then decide in terms of their satisfaction to buy or not buy. In fact, one of the major objectives of marketing research is to identifying criteria that influence consumer decisions and lead to appropriate solutions and behavior for their satisfaction while make money, as excellence in the market, only obtained by attracting customer satisfaction, innovation and better service (Arasli, 2005).

Among the different branches of Cosmetics industry, a luxury item turn into a fashionable item and given the various name and brands are marketed each year the selection becomes more difficult for customers. Factors such as skyrocketing costs for companies entering the market, studying and understanding the preferences of target groups play important role in reducing and positioning the cost of cosmetics product. However various researches have been done so far in the field of cosmetic industry, the present study is the first research that has been done in the field of domestic demand for luxury brands in Iran. The aim of this study was to evaluate the impact of interactive marketing factors to buying cosmetics products and determining the factors affecting brand demand. Customer choice right in developing countries for selecting domestic and foreign brands has increased (Beliki, 2011). In the competitive environment, both domestic brands sellers and foreign brands sellers are benefits from knowing that how and why consumers select the brands (Eboli & Mazzulla, 2007). The presence of groups with different levels of income in our country is leading to supply a variety of brands. Tend to choose products with foreign brands is considered as a way to gain prestige and style to their. In this study, the factors

affecting domestic demand for luxury brands compared to international brands in the cosmetic industry are examined. Historically cosmetic products are available in the community to create class advantage (Ghobadian & Seng, 2007). Brand image in the beauty business is everything. Certain products such as personal accessories, cosmetics, perfume and cologne, and etc. have a set of tangible and intangible characteristics designed to satisfy consumers. For example, the scent of perfume can play a role in creating a mental image and person identity to others (Kimita & Yoshiki, 2009). A strong brand image can be a powerful strategy to reduce uncertainty in the valuation of goods and increase buying decision in the purchaser. A luxurious and famous brand in connection with a positive image will create competitive advantage and increase interest, attention, positive evaluation of the product and encourages purchase repetition. Consumers are more willing to use familiar brand and pay more effort in processing information about the known brand. When consumers are faced with a lack of information on product features and are unsure about an item, brand plays an important role in reducing the perceived risks and evaluates the quality of goods (Bush et al, 2005). Some researchers have attributed the perceived quality of the brand to the brand of manufacturer country, so that products manufactured in industrialized countries than in less developed countries had higher level of perceived quality. Today, most cosmetic companies try to obtain a greater market share of customers than its competitors and interactive marketing is one of the factors that can assist these companies to at first try to interact more with customers to satisfy them and meet their needs (Chebat, 2005).

2. Literature Review

Rising customer expectations and shifting decision-making power from service providers to consumers narrowed competition field and make difficult the survival for large and small organizations (Maxham & James,2001). Addressing customer needs and demands and more importantly, finding ways to respond it, are the issues that have attracted the minds of managers and theorists. Conducting a scientific research and systematic requires a scientific and theoretical framework that so-called conceptual model. Since the model provided by Odekerken (2003) includes all independent variables, the model used in this study with some modify is as follow. In this model, communication, preferential behavior, personalization and rewarding intended as factors affecting the willingness of customers to continue purchase. And the customer's willingness to buy also leads to communication commitment and ultimately to customer buying behavior. In the figure below, the dependent variable is the customer's purchasing behavior and the independent variable is the different aspects of interactive marketing.



interactive marketing tactics on customer buying behavior; Odekerken, 2003

2.1. Research hypothesis

H1: Domestic luxury brands communication tactics affect the willingness of customers to continue shopping.

H2: Domestic luxury brands preferential behavior tactics affect the willingness of customers to continue shopping.

H3: Domestic luxury brands personalization tactics affect the willingness of customers to continue shopping.

H4: Domestic luxury brands rewarding tactics affect the willingness of customers to continue shopping.

H5: Customer tends to continue shopping domestic luxury affect on commitment communication.

H6: Customer commitment communication affect on customer buying behavior.

3. Methodology

This study based on research design is a descriptive- correlation study and based on objective is an applied study. The data collected in this study by a combination of library and field methods. The population of this study includes all users of domestic luxurious cosmetic products. In this study, random sampling method is used. Since the exact number of people is not available, the population in this study is considered indefinite. A questionnaire was used to collect data. It should be noted that about 90 percent of the questionnaires have been completed by interviews with customers.

The questionnaire has three parts: The first section includes underlying questions that measures factors such as gender, age, income and education. The second part of the questionnaire included questions on store interactive marketing tactics and the third section includes questions on purchasing behavior of customers. All questions in this section were designed in Likert format. The questionnaire design is the result of the study of various aspects of each element in the marketing mix. This questionnaire has been used in several studies and its validity and reliability has been confirmed. Odekerken (2003) and Samadi and Nourani (2009) had been used this questionnaire and in this study, after localization of the questionnaire and using different view from experts has been used. In the questionnaire, for each of the investigated elements, several questions were presented. Questions related to each variable are separately specified. In the present study, we used five point Likert scale sed to measure the variables and questionnaire design. The questions have been obtained from reliable sources, however, to study the validity of the questionnaire used in this study, the content validity also used to localize questionnaire. So that some of the questions that were hefty, unintelligible, ambiguous or unrelated to the topic, the territory and population were removed from the questionnaire and some questions and answers were better expressed. To determine the reliability of the questionnaire with emphasis on the questions internal consistency, Cronbach's alpha coefficient was calculated using 19 SPSS software. Data analysis in this study will be both descriptive and inferential.

4. Finding

For descriptive statistics, statistical data related to the distribution manner of respondents to demographic characteristics and other properties of the questionnaire is given. Frequency tables and statistical diagrams in this section are also used to describe respondents. In inferential statistics, path analysis was conducted by LISREL software and thereby to test the research hypotheses. All these analyze have been performed by software SPSS19 and LISREL8.53.

Table 1: Descriptive statistics

Main variables	N	Min.	Max.	Mean	Std. Deviation	Variance
Communications	409	1.60	5.00	3.5613	.59110	.349
Personalization	409	1.75	5.00	3.7133	.68344	.467
Preferential behavior	409	1.50	5.00	3.6039	.75745	.574
Reward	409	1.20	5.00	3.4944	.69324	.481
Tend to the domestic luxury brands	409	1.00	5.00	3.4988	.74426	.554
Commitment communication	409	1.20	5.00	3.4963	.67200	.452
Shopping Behavior	409	1.83	5.00	3.5644	.63277	.400
Valid N (list wise)	409					

According to the above table, communication variable has the minimum 1.60 and a maximum of 5, average 3.26, SD=0.591 and variance 0.349. Personalization variable has the minimum 1.75 and a maximum of 5, average 3.71, SD=0.683 and variance 0.467. Preferential behavior variable has the minimum 1.50 and a maximum of 5, average 3.60, SD=0.757 and variance 0.574. Reward variable has the minimum 1.20 and a maximum of 5, average 3.49, SD=0.693 and variance 0.481. Tend to the domestic luxury brands variable has the minimum 1 and a maximum of 5, average 3.49, SD=0.744 and variance 0.554. Commitment communication variable has the minimum 1.20 and a maximum of 5, average 3.49, SD=0.672 and variance 0.452. Shopping Behavior variable has the minimum 1.83 and a maximum of 5, average 3.56, SD=0.632 and variance 0.400.

4.1. Testing hypotheses

Hypothesis testing is the process whereby the relationship or difference between the assumed variables is examined (Zohouri, 1999, p304). The results of the application of analytical methods based on the research causal model is presented here, so that at first the initial model test is provided and then, to test the research hypotheses.

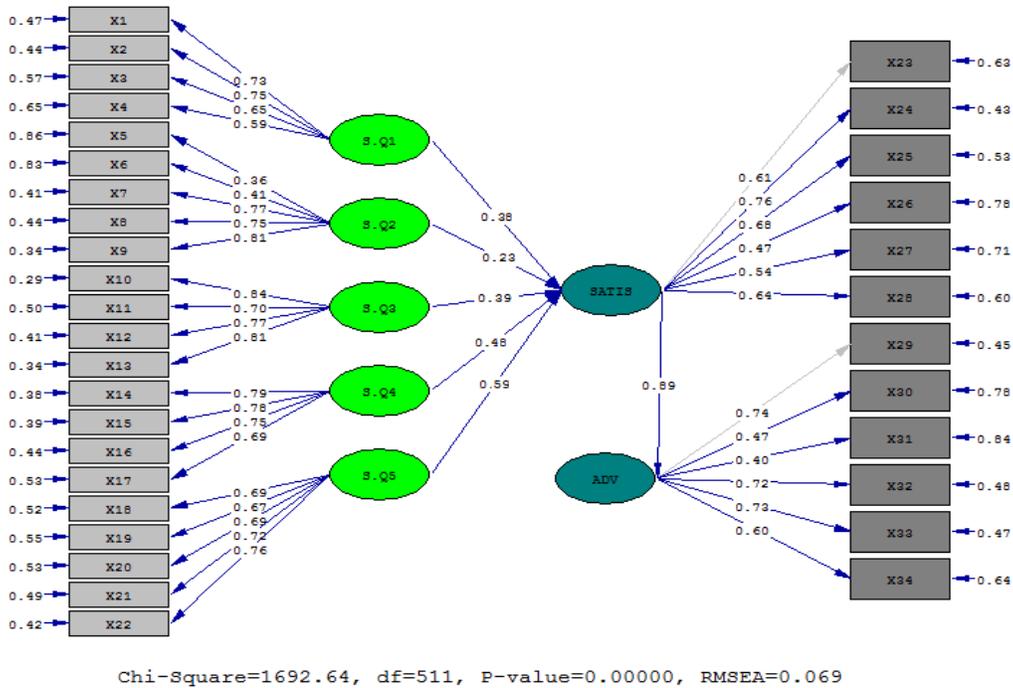


Figure 1: The standard tested model

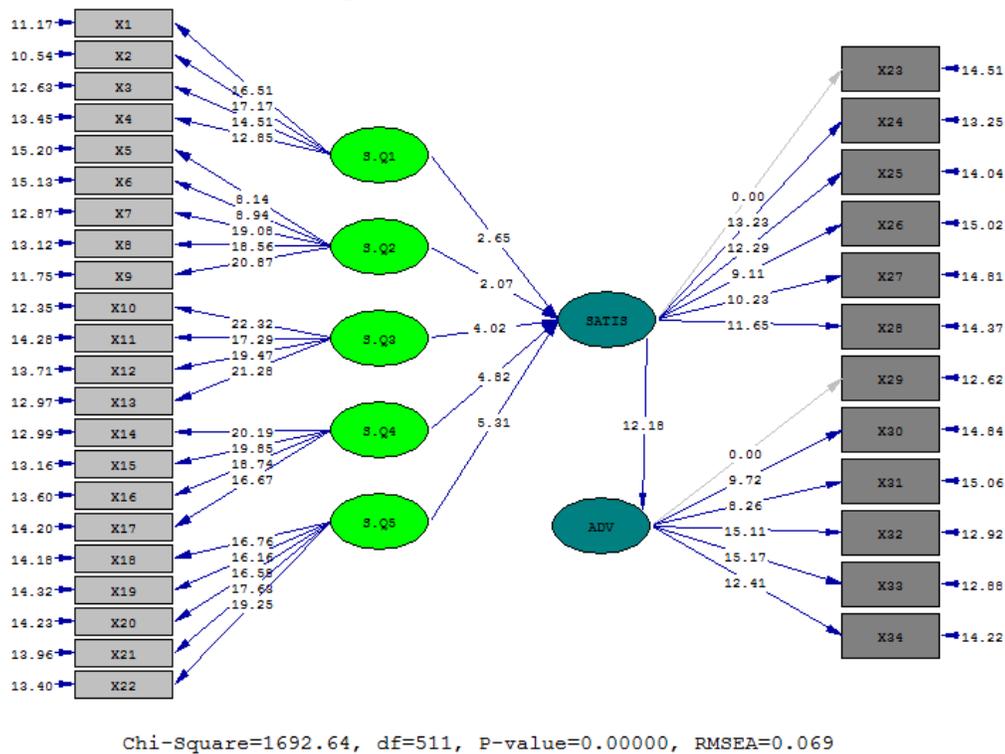


Figure 2: The significant tested model

Types of model fit indices indicate the approximated suitability of the model. The model fitness assessment is obtained by comparing the estimated covariance matrix for the population (based on model). The most important fitness indexes are linear structural relationships which are explained variance, goodness fit index (GFI), adjusted goodness of fit index (AGFI) in terms of

adjusted freedom degrees and Root Mean Square Error of Approximation (RMSEA). There is no significant test for GFI and AGFI indexes that is vary between zero (poor fit) and one (perfect fit). The closer the index is to 1, the better fit is for model. For the RMSEA, the small value represents the model good fit, so that this index is equal to or less than 0.05 (from 0.05 to 1.00 is also good) for good models (Ioannis, 2009, pp. 229-242). In confirmatory factor analysis, a model is constructed where is assumed the experimental data based on several parameters are calculated. This model is based on prior information about the data structure, the structure that is obtained in form of a theory, hypothesis or knowledge from the previous studies. Confirmatory factor analysis results were shown in the following table.

Table 2: summarizes the confirmatory factor analysis and goodness of fit indices

indices	$\frac{\chi^2}{d_f}$	GFI	AGFI	RMSEA	IFI	CFI
Value		0.83	0.80	0.069	0.81	0.91
optimum	[2] $5 \leq \leq 1$	[3] $1 \leq \leq 0.8$	[4] $1 \leq \leq 0.8$	[5] $0.01 \leq \leq 0$	[6] $1 \leq \leq 0.8$	[7] $1 \leq \leq 0.8$

In general, if the value of this index is close to 1, the fitness of model is very good. As the table suggests, the model in the present study in goodness of fit is in good condition. At this stage, we test the research hypotheses. To confirm or reject the hypothesis, the standard structural model and significant numbers will be use. Criteria for approval or rejection of each hypothesis is that if the t-statistic is in the interval [-1.96&1.96], the hypothesis is rejected, otherwise the hypothesis is confirmed.

Table 3: Hypotheses results

Path Analysis	Standardized β coefficient	T- statistics	Conclusion (at 0.95)
Communications Customer willingness to continue shoppin	0.38 [11]	2.26 [12]	Confirmed [13]
Personalization Customer willingness to continue shopping	0.23 [14]	2.07 [15]	Confirmed [16]
Preferential behavior Customer willingness to continue shopping	0.39 [17]	4.02 [18]	Confirmed
Reward Customer willingness to continue shopping	0.48 [19]	4.82 [20]	Confirmed
Willingness to buy domestic brands CommitmentCommunication	0.59 [21]	5.31 [22]	Confirmed
Customer Communication Customer buying behavior commitment	0.89 [23]	12.18 [24]	Confirmed

Finally, after testing the model in this study, all study hypotheses were confirmed. Considering the above results, since all of the sub-hypotheses were confirmed, it can be said that the main hypothesis is confirmed. In other words, interactive marketing tactics influence on the customer buying behavior toward domestic luxury brands.

5. Discussion & Conclusion

Considering the results of the research hypotheses and the results of research conducted in this area and according to the proposed model, they can increase customer satisfaction over the

services provided through strategic, timely and accurate planning and efficient and effective use of these elements and whereby strengthened their competitive position in the market and consistently achieve higher profits. As a result, managers can consider the following suggestions. Executives of domestic luxury brands in cosmetics industry must receive customer feelings and opinions in the form of a message through surveys. Communication often seek to teach the facts about the product to audiences, stimulate them to search for information about the product, creating interest in them, recommend the product to others and feel comfortable buying. Administrators can use the interactive marketing tactics to attract, retain and satisfy their customers. It is recommended that this research do in other industries. A comparative study had been carried out between the domestic cosmetics luxury brands companies and also inhibitor factors of interactive marketing are examined.

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