

Consumer Behaviour: Case Study on Avon Malaysia

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ABSTRACT: *Consumer behaviour will control the verdict on product purchasing by consumers. This paper is intended to study on the factors that influence consumer behaviour with regard to purchasing Avon products in Malaysia, specifically women.*

Keywords: *Avon, Malaysia, consumer behavior, women, cosmetics*

I. INTRODUCTION

The need to be aesthetically pronounced among women in the world can never be underestimate. To be beautiful and presentable is one of the main reason that companies mastering in beauty products and skin care had path their successful way in the beauty scene industry. Malaysian is no exception, especially the ladies, where cosmetic buying behaviour had been observed to have great impact on international and local cosmetic industry. Hence, this study is intended to show some factors that influence consumer behaviour pertaining to the purchase and usage of Avon products as well as positioning Avon in Malaysia as one of the cosmetic brand of choice among women in Malaysia.

II. FACTORS INFLUENCING CONSUMER BEHAVIOUR

2.1 Company background

Founded in 1886, Avon Products is the world's largest direct seller, with 6 million representatives in more than 100 countries, and the world's fifth-largest beauty company, reporting 2012 revenues of \$10.7 billion. But lately it has been struggling to keep up with the times. Over the last five years, the stock has fallen more than 50% and net income has plunged as well. (Gordreau, 2013). Avon generates 98% of its revenue from cosmetics products. The company markets to women in more than 110 countries with products ranging from instance skincare, fragrances, cosmetics, toiletries and also jewellery, watches, home products candles and toys. Moreover, 98% of the company sales are generated via direct sales. This sales approach had also been successful in the Asian and Latin America market ,but not feasible on American market.

Their website stated that "Every day, Avon brings beauty to the lives of women all over the world. At Avon, beauty means finding the right lipstick shade for a customer; providing an earnings opportunity so a woman can support her family; and enabling a woman to get her first mammogram. Beauty is about women looking and feeling their best. It's about championing economic empowerment and improving the lives of women around the world." This marks their effort in empowering women and had become the pillar that they hold on dear to. From this stand, Avon stood out among the rest of other mogul in beauty and cosmetic business as empowerment of women had become their greatest fort against other company's business standing. However, from an interview done by Forbes in 2013, CEO Sheri McCoy highlights that the area of focus for us is the consumer proposition and understanding the differences between what a Brazilian consumer needs versus a Russian consumer, for example. Since Avon is currently in the fallout of its net business worth, their annual report stresses the issue that BRIC countries should be addressed strongly in promoting Avon back into becoming the household name. In another article by Forbes mentioned that, on April 2013, the board brought in new CEO Sheri McCoy, a top executive from Johnson & Johnson, to replace its glamorous, 13-year veteran CEO Andrea Jung. McCoy, who had never worked with a direct-selling model, had to get up to speed fast. More than 75% of Avon's business is in developing markets, so she hit the road to familiarize herself with each, meeting representatives and looking for ways to regain its foothold in the \$300-billion beauty market. After months of silence, in December McCoy announced the first steps of her turnaround plan: to cut 1,500 jobs, pull out of Vietnam and South Korea, and rein in the company's spending to save \$400 million by the end of 2015. At the same time, Avon will invest \$200 million to update its information systems, embrace digital and social media as contemporary selling tools, stop the bleeding in hard-hit markets like the US and the UK, and push premium brands like anti-aging line Anew. Confidence is beginning to build. News of modest improvement in the fourth quarter pushed the stock up 23% in mid-February. And at an industry conference last week, a self-assured McCoy vowed to return Avon to its rightful place as an iconic global beauty brand. CEO Sheri McCoy

addressed drastic changes in Avon to bring back its former glory back in the cosmetic industry. The challenges are whether they are able to path their own ways in this 300 billion USD worth of industry. Hence, this study is intended to deliver and realize the process involves in AVON, with respect to analysing their consumer behaviour, specifically among women in Malaysia.

2.2 Current state of Global Beauty Market

In the last 20 years Global Beauty Market has grown by 4.5% a year on average (CAGR), with annual growth rates ranging from around 3% to 5.5%. Also known as *Cosmetics and Toiletries* or *Personal Care Products*, this market has proven both its ability to achieve stable and continuous growth as well as its capacity for resilience in unfavourable economic conditions. The Global Beauty Market is usually divided into five main business segments: skincare, haircare, colour (make-up), fragrances and toiletries. These segments are complementary and through their diversity they are able to satisfy all consumers' needs and expectations with regard to cosmetics. (Barbalova, 2011)

Beauty products can be also subdivided into premium and mass production segments, according to the brand prestige, price and distribution channels used. In a global view the mass segment represented 72% of total sales in 2010, while the premium segment accounted for the remaining 28%. The majority of global premium cosmetics sales is concentrated within the developed markets (mostly US, Japan and France) (Barbalova, 2011).

For what concerns the geographic aspect, this market can be divided into dominating - whose share in the global revenues is most meaningful - and peripheral regions, whose share is rather small. Among the former the following regions stand out with biggest shares in global revenues: North America, Latin America, Asia-Pacific and Western Europe. Since the turn of the century the cosmetic markets of the BRIC countries (Brazil, Russia, India, China) have been growing very fast. The beauty and personal care markets there actually expand and thus contribute significantly to the growth of the global market on the whole. In 2010 these four countries alone accounted for 21% of the global beauty industry and their share is to increase to 25% of the total market value in 2015 (C.Leonard, 2011). The BRIC countries are the main force within the so-called emerging markets. In 2011 all those countries generated 81% of the global cosmetics sales growth, according to *Euromonitor International's* data, more than half of which (54%) was attributed to BRIC. Further emerging markets, among others Mexico, Argentina, Indonesia, Thailand and Turkey, have shown incremental growth of about 8 billion dollars (Walker, 2012).

Formulating their strategic plan based on this study, Avon had their CEO addresses these BRIC countries in various interviews and plans. Annual report of 2015 mention of their take in direct selling, records showing Avon as the best direct selling company in the world. Empowering women had definitely become their forte when in Avon Investor Day, January 2016, Avon clearly indicate that "more women earning money through beauty".

2.3 Factors influencing consumer behavior in pertaining product purchasing from Avon in Malaysia

2.3.1 The Culture of Beauty

Culture is the fundamental determinant of a person's want and behaviour. (Kotler, 2016). This is why we have different values and perceived a situation according to the values that we are brought up into. Culture has a profound influence on all aspects of human behavior. Its impact may be subtle or pronounced, direct or oblique, enduring or ephemeral. It is so entwined with all facets of human existence that it is often difficult to determine how and in what ways its impact is manifested. Adding to the complexity of understanding the impact of culture is its inherently dynamic nature. Cultural influences change and culture evolves as political, social, economic and technological forces reshape the cultural landscape. Culture is a pervasive influence which underlies all facets of social behavior and interaction. It is evident in the values and norms that govern society. It is embodied in the objects used in everyday life and in modes of communication in society. The complexity of culture is reflected in the multitude of definitions of culture. According to Herkovits (1955) culture is the "manmade" part of the environment – i.e. what distinguishes humans from other species. Studies have shown that different cultures react differently to new product and technological innovations (e.g. Mahajan and Muller, 1994; Maitland and Bauer, 2001; Takada and Jain, 1991; Van Everdingen and Waarts, 2003). According to a research by Patil, H. and Bakkappa, B. (2012), culture influences the selection of cosmetics among consumers. Cosmetics are selected in the framework of personal culture and rituals performed. Along with that the language and symbol on the package influences their selection. Consumers are of the opinion that their subculture influences the cosmetics selection and they have derived subculture from the culture of the state and religion to which they belong. The study was conducted in an Indian region of Davangere, Karnakarta.

Hence, in this study, the culture of cosmetic buying falls on the ladies, since the culture of beauty and cosmetics is falls in their category. Familiar to us, that woman try their hardest to look beautiful, presentable and strive to look for the best shades of lipstick available, or another foundation to cover the blemishes, to make them feel great and beautiful. Cosmetic and skincare companies make a fortune off of women over the age of

forty, especially with anti-aging moisturizers, serums, and eye creams that comprise the “fastest growing sector of the cosmetics industry” (Epstein, 2010, p. 119). Even the ancient Egyptians covered their faces in plant products, mud, milk, and kohl to prevent their skin from aging (Wilson, 2008).

Avon boasts their trademark which is the ‘company of women’. Some find that this statement are too gender specific, but, nevertheless, Avon is the empowering women by making them the representative of the cosmetic giant. By providing women from around the world with means of making money and having their own business, this strategy of empowering women is what makes Avon the ultimate choice for initiating their own direct selling. Other than cosmetics, Avon also ventures into household products such as plastic containers, garments, and cooking utensils. From cultural point of view, consumers' preferences and buying powers has changed over time and they are related to the local culture and personal working conditions. Avon had to address the climates and preference of each country, and which product range is suitable in different countries. Some moisturizers in USA might not work as effectively in countries with hotter climate. This issue will justify the need for Avon to change or conduct a different research and survey to mitigate the loss that could occur in selling their products in different countries. Avon had vowed to empower women through beauty and hence, addressing the different needs and adapting to the culture is one vital issue that need to be acknowledged in detail. The top objective of Avon is to serve women all over the world with its products to reach their identical aspiration -- look their best at all places at all time. Some might consider this as an objectification of women, but in others point of view, Avon had become the platform of women’s empowerment in the global cosmetic market.

2.3.2 Cosmetics attribute and Brand loyalty

What drives the consumer behaviour, specifically women into buying cosmetics in Malaysia? The term consumer behavior is defined as the behavior that consumers display in searching for, purchasing, using evaluating and disposing of products and services that they expect will satisfy their needs. (Schiffman, 2010). Purchase intention, according to some scholars, have major effect when a consumer choose what product or services they desire. The definition of purchase intention is the emotion or perceived possibility of buying the product which are promoted or demonstrate rank of faithfulness to a product. (Wang, 2012). By far, the influence of buying cosmetic in Malaysia falls on different factors, and one of them is green or high environmental awareness, and also the factor of ‘Halal’ in cosmetic products. According to Rezvani (2013) factors that influence the buying of cosmetic products includes, country image, product knowledge, and patriotism. These factors according to the said researcher, have a significant factors that influence purchase intention of buying cosmetics in Malaysia. Based on a study conducted by Othman (1999), indicate criteria considered important by female consumers when purchasing lipstick and face powder in Malaysia. From their research, out of the 19 product attributes of lipstick and face powder, attributes such as absence of side effects, quality, fine texture, nice colors, and durability are the most important attributes when selecting lipstick and face powder. The least important attributes are price, attractive packaging, attractive product display, recommendations from friends and sales personnel, and free gifts or gift vouchers. In Malaysia, cosmetic brands such as Avon, Oriflame, Garnier, L’Oreal, Nevea and Adidas are popular among cosmetic consumers. Cosmetic has become a common and popular category among young and adult people as it identifies them with a more relaxed lifestyle, greater versatility and comfort. This has prompted manufacturers like Avon, Garnier and Nivea to begin increasing their business mostly in Asia as it has the potential to give them top volume of sales for their manufactured goods (Azuizkulov, 2013). Avon products have long being used by ladies in Malaysia since the 1970s, and their product boast natural ingredients from the beginning. There are no side effects being addressed from their product and there are women in Malaysia still believe in one product by Avon even when they reach the golden age. The perfume and talcum line has become more of a nostalgia and customers still flock to Avon boutique in Malaysia purchasing product like they did 35 years ago. That is what created their faithfulness towards Avon; the quality of Avon product itself. Among others, as what had been mentioned above, is the brand loyalty. Brand loyalty has been proclaimed to be the ultimate goal of marketing (Reichheld, 1990). In marketing, brand loyalty consists of a consumer’s commitment to repurchase the brand through repeated buying of a product or a service or other positive behaviors such as word of mouth. This indicates that the repurchase decision very much depends on trust and quality performance of the product or service (Chaudhuri, 2001). This is the like of Avon consumers in Malaysia. Avon is among the first cosmetic company that set their foundation in the cosmetic scene in Malaysia. Since the early 70s, consumer shows that Avon is the cosmetic for them, and since then, mothers had been teaching their daughters about using Avon’s product. This brand loyalty is the best form of marketing for Avon and also influences the consumer behaviour into buying Avon skin care and cosmetic line.

2.3.3 Halal certification

Another factor that is highly controversial and is now the leading factor in purchase intention is the issue of halal cosmetic. Halal cosmetics and halal business are now making a great progress in addressing the need of population in Malaysia that is majorly consist of Muslim population. This Halal cosmetics and toiletries market is expected to increase globally by 8.5% by 2014 and it represents one of the few markets that portray a stable growth. (Halcos, 2011). Although there is no obvious halal certification on their products as viewed in catalogue, their effort on using non animal based product cannot be overlooked. This is one particular reason despite the ever scrutinizing issues on Halal cosmetics in Malaysia. Avon still makes their stand by viewing their representative and consumer that consist of female Muslim. Apart from that, the position of Avon as the leading brand of cosmetic is now under threat from the locally produced beauty products. To name a few, there are skin care lines from Noveuax Visage, whitening product by Qu Puteh and slimming product by D' Herbs, based in Malaysia. Their power motto is 'Halal'. This is one threat that land Avon on the decline in Malaysia. However, in the recent years, Avon had upgraded their position in the cosmetic scene in Malaysia. By introducing more variation in their product, and addressing environment as one of their effort in sustainability, Avon in Malaysia is now making a grand come back. The issue of halal has never been underestimate by Avon, and declaring that their product is all free of animal based substance, and consist of only the best natural ingredient, land them with high future prospect of Avon Malaysia customers. However, there are still limited research conducted on halal cosmetic and perceptions among Muslim in Malaysia.

III. CONCLUSION

As a conclusion, the consumer behaviour on buying Avon products among Malaysian, specifically women, is influence by product side effects, brand loyalty and halal certifications. However, there are other factors as well contributing to consumer behaviour in purchasing products from Avon among Malaysia such as country of origin, demographic factors, household income and competitive price from other local products. Needless to say, there are a lot of other factors that should be looked up from Avon themselves. This is to ensure that Avon will remain the cosmetic of choice among Malaysian women.

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