



Research Paper

The Exploration of Critical Factors to Young Generation Choosing Korean Budget Cosmetics as a Trend: A Case Study of Taiwan

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ABSTRACT: Due to the rapid progress of domestic economy in Taiwan, the cosmetic market has grown year by year. During the same period, Korean drama became popular in Taiwan. Many young students or some men on the cutting edge of trends have begun to use cosmetics. In particular, budget cosmetics have intervened in people's daily necessities, and that promoted the boom of the Korean budget cosmetics market performance in Taiwan. The research was to explore some marketing strategies applied in Taiwanese cosmetic market and their effects. Korean brand manufacturers invited hot stars to endorse their products; as a result, it successfully attracted a lot of fans to enhance their purchasing intention and behavioral intentions. Besides, Korean budget cosmetics have had excellent brand image and reputation on the Internet, such as B to C platform, social network sites, bloggers, and so on. Most respondents had the experience of being to the cosmetic physical stores or websites and got product information from many different channels. Ultimately, the manufacturers of Korean cosmetics applied many marketing strategies to promote their products successfully in Taiwan. The above results had attained to significant differences. Taiwanese people felt satisfied with their budget products, and then born brand awareness which resulted in effective purchasing decisions and behavioral intentions.

KEYWORDS: Budget Cosmetics, Experiential Marketing, Celebrity Endorsement, Placement Marketing, Word-of-Mouth Marketing, Purchasing Decisions, Behavioral Intentions

Received 06 July, 2021; Revised: 18 July, 2021; Accepted 20 July, 2021 © The author(s) 2021.

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I. INTRODUCTION

Along with the rising of "Hallyu" (Korean wave) in Taiwan, many Korean TV dramas or advertising spokesmen could affect people's decisions of choosing cosmetics. Chung and Chen (2011) pointed out that celebrity endorsement advertising has occupied about 55% of the overall advertising market. Many companies have recruited the celebrities to be advertising spokesmen, and hoped to catch consumers' eye through celebrities' fame and charm. In addition, they got celebrities' image and personal qualities transform into a bridge of communication between the consumers and the company's brand. In recent years, many physical shops of Korean cosmetic brand have rapidly expanded in Taiwan, such as Etude House, Innisfree, Laneige, Skin Food, The Face Shop, Too Cool for School, and so on. They have infused a trend into the Taiwan's cosmetics market with different patterns of business model. The Korean cosmetic shops have not only expanded the consumer market in Taiwan, but also provided consumers with more diversified choice. The most significant feature of Korean cosmetics for consumers of Taiwan market is its continuous innovation.

Many Korean cosmetic shops allowed the customers to daub their faces with their cosmetic products or gave products introduction by clerks and then experienced the product, rather than just look at the information about this product in stores or catalogs. Experience made consumers have intimate feelings and keep deep impression to them. Although not all marketers focus on experiential marketing, it has become a general and necessary awareness to attract and please customers. Experience is personal attempt, changing a person's behavior or thoughts, a kind of experience rather than knowledge of the text (Lee and Hsu, 2014).

The new generation of Taiwanese young consumers buying beauty and cosmetic products originally

from department stores had transformed into physical stores and online shopping (Lin and Chan, 2009). It evolved from the traditionally department shopping to nowadays online shopping. These changing behaviors not only altered consumers' lifestyles but also the business model (Wu and Chiang, 2009). Online shopping has created amazing sales performance, and make more and more cosmetic online shops being launched (Wei and Lai, 2011). The Korean cosmetic shops in Taiwan are mostly with franchise to show whether direct selling stores or franchisee. We could often read many articles about cosmetic bloggers' experience of using Korean budget cosmetics on the blogs, and the bloggers also make short films to teach and encourage the consumers to buy. Bloggers mostly used the pattern and significantly faint placement marketing for recall of advertising, including attitude and purchase intention. (Chiang and Hsieh, 2013). Therefore, the study aimed to find how the Taiwanese customers' attitude toward Korean cosmetic budget products and explore their marketing strategies influencing customers to purchase them. There are some questions are listed as follows:

- 1) Could the consumers purchasing decisions be influenced by an impulse, sale clerk's explanation, or after the trial experience?
- 2) Is the Internet shop or physical shop consumers' favorite purchasing channel?
- 3) What kind of marketing strategies had been applied to promotion for Korean cosmetics?
- 4) How can demographic information provide different findings?
- 5) What are the important factors influencing the success of Korean cosmetics in Taiwan?

II. LITERATURE REVIEW

Marketing Strategy was derived from a research by Schmitt (1999), suggested that experience was the main component of experiential marketing, a key marketing tool in the future, could be divided into five experiential variables - sense, feel, think, act, relate. Wang, Fang, and Lin (2008) stated that experiential marketing allowed customers to engage and interact with brands, products, and services in sensory ways. On one hand, You-Ming (2010) stated that experiential marketing was a "communication method, which mainly raised customers' physical and emotional feelings". On the other hand, according to Yuan and Wu (2008), experiential marketing could be seen as a marketing tactic designed by a business to stage the entire physical environment and the operational processes for its customers to experience.

Lin, Cheng, & Chen, (2012) stated that spokesperson made good use of the reputation and catches the consumer's eye to reach the advertising agency's benefit. The advertisement not only was an excellent tool for communication between business and consumer, but also a communicational bridge between manufacturer and consumer. Most of the company often used advertising campaign to stimulate consumer's behavior of purchasing. Advertising waste focus on building strong and changing viewer's cognition, attitude, and behaviors. A series of advertising campaigns mainly aimed at people of all ages were carrying out the communicational missions. The ultimate conclusion was to attract the potential customers buying the certain products. Spokesman's attribute with product interaction was an important factor in determining the effectiveness of advertising. On the one hand, it could reinforce the message disclosed by the advertisement and deepen consumers' impression of the brand cognition; on the other hand, it could also shape the uniqueness of the brand and enhance consumers' desire to buy. When selecting endorsers, manufacturers would focus on product features and its suitability (Yang and Hsieh, 2016).

With so many products sold in cosmetic market, it sometimes seemed hard to know which one was right for you. The customers would take advices from people surrounding them. But viral marketing sometime were misunderstood as one kind of word of mouth (WOM) marketing (Ferguson, 2008). Kozinets, DeValck, Wojnicki, & Wilner (2010) pointed out that WOM was a professional marketing strategy technique that affected the communication between consumers. Chen (2015) recognized WOM marketing as an art of positive and mutually beneficial communication between consumers, or between consumers and marketers. With different types of advertising media in the world, word of mouth (WOM) marketing seemed to be a better alternative way of trust. Research generally supported the claim that WOM was more influential on behavior than other marketer-controlled sources because it has an important influence in the decision-making process of consumers (Buttle, 1998; Ladhari, 2007; Ferguson, 2008). WOM has been shown to influence a variety of conditions: awareness, expectations, perceptions, attitudes, behavioral intentions and behavior. Mary, Larry, & Pradeep (2011) indicated that consumers were easy to trust word-of-mouth due to being honest and fair. Consequently, consumers' comments on purchasing products are social reputation, which also displayed a close relationship between consumers and sellers. Recently, Wang, Chuang & You (2018) confirmed that the higher online WOM marketing received by consumers, the higher the consumers' willingness to purchase online.

In recent years, the blog has become a popular marketing method of electronic marketing for entrepreneurs. More and more consumers would go online to surf the evaluations or review before making purchasing decisions. One of the important factors of applying a blog is to allow readers to leave their opinions and interact with sellers. Blog was one of forms of placement Marketing. Chen (2009) held a belief that the way of expression was mostly through using words and patterns, and combination of remarkable and unremarkable

of placement marketing environments that influence customers to recall advertising memory leading to customers' attitude and purchase intention. The blogs created more benefits comparing to traditional advertising media. There were four parts of classification of placement marketing in the media pipeline, such as clear words, hidden words, clear patterns, and hidden patterns. Selecting the best marketing channel was critical because it could result in the success or failure of a product. Nowadays, the Internet has been a successful marketing channel. The cosmetics customers got to make channel decisions by themselves, such as department store, physical store, and online store. There were three dimensions of system quality to evaluate the website quality of beauty shop, for example, product information quality, aesthetic design and service quality.

Engel, Kollat, and Blackwell (1978) emphasized that consumer purchase decisions was a continuous and overall process, not an intermittent one. Five basic phases of purchasing product included demand cognition, information collection, scheme evaluation, and purchase expense that meant whether buy it or not, when want to buy, what want to buy, and what the problem after buying, etc. First, consumers would collect product-related information prior to make a decision to purchase a product, and finally decided whether they want buy it or not. The form of the purchase intention played an important role in nowadays society.

Fishbein and Ajzen (1975) pointing out that purchase intention is the subjective tendency of consumers on a certain product and has been proved to be an important indicator of consumer behavior. At the end of the scheme evaluation process is the consumer's willingness to buy, so the purchase intention refers to the possibility of consumers trying to buy a product (Zeithami, 1988). Fandos and Flavian (2006) asserted that the purchase intention can be considered to reflect the foreseeable behavior of consumers, that is, making purchase decision on such a short term, meaning the purchase intention can predict the product or brand that the consumer will buy in the next purchase. The product attributes is based on purchasing decision. Their preferences affect them on the choice of different products while they are buying, manufacturers must also analyze the target market demands, according to the target customer's preferences to create new products. Through the delivery of relevant product information to consumers, it persuaded them to buy the certain product (Su, 2013).

III. RESEARCH METHOD

The study aimed to investigate the factor influencing Taiwanese consumers choosing Korean skin care products in Taiwan cosmetic market by constructing a questionnaire in which statements was evaluated by 4 scales – strongly agree, agree, disagree, and strongly disagree; it consisted of 50 items and was divided into 5 sections. The first of which was intended to elicit demographic information on respondents. The second section asked respondents to rate their degree toward marketing strategy, including experiential marketing, celebrity endorsement, placement marketing, and word-of-mouth marketing strategy. Section 3 focused on attitudes regarding channel strategy, such as the Internet and physical stores. The fourth and fifth section was designed to assess opinions of purchasing decision and behavioral intentions. The respondents who volunteered to take part in the study were randomly selected on Google survey. A total amount of 321 respondents was surveyed; finally, 310 surveys were complete and valid. Moreover, we applied quantitative statistical analyses (Mean, Standard Deviation, and ANOVAs) to do data analyses. By the way, the research structure of the study was shown as **Figure 1**.

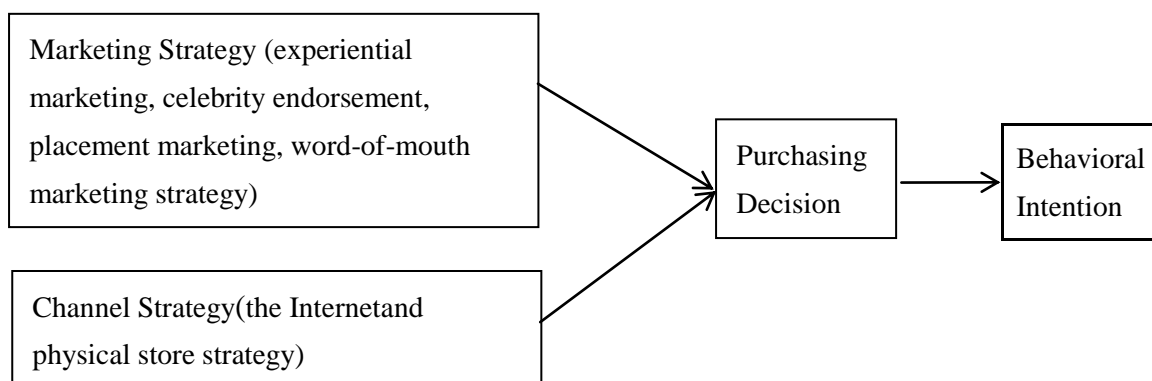


Figure 1 : Research Model

These hypotheses are listed as follows :

- H1: The Marketing Strategy of Korean cosmetics have a positive effect on customer purchasing decision of Korean cosmetics
- H2: The experiential marketing Strategy has a positive effect on customer purchasing decision

- H3: The celebrity endorsement has a positive effect on purchasing decision.
H4: The placement marketing strategy has a positive effect on purchasing decision.
H5: The word-of-mouth marketing strategy has a positive effect on purchasing decision.
H6: The channel strategy has a positive effect on purchasing decision.
H7: The purchasing decision has a positive effect on behavior intentions.
H8: The background information has a positive effect on purchasing decisions.
H9: The background information has a positive effect on behavior intentions.

IV. RESULTS AND DISCUSSIONS

A total amount of 321 respondents was surveyed; finally, 310 surveys were complete and valid. The personal data of most respondents was displayed as following: (1) Most respondents were female, (228, 73.5%); (2) The age is between 19-23 years old (146, 47.1%); (3) the educational background fell in college (176, 56.7%); (4) current job was student (146, 47.1%); (5) average monthly income was between US\$500 to 1000 (140, 43.6%); (6) the frequency of being to Korean store to buy Korean cosmetics was 212 (66.9%); (7) the frequency of being to website/ the Internet to buy Korean cosmetics is 211 (65.7%); (8) the top three priority channels of getting Korean cosmetics information were endorsement (186, 58.3%), relative introduction (181, 56.7%), and network platform (166, 52%); and (9) their residential area is Southern Taiwan (121, 37.6%). So far as marketing was concerned, the Internet or media tools have brought very clear and powerful influence on customer decision making in this young generation.

Analyses of variance (ANOVAs) were used to detect significant difference among varieties. For Hypothesis 1, the value $F(20,289)=20.7, (p<0.05)$ revealed that there were group differences. The results showed a striking effect of the marketing strategy on customer purchasing decision of Korean cosmetics. Among these marketing strategies, for H2, the ANOVA displayed the value of experiential experience [$F(20,289)=12.4, (p<0.05)$], the results showed that over 80% participants agreed that using Korean cosmetics made them feel happy, more beautiful, satisfied, and ahead of time. For H3, the value of celebrity endorsement [$F(20,289)=13.1, (p<0.05)$] indicated that more than 80% participants agreed that the professionalism and recognition of the celebrity endorsement would affect their purchasing willingness. Three interesting findings are discovered as follows: (1) more than 70% respondents presented that mainly celebrity endorsement could attract female attention more easily; (2) more than 70% respondents agreed that the guarantee of celebrity endorsement made them feel confident about the safety of the product; (3) over 70% respondents thought that negative behaviors or scandal would influence their selection and evaluation of Korean cosmetics. For H4, the placement marketing [$F(20,289)=7.6, (p<0.05)$] pointed out that over 90% respondents agreed that cosmetics brand or products used or shown in Korean dramas would catch their eyes and curiosity, arousing their purchasing motivation. For H5, the word-of-mouth (WOM) marketing [$F(20,289)=15.5, (p<0.05)$] displayed that 268 (86.5%) respondents agreed that checking bloggers' recommendations and appraisals on line would bring better benefits compared to advertising from traditional media. It meant that modern customers were accustomed to surf information from the Internet and the evaluations of bloggers have become more powerful and more effective. Moreover, 279 respondents (90%) agreed that Korean cosmetics with good reputations on line would promote customers' purchasing willingness and would love to share them. On the contrary, 77 participants (24.8%) responded that they may not purchase Korean cosmetic products recommended from their friends or relatives because of the national identity, demand, and experience.

For H6, the channel marketing strategy [$F(20,289)=10.5, (p<0.05)$] have a significant effect of customer purchasing Decision of Korean cosmetics. For the Internet marketing [$F(20,289) =12.7, (p<0.05)$], more than 80% respondents agreed that purchasing cosmetics on the Internet was more convenient, efficient, easier to compare price, and fast update product information. One more interesting thing was that 243 respondents (78.4%) agreed that they would spend more time to surf and browse cosmetics website designed pretty warm, and touching. For the physical store marketing [$F(20,289) = 4.8, (p<0.05)$], more than 80% respondents agreed that physical store could provide customers better quality of service, more professional service personnel, more product trial, and more discounts. However, 264 respondents (85.2%) agreed that products in physical store were more easily out of stock. For H7, the ANOVA of the purchasing decisions [$F(21,288) = 37.7, (p<0.05)$] indicated a significant main effect for on Behavior Intentions. Over 80% participants agreed that they would glad to purchase Korean budget brand cosmetics. Among different country's brand cosmetics, Korean brand is their first priority because of understanding and recognizing its products, not price. Furthermore, they would consider the brand image and be influenced by Korean drama or "Hallyu" (Korean wave).

For H8, some of the analyses of variance (ANOVAs) of the background information had no significant main effect on purchasing decisions. First of all, it showed that educational level had no significant difference on purchasing decisions [$F(20,289) = 1.5, (p>0.05)$]. Secondly, there was no significant influence

between different channels to know Korean budget cosmetics and purchasing decisions. Finally, the resident areas had no significant effect on purchasing decisions. On the contrary, the five information background of sex, age, monthly income, and have the experience of being to physical stores of Korean cosmetics and the Internet had significantly effect on purchasing decisions. For H9: according to the results of ANOVAs, sex and different channels to know Korean budget cosmetics of the background information had no significant effect on behavior intentions. Other factors of information background showed significant influence on behavior intentions. Two hundred and eighty-one (90%) respondents were glad to introduce benefits and recommend other people to buy. Moreover, 228 (73.5%) participants agreed that they would continue to buy the same brand even though increasing the price of budget cosmetics.

V. CONCLUSION

The outcome of the survey clearly indicated some notable aspects; the first, most of the respondents were aware of the Korean budget cosmetics. The trial or experiential marketing strategy of cosmetics provided in physical stores to increase brand awareness, gain the trust, and meet their expectation from the Internet, bloggers, friends, classmates, relatives, and so on. Moreover, the Korean cosmetic manufacturers employed celebrity endorsement who had to know the information and meet their brand image of products to introduce their products in different mass media. The strategy of placement marketing of cosmetics brand or products used or shown in Korean dramas successfully caught audiences' eyes and curiosity, arousing their purchasing motivation. In terms of channel strategy, the B to C or C to C commercial platforms and professional cosmetic blogs were the main paths on the Internet. Besides the Internet channel, the cosmetic brand operators expanded their physical stores in Taiwan and provided professional and well-trained clerks with good attitude, more discounts, promotions, and trial products. Next, modern customers were accustomed to surf information from the Internet and review the evaluations of bloggers or other users. Because of the characteristics of good quality and affordable price, people in Taiwan like to visit Korean budget cosmetics store to enjoy their service and many benefits indicated above.

The background information displayed that people in Taiwan with different education level getting information from different channels, coming from different resident areas had similar purchasing decisions for Korean budget cosmetics. According to the above results and discussions, most respondents showed high level of customer satisfaction and brand loyalty for Korean budget cosmetics. This information could provide Taiwanese and other multinational cosmetics manufacturers some critical tips to design their marketing strategies. The phenomenon also gives us a warning that Korean culture has been invading local culture and cosmetic industry. Taiwan advocates free market economy, so people can't oppose the international trading and import of any products. However, the local manufacturers should unite Taiwanese mass media, cosmetic and biotechnology industry, and electronic commercial company to create powerful engine to drive the huge counteraction.

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