

Direct Sales Cosmetics Consumer Satisfaction in Bangkok Metropolitan

V. Moongvicha

Faculty of Business Administration, Rajamangala University of Technology Phra Nakhon,
86 Pitsanulok Road, Bangkok 10300, Thailand
Tel: +6689-527-6543, Fax: +662-281-1842, Email: <varapun.m@rmutp.ac.th>

Abstract: The consumer satisfaction in consumerism of direct sales cosmetics in Bangkok metropolitan is reported for the study of (i) the effects of consumer information perception that can be caused by consumer right and consumer protection perceptions, (ii) the effect of customer satisfaction which is caused by consumerism in right, protection and information perceptions, (iii) factors which effect for repurchased behavior are caused by consumer information perception and consumer satisfaction. The independent variables are consumer right perception, consumer protection and consumer information perceptions, and consumer satisfaction, while dependent variable is repurchased behavior. The quantitative method was used in this research, where the data was collected by survey technique using 400 questionnaires. Those were random samplings from consumer who are consuming cosmetics distributed by company or agent's representative for direct sales in Bangkok area. Data was analyzed using frequency, percentage, linear program and Path Analysis. The cause and effect was modelled by LISREL 8.52. This research outcome implies clearly that since consumer protection perception did not pay an importance role for consumer satisfaction upon cosmetics distributed by direct sales method, the customer has an emotional buying behavior more than a rational motion, moreover they were satisfied with cosmetics distributed by direct sales method and its selling technique. So the following research that should be studied upon the of word-of mouth customer send messages thru others, while customer satisfaction derived approaching the trust of direct sales technique.

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1. Introduction

Direct market is the use of product media to communicate with customers, who then can purchase product by mail, telephone, or on the internet. Direct marketing can occur through catalog marketing, direct response marketing, telemarketing, television home shopping, and online retailing [1]. Direct selling is the marketing of products to ultimate consumer through face-to-face presentations at home or in working place. In order to present customers product through agent or middle man, where the problem might be occurred, in which competition in sales may cause unfair to consumer. This research aims for company responsibility in direct sales in cosmetics product upon consumer right, consumer protection and repurchased behavior. Ethics are the standards of moral for conduct-to act in an ethical fashion is to conform to an accepted standard of moral behavior [2]. To locate prospects, develop them into customers, and grow the business, most industrial companies rely heavily on profession sales forces or hire manufacturers' representatives and agents. Sales are the company's personal link to its customers.

Promotion is communication with potential customers and others in the channel. Personal selling is often the best way to do it. While face to face with

prospects, Sales person is there to ask for the order. And afterward the salesperson works to be certain that the customer is satisfied and will buy again in the future [3].

Direct Selling is a product sales channel from the manufacturer sold through independent distributors to consumers. The business owner and their independent distributors have to be ethics in operations and customer service as well as to strictly practice and follow the Direct Selling and Direct Marketing Act. Identity fraudulent scheme from direct selling business areas, direct selling is not to persuade people to raise money or to raise funds, and compensation plan is actually possible, able to disclose to the description clearly. Company has a buy back policy, have a warranty policy to protect consumers. Do not encourage direct sellers to over purchase products and earn income from sales register and buy products first time at reasonable prices. Competition in the sales may not be fair to consumer; the Consumer Protection Act of 1980, as amended by the Consumer Protection Act of 1999 stipulates that consumer right is protected by law [4-8].

2. Conceptual Background

2.1 Consumer Right

Consumer right are protected by law in 5 items, where there are right to receive accurate and sufficient information, right to choose a product or service independently, right to be safe from using the product or services, right to get a fair contract, right to be considered and compensate for all damages.

2.1.1 Right to receive accurate and sufficient information

Consumer shall have the right to receive accurate and sufficient information including descriptive of product quality, such as the right to receive truthfully and harmless information from advertising and labeling. This is included the consumer right to be acknowledge about product and service at an accurate and sufficient enough format to make consumer be misled into buying product and service in an unfair condition.

2.1.2 Right to choose a product or service independently

Consumer shall have the right to be independently while choosing product or service, such as the right to purchase product or service freely and without an unfair motivation.

2.1.3 Right to be safe from using the product or service

Consumer shall have the right to be safe from using the product or service, such as the right to receive safety, standard and in an appropriate condition while disposing the product or service. Consumer shall have the right to dispose product and service with no harmful for life, body or asset when apply by follow the instruction as per recommended.

2.1.4 Right to get a fair contract

Consumer shall have the right to get a fair contract, such as the right to receive contract without being exploit by the vendor.

2.1.5 Right to be considered and compensate for all damages

Consumer shall have the right to be considered and compensate for all damages, such as the right to be protected and compensated when consumer right was violated by causes 1, 2, 3 and 4 that were mentioned above.

2.2 Consumer Protection

Consumer protection committee who are under supervision of Prime Minister Office operates and controls for consumer protection in 4 areas, where those are the consumer protections for advertising, labeling, contract and direct sales and direct marketing.

2.2.1 Consumer protection in advertising

Enact the consumer protection law upon advertisement for product and service which saying that all advertisement must not advertise unfair information to consumer or cause damage to society as a whole.

2.2.2 Consumer protection in labeling

Consumer protection act in product labeling was issued by state law in order to protect consumer right and by this enactment of consumer protection legislation of 1979; the company was assigned to be responsible for providing detail of product in descriptive manner thru label with truthfully. Consumer Protection Committee considers label as a manner of beneficial to the consumer for guiding while the purchasing product shall have quality as defined.

2.2.3 Consumer protection in contracts

Consumer protection board shall authorize category of good and service as a contractual control business and decide restriction upon contractual statement which statement has to be stated and/or not to be stated in the agreement, evidence and/or condition in the payment receipt, timing for the proof of payment shall be delivered to consumer. Consumer protection boards shall provide comment upon contract form and the payment receipt form as was requested by the agent, and be pledged that consumer would get a "Guarantee Agreement" provided by written document and be signed by the operator or representative issued to consumer while deliver product or service to consumer.

Currently the contractual board committee has announced the control on business contract restriction and the restriction on proof of payment in certain business.

2.2.4 Consumer protection in direct sales and direct marketing

According to Consumer Protection act 2002 claims that direct selling and direct marketing is accessible sell goods or services direct to consumer thru residence, work place or other places that are not agent store. Selling technique may be done by the explanation, demonstration of sales representative in this situation consumer may feel uncomfortable and lack of freedom to select product throughly. Moreover product distributed by printed, electronic advertising for distance consumers who action by direct response in product purchasing might cause an unfair situation to consumer while the delivered product is different from the advertised.

Currently company who distributes the product by direct selling and direct marketing like to persuade public to be their network by committing to provide the benefits when member can increase its member. By doing so, the case can be considered fraud cause it may incur disadvantage situation to consumer. The office of consumer protection regulated Direct Selling and Direct Marketing Act 2002 in order to protect consumer for an unfair situation. However, many consumers are still confusing or misconception between direct marketing, network marketing and

pyramid sales that was claimed by misleading and find advantage from consumer. Consumer protection board recommends consumer to be keen on the different type of direct response buying between direct selling or direct marketing and MLM, network marketing [4-8]

3. Research Model and Hypothesis

The rationales behind this research are the idea of how consumer reacts upon the aspect of consumer right and consumer protection perceptions, and customer satisfaction and repurchase behaviors [9-15].

3.1 Consumer right perception

Elements of 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. It can be described as "how we see the world around us." Two individuals may be exposed to the same stimuli under the same apparent conditions, but how each person recognizes, selects and interprets, these stimuli is a highly individual process based on each person's own needs, values, and expectations. Sensation is the immediate and direct response of the sensory organs to stimuli. A stimulus is any unit of input to any of the senses. Sensory receptors are the human organs (the eyes, ears, nose, mouth, and skin) that receive sensory inputs. Their sensory functions are to see, hear, smell, taste, and feel. All of these functions are called into play, either singly or in combination, in the evaluation and use of most consumer product [16].

Consumer right are as stated for 5 items, those are the right to receive accurate and sufficient information, the right to choose a product or service independently, the right to be safe from using the product or services, the right to get a fair contract, the right to be considered and compensate for all damages.

3.2 Consumer protection perception

Accordingly it is understood that satisfaction alone is not a sufficient factor for commitment and a satisfied customer does not always mean a loyal customer. From this point of view, enterprise should attach more importance to creating trust and affective commitment for their brands while creating loyalty towards their brands because continuance commitment does not show that consumers are loyal. In order to be successful, enterprises should offer various and valid reasons to their customers to always make them buy their products and services by getting into the world of consumers.

The impact of post-sale customer satisfaction on repurchase intention is more than 10 times stronger than the impact of pre-sale satisfaction and overall rating is roughly 15 times strongest than the impact of pre-sales satisfaction. Because of these "recency effects" (post-sales satisfaction has a stronger impact

on the dependent variables than does pre-sales satisfaction), e-tailers are advised to allocate sufficient resources to post-sale service to help improve repurchase likelihood and overall service ratings.

3.3 Consumer satisfaction

Customer satisfaction is the individual's perception of the performance of the product or service in relation to his or her expectations. A widely quoted study that linked levels of customer satisfaction with customer behavior identified several types of customers completely satisfied customers who are either loyalists who keep purchasing, or apostles whose experiences exceed their expectations and who provide very positive word of mouth about the company to others; "defectors" who feel neutral or merely satisfied and are likely to stop doing business with the company; consumer "terrorists" who have had negative experiences with the company and who spread negative word of mouth; "hostages" who are unhappy customers who stay with the company because of a monopolistic environment or low prices and who are difficult and costly to deal with because of their frequent complaints; and mercenaries who are satisfied customers but who have no real loyalty to the company and may defect because of a lower price elsewhere or on impulse, defying the satisfaction-loyalty rationales.

The results of the relationships between service quality, perceived value, satisfaction, and behavioral intentions suggest important implications for public transit companies. To enhance passenger satisfaction, two antecedents, i.e. service quality and perceived value, must be addressed. An indirect effect exists between satisfaction and repurchase loyalty through involvement besides the traditionally direct satisfaction-repurchase loyalty relationship. Second, the direct effect of satisfaction on repurchase loyalty is stronger in consumers with high rather than low involvement. Third, highly ambivalent consumers decrease satisfaction towards and involvement products. Finally, the indirect effect of satisfaction on purchase loyalty via involvement is weaker in consumers with high rather than low ambivalence. First, this emphasizes rejecting the sources of ambivalent feelings (e.g., negative feelings) such as reducing perception of risks.

3.4 Repurchase behavior

Consequently, we find evidence that the link between satisfaction and repurchase behavior is strongest for medium positive switching cost and low in negative switching cost, which is shown that switching cost is an important factor when analyzing the relationship between customer satisfaction and repurchase behavior.

Past studies have shown evidence that customer satisfaction significantly affects customer loyalty and

behavior intentions in various. Measures of satisfaction, purchase intent, and positive WOM were employed to assess the degree to which diverse service recoveries influence consumer attitude and behaviors.

4. Research Methodology

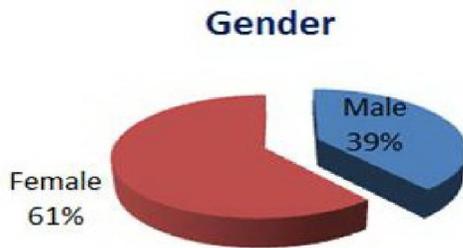
4.1 Research objective

The research of “The Satisfaction in Consumerism upon Direct Sales Cosmetics in Bangkok Metropolitan” aims for study about factors that influence buying behavior incosmetics distributed by direct sales, their objectives are such as: (i) factor influence on consumer information perception caused by the perception of consumer right and consumer protection, (ii) factor influence on consumer satisfaction caused by the perception of consumer right, consumer protection and consumer information perception, (iii) factor influence on consumer repurchased behavior caused by consumer information perception and consumer satisfaction.

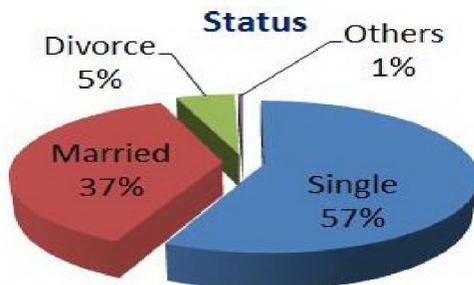
4.2 Sample

The casual effect model of “The satisfaction in Consumerism upon Direct Sales Cosmetics in Bangkok Metropolitan” collected data by 430 stratified samplingin Bangkok area, where those are such as Dindang, Huaykawng, Ladpao, Phayathai, Bangna, Phrakanong, Bangkeang, Jatujak, etc.

from Figures 1, percentages appeared in pie charts are shown in discrete number. Sampling of this research composed of 39.1 percent male, and 60.9 percent female, more than half are in single, ages most were in between 31-40 years old, have education in bachelor degree, worked in government office and private enterprise, income was in between 10,00-30,000 baht most, which consider to be their prospect group.

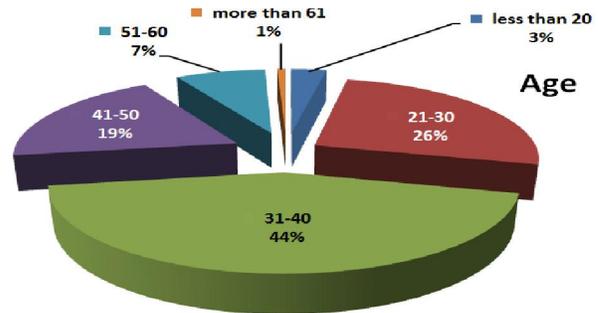


(a) the frequency of gender

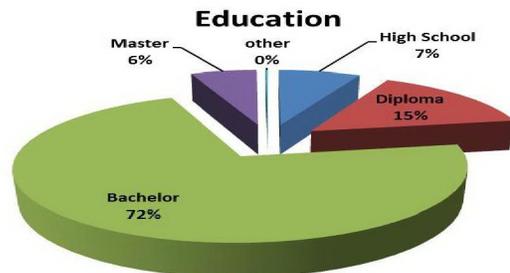


(b) the frequency of marital status

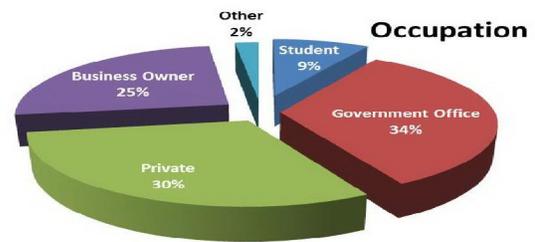
Direct sales cosmetics brand are example as Giffarine, Mistine, Amway, Nuskin, Unicity, Avon, U-Star which include skin care product items, make-up, age-lock, and other supported skin product. Below are graphs and tables which represent data frequency



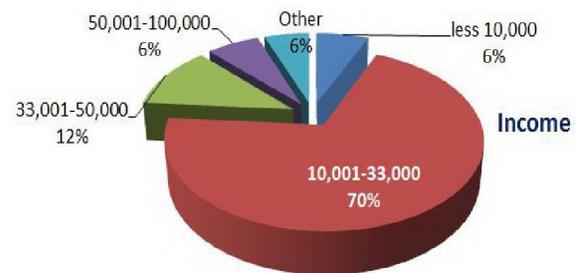
(c) the frequency of age



(d) the frequency of education



(e) the frequency of occupation



(f) the frequency of income

Figure 1: Frequency of data

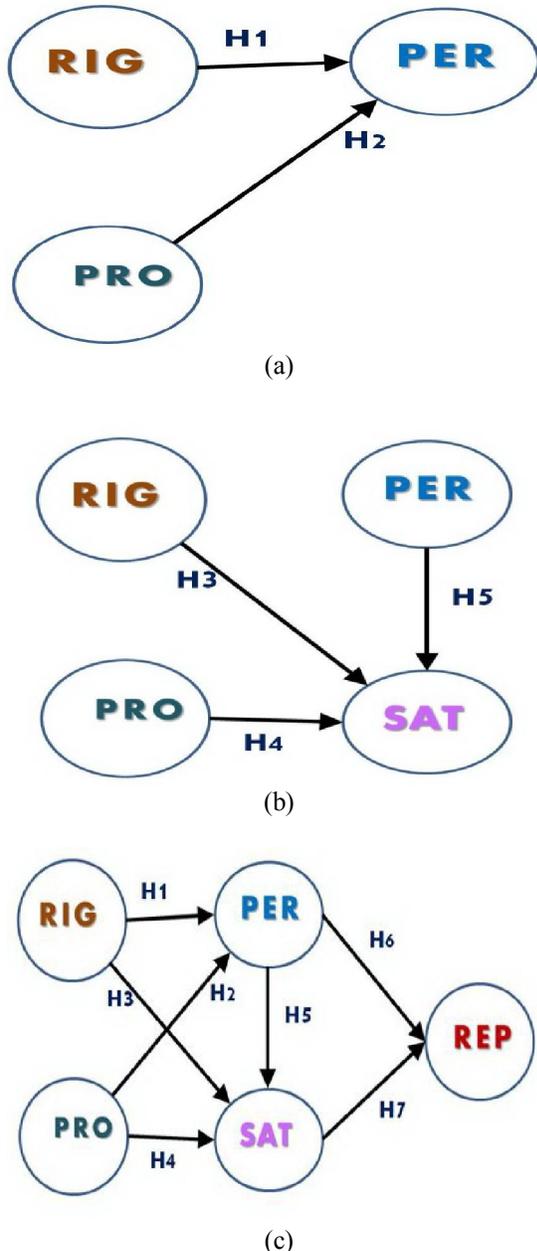


Figure 2: The Satisfaction of Consumers' Protection for Direct Sales Product in Bangkok Metropolitan

5. Results and Discussions

Collecting data was analyzed using LISREL 8.52 method in order to see the effect upon satisfaction and repurchase behavior of the effect of consumer right and consumer protection perception. The **Path Analysis**: Hypothesized Model is as shown in Figure 2, where H1: Consumer right perception has an effect on consumer information perception, H2: Consumer protection perception has an effect on consumer

information perception, H3: Consumer right perception has an effect on consumer satisfaction, H4: Consumer protection perception has an effect on consumer satisfaction, H5: Consumer information perception has an effect on consumer satisfaction, H6: Consumer information perception has an effect on repurchase behavior, H7: Consumer satisfaction has an effect on repurchase behaviors.

Result is as shown in Figure 3, where the model reflects goodness of fit statistics of latent variables and observed variables goodness of fit Index for structural model and measurement model.

Implication: Path analysis on consumer satisfaction and consumers' protection was tested the significant effects by LISREL 8.52, in 2 group variables: those are consumer satisfaction & consumers' protection and repurchase behavior & consumers' right & consumer protection. Two variables group effects; consumers' information perception & consumer satisfaction, and group variables of satisfaction & consumers' protection & consumers' information perception & consumers' right & repurchase behavior: which are latent variables reflect goodness of fit model from 430 sampling. All observed variables have significant effect to latent variables and can be represent for alleffects.

Author suggestions: We would recommend for continuing research for consumer right and consumer protection in the area of word-of-mouth, in order to emphasize on the unaffected of consumers' protection perception.

Consumers' right perception (RIG) caused direct and indirect effect on consumers' information perception (PER) by 0.61 β and consumers' protection perception caused effect on consumers' information perception by 0.34 β . Information perception comes from the perception of both consumers' right and protection perception. The outcome was shown that consumer satisfaction came from consumers' information perception and consumers' right perception but did not come from consumers' protection perception. Implication of this meaning was direct sales product in cosmetics, consumers were emotional purchase due to the believe of their beauty and strongly believe and trust in sales personal but they were unaware of the consumers' protection, shown as T-Value -0.49. The studies also shown that repurchase behavior was strongly derived from consumer satisfaction. Consumers' information perception caused repurchase behavior but less than satisfaction that the obtained data in Figure 3.

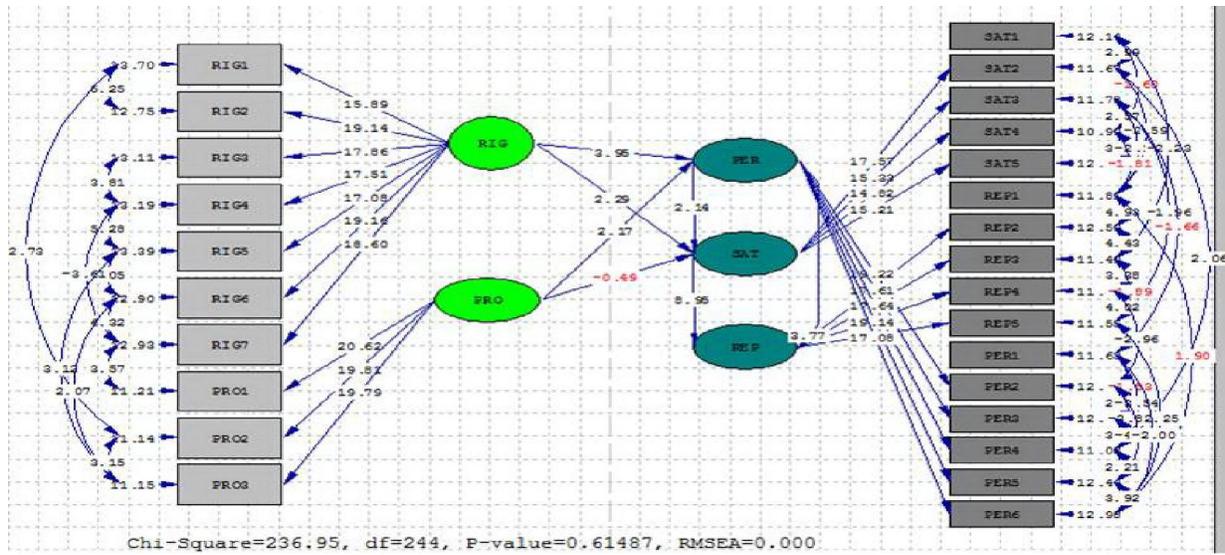


Figure 3: The data analyzed by LIRELS 8.52, where the Findings: Chi-Square (χ^2)=236.950; df 244 : Chi-Square/d.f. = 236.950/244 = 0.9711 (≤ 2), RMSEA = 0.000 (≤ 0.05), P-Value = 0.61487 (≥ 0.05), GFI = 0.959 (> 0.9) AGFI = 0.941 (> 0.9)

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Corresponding author:

Assistant Professor Varapun Moongvicha, Faculty of Business Administration, Rajamangala University of Technology PhraNakhon, 86 Pitsanulok Road, Bangkok 10300, Thailand
 Tellephone: +6689-527-6543, Fax: +662-281-1842
 Email address: varapun.m@rmutp.ac.th.

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