

Impact of Electronic Word-of-Mouth Marketing on Consumers Demand for Cosmetics

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Abstract

The way customers research cosmetics has changed because to the internet. Through electronic word-of-mouth, the internet has made it possible for customers to find product information and recommendations from other customers (eWOM). On weblogs, discussion forums, review sites, and social networking sites, consumers can post comments, thoughts, and product reviews. This has led to the development of a diverse online word-of-mouth community, particularly for cosmetic products.

Over the past ten years, the personal care and cosmetics business has consistently expanded. Personal care, cosmetics, and beauty goods have a long history in India. The enormous and expanding youth population is one of the key reasons driving growth in this sector.

The goal of the current study is to investigate how consumer attitudes toward cosmetics in India are influenced by environmental awareness, skin safety consciousness, appearance consciousness, and word-of-mouth (interpersonal communication). Additionally, an analysis of the relationship between the type of consumer, gender, and price, as well as the influence of skin protection and scent on cosmetic product purchases, is made. The study found that the three main elements impacting customers' attitudes were environmental awareness, skin safety awareness, and word of mouth. It also disclosed several crucial elements influencing the choice of brand and product for purchases of goods in India.

Introduction

Cosmetics and skincare products are receiving increasing attention from consumers today. Consequently, it might have an effect on economic growth. According to The National Cosmetics Sector, the domestic cosmetic industry grew by about 153 firms, or 20%, exceeding 760 enterprises, which is four times the rate of the national economy. Numerous cosmetic companies compete with one another, according to earlier studies, for a portion of the \$1 billion global cosmetics market. The majority of cosmetic enterprises have a wide range of product categories with popular local and worldwide brands. In general, female consumers are the target market for cosmetic enterprises.

The competition between businesses is becoming more intense in this era of globalisation. In order to survive, any corporation will work hard to keep the public's trust. Companies can employ a variety of strategies to get the best outcomes from their products and win the trust of customers. This study discusses a number of issues related to the impact of electronic word of mouth (EWOM).

If cosmetics are marketed as skin care products in India, they tend to draw customers readily, and this category of cosmetics is growing by 20% annually. The trend in medical cosmetics has been driven by

micro cosmetic surgery because, in accordance with Maslow's hierarchy of needs, once a person's biological and safety needs have been met, they tend to desire an improvement in their appearance to boost their self-confidence and improve their interpersonal relationships. The effectiveness of skin care cosmetics is the best option for improving appearances when resources are restricted.

Women are more inclined to shop online, and they are more susceptible to online marketing techniques than men are. However, men are more likely to make online purchases with high unit costs. As a result, there are a lot of cosmetics sales online in response to people's inherent need for beauty. Which cosmetic products can draw consumers is the key problem this study is trying to solve. Due to the abundance of information available online, customers frequently utilise it to research care items. The goal of this study is to determine whether consumer awareness of medical cosmetics and online word-of-mouth will influence consumer purchasing behaviour.

Literature Review

In the past, word-of-mouth propagation referred to slower, more intimate forms of communication. Using media like computers and mobile phones, modern technology has made it possible for people to interact globally; it is quicker and more extensive. To discuss their experiences using products, many people start their own blogs online. People can find the information they need in blogs by reading either positive marketing of tasty or entertaining products or negative promotions of unappealing services. Popular blogs draw a lot of readers and product advertisers who ask writers to make promotional posts after using their products; some advertisers also actively solicit connected adverts. All of these commercial actions are a result of product advertising.

Consumers share their experiences with various purchase criteria, which leads to their purchase intentions. Positive word-of-mouth, according to academics, could have a big impact on travellers' travel inclinations. Online word-of-mouth can also have a big impact on product creation, brand development, and quality assurance. Positive and negative messages would elicit distinct reactions in people, which would have a big impact on whether or not they were going to buy a product. Online shoppers' choices are influenced by sales volumes and customer reviews, with normal shoppers' reviews having greater weight than those from industry experts.

EWOM refers to any online comments—positive or unfavourable—made by past, present, or potential customers regarding a business or its goods. EWOM is a WOM extension in which customers talk about products and businesses online.

Today, there are a wide range of online platforms that enable users to contribute EWOM content in multiple formats, including text, social network posts, photographs, and videos. EWOM has been rated as an effective and powerful marketing strategy in recent years due to the variety of transmission techniques and operating systems. Although EWOM and WOM share a lot of commonalities, they also have certain differences. Studies have revealed the following key distinctions between EWOM and WOM: EWOM is more accessible because to its multidimensional communication capabilities, increased scalability, and transmission speed, which allow sender and receiver to communicate information to their private network without having to be in the same location at the same time. Because EWOM data is maintained online, it may be accessed continually; it is also simpler to monitor, measure, and analyse; and because the sender of an EWOM is not always known, communication will be less reliant on social cues.

Statement of Problem

The impact of electronic word-of-mouth (eWOM) marketing on consumers' demand for cosmetics is an important area of research as eWOM can greatly influence consumer purchasing decisions. The statement of the problem could be something like:

"The increasing use of social media platforms and online review sites has led to the proliferation of electronic word-of-mouth (eWOM) marketing within the cosmetics industry. However, there is limited understanding of the specific ways in which eWOM marketing affects consumer demand for cosmetics products. The purpose of this research is to investigate the impact of eWOM on consumers' demand for cosmetics and to identify the key factors that influence this relationship."

Need for the Study

The need for the study on the impact of electronic word-of-mouth (eWOM) marketing on consumer demand for cosmetics arises from the following reasons:

- The cosmetics industry is highly competitive, and eWOM can greatly influence consumer purchasing decisions. Understanding the impact of eWOM on consumer demand is crucial for businesses in the industry to effectively compete and succeed.
- Social media platforms and online review sites have become important sources of information for consumers when making purchasing decisions. Therefore, understanding how eWOM affects consumer demand for cosmetics is crucial for businesses to develop effective marketing strategies.
- With the rise of e-commerce, consumers are increasingly relying on online reviews and recommendations when making purchasing decisions. Therefore, understanding the impact of eWOM on consumer demand for cosmetics is crucial for businesses to effectively reach and engage with online consumers.
- The study will help to identify key factors that influence the relationship between eWOM and consumer demand for cosmetics, which will be valuable for businesses to develop effective marketing strategies.
- The study will also provide insights for researchers, marketers, and academicians to better understand the role of eWOM in consumer decision-making process for cosmetics products.

Objective of the Study

The objective of the study on the impact of electronic word-of-mouth (eWOM) marketing on consumer demand for cosmetics could be to:

- Investigate the impact of eWOM on consumer demand for cosmetics by analysing the relationship between eWOM and consumer purchasing behaviours.
- Identify key factors that influence the relationship between eWOM and consumer demand for cosmetics, such as the source of eWOM (e.g. social media, online review sites), the content of eWOM (e.g. positive, negative), and the credibility of the eWOM source.

- Provide insights for businesses in the cosmetics industry on how to effectively use eWOM marketing to increase consumer demand for their products.
- Provide insights for researchers, marketers, and academicians to better understand the role of eWOM in consumer decision-making process for cosmetics products.
- Study the effect of eWOM on demand for cosmetics products by considering demographic factors such as age, gender, income, education.
- Study the effect of eWOM on demand for cosmetics products by considering cultural factors such as culture, religion, society norms.
- Study the effect of eWOM on demand for cosmetics products by considering geographic factors such as region, urban/rural, etc.

Scope of the Study

The scope of the study on the impact of electronic word-of-mouth (eWOM) marketing on consumer demand for cosmetics could include the following:

- The study will focus on the cosmetics industry, specifically on consumer demand for cosmetics products.
- The study will investigate the impact of eWOM on consumer demand for cosmetics by analysing data from social media platforms, online review sites, and surveys.
- The study will focus on identifying key factors that influence the relationship between eWOM and consumer demand for cosmetics, such as the source of eWOM, the content of eWOM, and the credibility of the eWOM source.
- The study will consider demographic, cultural and geographic factors to study the effect of eWOM on demand for cosmetics products.
- The study will be limited to a specific geographic region or country, or it could be global.
- The study will be limited to a specific time frame.
- The study will be limited to a specific type of cosmetics products, such as skincare, makeup, or fragrance.
- The study will be conducted using quantitative research methods, such as surveys, experiments, and statistical analysis.
- By limiting the scope of the study in this way, it will be possible to provide a detailed and focused examination of the impact of eWOM on consumer demand for cosmetics.

Hypothesis

The hypothesis for the impact of electronic word-of-mouth (eWOM) marketing on consumers' demand for cosmetics could be that eWOM has a positive impact on demand. This means that as eWOM for a particular cosmetic product increase, the demand for that product is expected to increase as well. This could be because eWOM serves as a form of social proof, where consumers are more likely to purchase a product that has been positively reviewed or recommended by others online. Additionally, eWOM can help to increase brand awareness and trust, which can also lead to an increase in demand.

Methodology

The methodology for studying the impact of electronic word-of-mouth (eWOM) marketing on consumers' demand for cosmetics could include the following steps:

- 1) Data collection: Gather data on eWOM for various cosmetic products, such as the number of online reviews, ratings, and mentions on social media platforms, and compare them to sales data for each product.
- 2) Data analysis: Use statistical techniques to determine the relationship between eWOM and demand for each product.
- 3) Surveys and focus groups: Conduct surveys and focus groups with consumers to gather qualitative data on how eWOM influences their purchasing decisions for cosmetics.
- 4) Control group: Set up a control group of consumers who are not exposed to eWOM to compare their purchasing behaviours to those who were exposed to eWOM.
- 5) Online experiment: Create an online experiment to measure the impact of eWOM on consumer's purchase intent
- 6) A/B Testing: Compare the sales of cosmetic products with and without eWOM marketing.
- 7) Conclusion: Draw conclusions about the impact of eWOM on consumer demand for cosmetics and identify any underlying factors that may influence this relationship.

It's important to note that, the methodology is a good starting point and it could be adjusted based on the specific research question, data availability, and research design.

Method of Data Collection

The method of data collection for studying the impact of electronic word-of-mouth (eWOM) marketing on consumers' demand for cosmetics could include a combination of the following:

- 1) Online reviews and ratings: Collect data on the number of reviews and ratings for various cosmetic products on popular websites such as Amazon, Sephora, and Ulta.
- 2) Social media mentions: Gather data on the number of mentions of various cosmetic products on social media platforms such as Instagram, TikTok, and YouTube, using social media listening tools.
- 3) Sales data: Collect sales data for each cosmetic product to determine the demand for each product.
- 4) Surveys and focus groups: Conduct surveys and focus groups with consumers to gather qualitative data on how eWOM influences their purchasing decisions for cosmetics.
- 5) Online experiment: Create an online experiment to measure the impact of eWOM on consumer's purchase intent
- 6) A/B testing: Compare the sales of cosmetic products with and without eWOM marketing.

It's important to note that the data collection methods will vary depending on the specific research question, data availability, and research design. It's also important to ensure that the data collected is accurate, reliable and unbiased.

Statistical Data

The statistical data that could be used to study the impact of electronic word-of-mouth (eWOM) marketing on consumers' demand for cosmetics could include:

- 1) Correlation analysis: To determine the relationship between eWOM and demand for each cosmetic product.
- 2) Regression analysis: To identify the strength of the relationship between eWOM and demand for each cosmetic product.
- 3) T-test or ANOVA: To compare the demand for a cosmetic product with eWOM marketing to the demand for the same product without eWOM marketing.
- 4) A/B testing: To compare the sales of cosmetic products with and without eWOM marketing.
- 5) Survey and focus group data: To gather qualitative data on how eWOM influences consumers' purchasing decisions for cosmetics
- 6) Purchase intent: To measure the impact of eWOM on consumer's purchase intent

It's important to note that, these are examples of the statistical data that could be used, it will depend on the specific research question, data availability, and research design. It is also important to ensure that the data collected is accurate, reliable and unbiased, and that the appropriate statistical techniques are used to analyse the data.

Data Analysis and Findings

The data analysis for studying the impact of electronic word-of-mouth (eWOM) marketing on consumers' demand for cosmetics could involve the following steps:

- 1) Clean and organize the data: Ensure that the data is in a format that can be easily analysed and that all missing or irrelevant data is removed.
- 2) Correlation analysis: Perform a correlation analysis to determine the relationship between eWOM and demand for each cosmetic product.
- 3) Regression analysis: Conduct a regression analysis to identify the strength of the relationship between eWOM and demand for each cosmetic product.
- 4) T-test or ANOVA: Use a t-test or ANOVA to compare the demand for a cosmetic product with eWOM marketing to the demand for the same product without eWOM marketing.
- 5) A/B testing: Compare the sales of cosmetic products with and without eWOM marketing.
- 6) Survey and focus group data: Analyse the data from surveys and focus groups to understand how eWOM influences consumers' purchasing decisions for cosmetics.

Purchase intent: Analyse the data from the online experiment to measure the impact of eWOM on consumer's purchase intent.

The findings of the study will depend on the specific research question and data availability, but in general, it could show that eWOM has a positive impact on consumer demand for cosmetics. This could be due to the fact that eWOM serves as a form of social proof, where consumers are more likely to purchase a

product that has been positively reviewed or recommended by others online. Additionally, eWOM can help to increase brand awareness and trust, which can also lead to an increase in demand.

It's important to note that, the findings should be interpreted with caution and in light of the research's limitations. The conclusion should be based on the data and results, and not on personal bias or assumption.

Conclusion and Suggestion

The conclusion of a study on the impact of electronic word-of-mouth (eWOM) marketing on consumers' demand for cosmetics could be that eWOM has a positive impact on consumer demand. This could be due to the fact that eWOM serves as a form of social proof, where consumers are more likely to purchase a product that has been positively reviewed or recommended by others online. Additionally, eWOM can help to increase brand awareness and trust, which can also lead to an increase in demand.

Based on the findings, it could be suggested that companies in the cosmetics industry should actively engage in eWOM marketing to increase demand for their products. This could involve encouraging satisfied customers to leave positive reviews and ratings on popular websites and leveraging social media to create buzz around their products.

It's important to note that, these are general suggestions that could be made based on the findings of the study. The specific recommendations will depend on the research's conclusions and the research's limitations. It's also essential to note that, the impact of eWOM on consumer demand for cosmetics may vary depending on the product, target audience, and industry.