THE INFLUENCE OF PERCEIVED VALUE, PERSONAL VALUES, AND SALESPEOPLE TOWARDS REPURCHASE INTENTION: A STUDY ON LUXURY NATURAL PRODUCT

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By

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LIST OF ABBREVIATIONS

FV	Financial Value
SV	Product Safety Value
QV	Quality Value
UV	Usability Value
CV	Conspicuousness value
PV	Prestige Value
HC	Health Consciousness
EC	Environmental Consciousness
AC	Appearance Consciousness
NU	The Need for Uniqueness
COSP	Customer Orientation of Salespeople
SME	Small and Medium Enterprises
DEP	The Department of Export Promotion
USD	United States Dollar (currency of the USA)
THB	Thai Baht (currency of Thailand)
SPSS	Statistical Package for Social Sciences
SEM	Structural Equation Modelling

PENGARUH PERSEPSI NILAI, NILAI-NILAI PERIBADI DAN JURUJUAL TERHADAP NIAT PEMBELIAN SEMULA: SATU KAJIAN MENGENAI PRODUK SEMULAJADI MEWAH

ABSTRAK

Pasaran bagi produk mewah kosmetik semulajadi semakin berkembang pesat dan kesedaran penggunaan semakin meningkat di kalangan pelanggan. Kajian ini bertujuan untuk menyiasat faktor-faktor kritikal yang mempengaruhi keinginan tingkahlaku pengguna ke arah pembelian semula produk mewah penjagaan kulit semulajadi di kalangan pengguna Negara Thai. Selain itu, kajian ini meletakkan pelanggan berorientasikan jurujual memperkukuhkan hubungan antara dimensi persepsi nilai dan pembelian semula. Integrasi antara tiga faktor-faktor ini menunjukkan wujudnya pengaruh dalaman (i.e., nila-nilai peribadi), pengaruh luaran (i.e., persepsi nilai) dan mekanisma (i.e., pelanggan berorientasikan jurujual) terhadap niat pembelian semula.. Data sampel diperolehi dari 325 pengguna produk penjagaan kulit semulajadi mewah di kawasan metropolitan di Bangkok. Data dianalisis menggunakan perisian SmartPLS versi 2.0. Keputusan kajian menunjukkan bahawa nilai tanggapan kewangan, nilai kebolehgunaan tanggapan, kesedaran kesihatan dan kesedaran penampilan adalah faktor-faktor utama yang mempengaruhi niat pengguna di Negara Thai ke arah pembelian semula produk penjagaan kulit semulajadi mewah. Dapatan kajian menunjukkan bahawa faktor utama terdiri daripada pengaruh dalaman (nilai-nilai peribadi) dan pengaruh luaran (persepsi nilai) memberikan kesan terhadap niat pembelian semula. Selain daripada itu, dapatan kajian juga menunjukkan bahawa pelanggan berorientasikan jurujual mengukuhkan hubungan di antara nilai tanggapan (keselamatan produk, kualiti dan kebolehgunaan) dan niat pembelian semula. Berdasarkan hasil kajian, perbincangan tentang dapatan seperti kesan terhadap teori, kesan terhadap implikasi dan batasan kajian turut disediakan.

THE INFLUENCE OF PERCEIVED VALUE, PERSONAL VALUES, AND SALESPEOPLE TOWARDS REPURCHASE INTENTION: A STUDY ON LUXURY NATURAL PRODUCT

ABSTRACT

The market for luxury natural product is emerging and many customers are being concern about the product. This study is aimed to investigate the critical factors that influence consumer behavioural intention toward repurchasing the luxury natural skin care products among Thai consumers. Additionally, the study posits that customer orientation of salespeople strengthen the relationship between the dimensions perceived value and repurchase intention. The integration of these three factors reflects internal influence (i.e., personal values), external influence (i.e., perceived value), and mechanism (i.e., customer orientation of salespeople). The sample data was collected from 325 consumers of luxury natural skin care products at the metropolitan areas in Bangkok and was analysed using SmartPLS software version 2.0. The results reveal that two dimensions of perceived value; namely financial value and usability and two dimensions of personal values, including health consciousness and appearance consciousness are the key factors affecting on Thai consumers' intention toward repurchasing the luxury natural skin care products. Remarkably, the outcome shed light factors which are comprised of internals (i.e., personal values) and externals (i.e., the perceived value) to determine their impact on repurchase intention. Additionally, the finding shows that customer orientation of salespeople strengthens the relationship between perceived value (i.e., product safety, quality and usability) and repurchases intention. Base on the finding of the study, discussions of the existing findings as well as the theoretical, practical implications and limitations, of the study were provided.

CHAPTER 1
INTRODUCTION

1.1 Overview of Chapter

This chapter introduces the research by providing the background to the research, the dynamics of luxury natural in cosmetic industry, and the description of the research problem. It introduces the underlying assumptions upon which the research will be based and justifies the importance of the research and the contributions it makes to the field of knowledge. The methodology to be used and the scope and limitations of the research are discussed. Finally, the chapter provides an outline of the whole research.

1.2 Background of the Study

The trend for health related products derived from natural ingredients is increasing (Dimitrova, Kaneva, & Gallucci, 2009). Natural ingredients are being processed into a wide variety of products, such as herbal medicine, food supplements, additives for farm animals, personal care products and even cosmetics (Dimitrova et al., 2009; Nagasawa & Kizu, 2013). Cosmetic is one of the products using natural ingredients, which are continually growing in the market. The main driver of growth in the natural cosmetics market has been the consumer trend towards healthier lifestyles (Girotto, 2013). Many consumers believe that natural products have higher standards of quality (APCOWorldwide, 2013; Tait, 2005), while they contain less synthetic chemicals, compared with conventional products (APCOWorldwide, 2013; Girotto, 2013; OrganicWellness, 2012). Additionally, consumers are not only concerned about health issues or quality of the products, but also about environmental issues of their purchasing behaviour. Hence, environmental concerns have been playing a key role in the increase of the market share of natural products (APCOWorldwide, 2013; Girotto, 2013; Nagasawa & Kizu, 2013). Consequently, many cosmetics companies have entered the global market (Datta & Parameah, 2010). More specifically, natural cosmetic products have been penetrated into emerging markets (Łopaciuk & Łoboda, 2013).

The growth of natural cosmetic products in the global market is reflected by significant changes in consumers' income level and in their lifestyle. In general, the growth in the market is relatively driven by richer consumers and increased discretionary income in developed countries. In particular, income levels of the middle classes in developing countries have also increased dramatically; this has provided of ample opportunities and increasing demand for natural cosmetic products across emerging markets (Łopaciuk & Łoboda, 2013). Remarkably, the natural cosmetic products have not only attracted significant demand in medium and low market, but also in the luxury market (Nagasawa & Kizu, 2013). In fact, the luxury cosmetics sector has been dramatically growing since the last decade (Christodoulides, Michaelidou, & Li, 2009), and continues to grow steadily in emerging market until now. However, the growth of luxury natural cosmetics market has been showing contrasting trends with what has been mentioned in previous literature related to luxury consumer behaviour in the last decade. This has motivated the researcher to study the phenomenon by distinguishing the perspective of consumer behaviour from the natural cosmetics luxury market as a niche market by considering the predictor factors.

Accordingly, the cosmetics businesses have faced dramatic increase in demand for natural cosmetic products. This hinders their expansions in the emerging markets and it has created more challenges on their path (Bird, 2007; KlineGroup, 2014). On one hand, growing consumer preferences towards the natural cosmetic products is imposing on the cosmetics businesses to modify and base their strategies on consumer needs to achieve their long-term business goals. One the other hand, since the emerging market is still at its early stage (Łopaciuk & Łoboda, 2013), most of the businesses have yet to explore information about the consumer behaviour towards natural cosmetic products. Therefore, understanding the consumer behaviour is a main concern in the natural cosmetics industry to develop appropriate business strategies in this particular market.

This study aims to explore the determining factors affecting repurchase intention within context of luxury natural products. Particularly, the independent variables include perceived value and personal values. In addition to that, this study also is interested in investigating the moderating role of customer orientation of salespeople (COSP) on the relationship between perceived value and repurchase intention.

Apart from trying to gain some theoretical perspectives, the study also attempts to provide insights to business or marketing practitioners regarding the consumption of luxury natural products in the cosmetics industry. By providing a clear picture of the determining factors influencing consumer repurchase intention, this study can assist businesses improve their marketing strategies to directly encourage consumers' repurchase intention of luxury natural cosmetic products.

1.3 Thailand Cosmetics Industry

The cosmetics market in Thailand is highly competitive. Most international manufacturers and suppliers of cosmetic products are represented in Thailand. All of the businesses have great marketing strategies to retain market shares and to stimulate demand (American Consulate General, 2011). Thailand is a popular place for herbs, aromatic products and Thai manufacturers are commonly hired by foreigners to produce cosmetic products for foreign brands because of the low cost of labour and abundance of natural resources (Department of Export Promotion Ministry of commerce, 2010). Furthermore, government policy and government support are aimed to position Thai cosmetics entrepreneurs in the international market. The Department of Export Promotion (DEP) Thailand views this as the solution strategy to developing the SMEs in cosmetic products. Therefore, cosmetic products have been promoted as one of 12 target products to be developed, while the health care and beauty products business has been promoted as one of six target businesses to be developed under the export strategy of Thailand's Department of Export Promotion in 2005 (Prongsan, 2007). Moreover, the government of Thailand tries to promote Thailand as a Beauty and Wellness Hub of Asia (Department of Export Promotion Ministry of commerce, 2010).

Cosmetic products in Thailand can be divided into the following categories; hair care, make-up, skin care, and perfume. American Consulate General (2011) reported that in 2010 the market share of skin care products in Thailand have the highest market share of all product categories with 37 percent share and a growth rate of nine percent (Table 1.1). The total value of Thai natural and organic cosmetics has reached US$7 billion in the year 2009, with 15 percent to 20 percent annual growth (Amalia, Giovanni, & Kankamon, 2011). The consumption of natural, green, and organic products among Thai consumers is getting popular and the market is emerging at a tremendous speed (Market-Research, 2013; Wong, 2012). At the same time, imported products from overseas to local market is increasing; they are seeking for a good opportunity, and this trend is expected to continue in the future. This relatively high market value is due to people are now placing greater emphasis on beauty and personal appearance, as well as health (Kasikorn Research Center, 2010; Market-Research, 2013; Wiwutwanichkul, 2006). Nevertheless, comprehensive research on this issue is limited, and there is insufficient literature on consumer purchase behaviour in the context of natural cosmetics market or industry.

Table 1.1

Market Shares of Thai Cosmetics by Subsector

	2008 US$ (mil.)	2009 US$ (mil.)	2010 US$ (mil.)	Growth (Over 2009) %	Share (2010) %
Hair Care	362	328	351	7	30.00
Make up	350	328	351	7	30.00
Skin Care	409	404	432	7	37.00
Perfume	47	33	35	6	3.00
Total	1,168	1,093	1,169	7	100.00

Source: Adapted from Industrial Estimate. US$1 = THB30 (2010)

The cosmetic products sold in the country are divided into three groups. First, products produced by vendors of cosmetics in the country through acquiring the rights to use the trademarks of foreign companies. This represents 70 percent of cosmetics that is sold in the country. Second, products produced by vendors of cosmetics manufactured in a foreign country, or imported directly from abroad, which represents 20 percent of the total products sold in the country. Finally, the group of products produced in the country and under Thai brands. Most of this type of cosmetics uses natural extracts and is represents 10 percent of the total products sold (Positioning-Magazine, 2010).

However, in 2009, Thailand faced an economic downturn and a situation of political crisis (BangkokBank, 2009), which gave a negative impact on consumption levels of the people. Nevertheless, the cosmetics industry was not affected badly and enjoyed continual growth, as seen from the overall business growth every year. By the year 2010, the growth period in this industry became noticeable, with a growth rate of 25 percent (Thansethakit Newspaper, 2011). The growth trend in Thailand's cosmetics market is between 10 percent and 20 percent each year (Wongsamuth, 2011). In 2011 alone, Thailand’s high end or luxury cosmetics market was worth US$3.50 billion, with US$1.52 billion coming from the domestic market and contributed by imported products, while US$1.98 billion were earnings from export to Japan, Indonesia, Malaysia, and the Philippines. About half of the products traded are cleansing and hair products, 30 percent facial preparations, and 20 percent products for makeup (Wongsamuth, 2011). Table 1.2 shows that the overall growth for imported market in year 2012 was around 25.26 percent and the growth continued into the third period (Jan-Oct) of 2013 around 33.90 percent. Meanwhile, Table 1.3 shows that the growth of the export market in 2012 increased 9.54 percent, compared with the third period of 2013, when the export growth decreased to -1.48 percent. Therefore, the evidence shows consumer’s reliance on imported products in the case of cosmetics, in contrast to that of local product that has received less attention among the potential consumers in the region.

The Department of Export Promotion, Ministry of Commerce of Thailand (2010) reported that imported cosmetic products accounted for approximately 20 percent of the total market, and these products are mostly imported from France, Germany, United Kingdom, Italy, China, and the United Stated, the leaders of imported cosmetics in Thailand. The Kasikorn Research Centre (2010) reported that the market value of imported cosmetics could likely be more than US$ 5.15 million, increasing about 15 percent from year to year, and accounting for 50 percent of Thai cosmetics market value. In addition, many brands of natural cosmetics have been launched in the Thai market such as Jurlique, Origin, Yves Rocher, Juice Beauty and L'Occitance, Garnier Bio Active, Nude, Aubrey Organics, Johnson's Natural, Yes To Carrots, Skin Food, Natural, and many more.

Recently, cosmetic products under Thai brands have become recognized as a global cosmetic product (Aowpatanakul, 2013; Kasikorn Research Center, 2010). Cosmetics using mixed Thai medicinal plants such as Panpuri, Thann, Harnn, Prann, Erb, and Oriental Princess are more popular in overseas markets and recognized in Europe, Japan and increasingly in North America (Aowpatanakul, 2013). Thailand's primary exports in cosmetics and spa products sectors are soap, facial and skin care products, and raw materials for cosmetics (Department of Export Promotion Ministry of commerce, 2010; Udomrat, 2013). In spite of the increasing demand for natural cosmetic products among Thai consumers, little is known about the significant factor affecting the consumer towards a particular product.

Table 1.2

Imported Values (Million THB) of Thai Cosmetics Products: Classified by Countries 2010-2013(Jan-Oct)

	Country	Value : Million Baht					Growth rate (%)					Proportion (%)				
		2010	2011	2012	2012 (Jan-Oct)	2013 (Jan-Oct)	2010	2011	2012	2012 (Jan-Oct)	2013 (Jan-Oct)	2010	2011	2012	2013 (Jan-Oct)	2013 (Jan-Oct)
1	France	2,425.06	2,934.66	3,966.54	3,353.37	4,637.93	13.69	21.01	35.16	35.67	38.31	16.35	17.57	18.95	19.24	19.87
2	United State	3,223.47	3,412.16	3,848.96	3,195.37	3,585.93	8.59	5.85	12.80	10.68	12.22	21.73	20.42	18.39	18.33	15.37
3	Japan	1,878.83	2,275.21	2,757.47	2,286.18	2,681.53	21.65	21.10	21.20	18.76	17.29	12.67	13.62	13.18	13.12	11.49
4	China	681.11	1,161.96	1,684.15	1,392.51	2,023.15	5.90	70.60	44.94	50.25	45.29	4.59	6.96	8.05	7.99	8.67
5	Indonesia	1,250.70	1,160.79	1,428.77	1,204.68	1,931.36	17.64	-7.19	23.09	25.87	60.32	8.43	6.95	6.83	6.91	8.28
6	Germany	532.46	604.54	838.22	693.35	1,543.13	19.60	13.54	38.65	38.80	122.56	3.59	3.62	4.01	3.98	6.61
7	United Kingdom	722.18	840.57	1,216.05	1,023.78	1,509.66	17.76	16.39	44.67	42.93	47.46	4.87	5.03	5.81	5.87	6.47
8	South Korea	576.31	636.86	916.94	741.66	1,075.27	54.51	10.51	43.98	44.24	44.98	3.88	3.81	4.38	4.26	4.61
9	Malaysia	819.85	837.43	899.94	744.16	848.29	15.16	2.14	7.47	11.44	13.99	5.53	5.01	4.30	4.27	3.64
10	Italy	298.14	393.16	448.36	358.88	484.12	7.41	31.87	14.04	12.91	34.90	2.01	2.35	2.14	2.06	2.07
Total 10 countries		**12,408.1**	**14,257.3**	**18,005.4**	**14,993.9**	**20,320.4**	**15.18**	**14.90**	**26.29**	**26.17**	**35.52**	**83.64**	**85.34**	**86.04**	**86.03**	**87.08**
Total other countries		2,426.6	2,449.2	2,922.1	2,434.4	3,015.6	32.91	0.93	19.31	23.54	23.88	16.36	14.66	13.96	13.97	12.92
Total all countries		**14,834.69**	**16,706.59**	**20,927.48**	**17,428.36**	**23,336.00**	**17.75**	**12.62**	**25.26**	**25.80**	**33.90**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Source: Adapted from Information Technology and Communication Centre: Office of Permanent Secretary Ministry of Commerce: The Cooperation of the Department of Customs, 2012

Table 1.3

Exported Values (Million THB) of Thai Cosmetics, Beauty Products and Soap: Classified by Countries 2010-2013 (Jan-Oct)

	Country						Growth rate (%)					Proportion (%)				
		2010	2011	2012	2012 (Jan-Oct)	2013 (Jan-Oct)	2010	2011	2012	2012 (Jan-Oct)	2013 (Jan-Oct)	2010	2011	2012	2012 (Jan-Oct)	2013 (Jan-Oct)
1	Japan	17,355.48	16,186.94	20,561.37	17,485.23	14,511.13	85.89	-6.73	27.02	30.54	-17.01	25.47	21.44	24.86	25.02	21.08
2	Indinesia	5,267.67	6,706.74	7,176.27	6,272.20	5,803.80	15.46	27.32	7.00	9.99	-7.47	7.73	8.88	8.68	8.97	8.43
3	Malaysai	5,101.86	6,086.62	6,123.96	5,203.69	5,143.79	-1.83	19.30	0.61	-0.47	-1.15	7.49	8.06	7.40	7.45	7.47
4	Australia	4,145.30	4,574.46	4,787.72	4,049.59	4,291.44	14.49	10.35	4.66	4.66	5.97	6.08	6.06	5.79	5.79	6.23
5	Camcodia	2,528.20	3,865.04	4,949.62	4,068.42	4,288.49	39.26	52.88	28.06	34.18	5.41	3.71	5.12	5.98	5.82	6.23
6	Philipphine	4,800.33	6,079.74	4,973.34	4,127.69	4,188.92	14.53	26.65	-18.20	-23.15	1.48	7.04	8.05	6.01	5.91	6.08
7	Vietnam	3,595.01	3,368.13	3,355.43	2,857.54	3,227.56	5.05	-6.31	-0.38	1.96	12.95	5.28	4.46	4.06	4.09	4.69
8	Myanmar	2,088.43	2,760.46	3,121.45	2,582.22	3,092.65	34.60	32.18	13.08	9.89	19.77	3.06	3.66	3.77	3.69	4.49
9	China	2,010.67	2,607.00	2,483.35	2,032.37	2,630.28	12.05	29.66	-4.74	-5.32	29.42	2.95	3.45	3.00	2.91	3.82
10	UK	2,699.60	3,265.49	2,766.65	2,430.63	2,486.63	13.67	20.96	-15.28	-15.88	2.30	3.96	4.32	3.34	3.48	3.61
Total of 10 countries		**49,592.6**	**55,500.6**	**60,299.2**	**51,109.6**	**49,664.7**	**30.97**	**11.91**	**8.65**	**9.24**	**-2.83**	**72.78**	**73.50**	**72.90**	**73.13**	**72.13**
Total other countries		18,551.3	20,006.2	22,414.8	18,777.7	19,186.8	16.28	7.84	12.04	11.75	2.18	27.22	26.50	27.10	26.87	27.87
Total all countries		**68,143.83**	**75,506.80**	**82,713.92**	**69,887.29**	**68,851.52**	**26.61**	**10.81**	**9.54**	**9.90**	**-1.48**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Source: Adapted from Information Technology and Communication Centre: Office of Permanent Secretary Ministry of Commerce: The Cooperation of the Department of Customs, 2012

1.4 The Dynamics of Luxury Natural in Cosmetics Industry

Luxury consumption is an exclusive consumption (Vigneron & Johnson, 2004). In the past decade, consumers purchased luxury products more for satisfying their socio-psychological needs rather than for functional utility (Shukla, Shukla, & Sharma, 2009). However, buying to make an impression in social class have become less important (Yeoman, 2010). Since the financial crisis that occurred a few years ago, consumers have re-examined their priorities and as consequence, attitudes and behaviours towards luxury have changed. To explain the changes, consumers have gained easy access to many luxury products and they have become more socially aware in the related mass market (Doval, Singh, & Batra, 2013; Janssen, Vanhamme, Lindgreen, & Lefebvre, 2014; Yeoman, 2010). Furthermore, luxury is becoming more closely aligned with deeper issues such as eco-awareness, healthy living, and ethical lifestyles (Bendell & Kleanthous, 2007; Kendal, 2010; Yeoman, 2010). In particular, current luxury consumers look beyond their pocketbooks to larger issues, such as protecting the environment, global warming, and so forth. In parallel with that, luxury businesses attempt to connect with their consumers who are increasingly eco-concern and green-aware to reach their target by making environmental issues as part of their strategy (Danziger, 2008). For instance, several environmental practices have been implemented within luxury market such as women dress in an eco-friendly and animal-free Stella McCartney power suit with satin pumps, eco-friendly designer home furnishing and jewellery made from recycled metals natural skin care products (Danziger, 2008; Nagasawa & Kizu, 2013), and more significantly introducing natural cosmetic (Girotto, 2013).

In context of cosmetic products, growing consumer's awareness about the hazards in synthetic chemicals, healthy safety, environmental consciousness have fuelled the demand for natural cosmetic products. Consumers are more concerned about the risk from the product that they use and they are also concerned about environmental issues on their purchasing behaviour (Łopaciuk & Łoboda, 2013). The issues can be critical signal for business to recognize that now myriad of consumers, before decision-making, seeks to businesses which have environmental practices. Therefore, understanding consumer behaviour in specific consumption as luxury natural products is very important for the business (Kim & Chung, 2011). Since consumer behaviour and market trend have changed, different factors might be involved and a different marketing approach might be required.

Natural cosmetics seem to have a great future. Surprisingly, global sales of natural and organic personal care products have reached about US$9 billion in 2011, and consumer demand for natural products has still remained buoyant (Kline Group Company, 2012). Organic Monitor predicted that the revenues of global market for natural and organic personal care products will climb up to US$14 billion in 2015 (OrganicWellness, 2012). Meanwhile, TechNavio reported that skin care market which is expected to reach US$90 billion in year 2014, fuelled by consumer affluence and demand for organic and natural products (Reportlinker, 2013). The significant growth of the natural cosmetics market, specifically in Asian countries, which has been reported about 13 percent, is higher than that of the US and European markets (Kline Group Company, 2012). The international market for natural cosmetics has skyrocketed over the past few years and will grow further.

Despite the economic crisis, the natural cosmetic products have been able to maintain a good level of growth (Kline Group Company, 2012). The evidence is shown in the growth achieved in the year 2009, which amounted to 13 percent in Asia, nine percent in Europe and eight percent in the US. Asia is the biggest market ahead of Europe and the US for natural and organic cosmetic products (Kline Group Company, 2012). The international market research, Kline Group Company (2012) forecasted that there are excellent prospects for natural cosmetics in Asia, Europe, and the US until the next five years. In particular, there are several developing counties in Asian region, such as Thailand, which have attracted many luxury natural cosmetics businesses. Thailand has been recognised as having rapidly growing cosmetics industry (Sukato & Elsey, 2009). More specifically, natural cosmetics sector has also been experiencing significant growth in Thailand (Aowpatanakul, 2013; Petcu, 2013).

Furthermore, according to the Ledbury research, amongst Southeast Asian countries, Thailand is an emerging market and is considered as number one hot-spot for the luxury products. The country has a gross domestic product of nearly US$346 billion, the largest in Southeast Asia after Indonesia, with an unemployment rate of less than one percent, having luxury consumers among emerging markets, and particularly, Thailand’s demand comes from the large number of upper middle class (Petcu, 2013). Consequently, the luxury market has a potential for fast and continuous growth (Petcu, 2013). Thailand’s capital, Bangkok, became the most popular address for many luxury brands to open their flagship store (Chadha & Husband, 2006). A myriad of international luxury brands are locating their operations in Bangkok. As a result, the number of luxury stores in the country is growing by 17.6 percent, compared with an average of eight percent growth globally (Lesbury-research, 2012).

As aforementioned, natural cosmetics products have captured attention in the luxury market (Nagasawa & Kizu, 2013; White, 2012). The American Consulate General (2011) reported that recently, the luxury natural skin care products have achieved the highest market share of all cosmetics product categories. The luxury cosmetics sector is also rapidly growing in business despite the sluggish world economy. The appeal of luxury products can penetrate both the domestic and the international markets, further increasing their attractiveness to consumers and suppliers (Christodoulides et al., 2009; Karpova, Nelson-Hodges, & Tullar, 2007).

Thai natural cosmetics industry has contributed significant growth in the last decade. Due to the change in consumer lifestyle, with consumers becoming more concerned about their health and their external environment, the demand for the products from natural ingredients and concerned about environmental issues are increasing. Therefore, many businesses have accessed the market by offering well-suited products to fulfil consumer's need. The market has now offered local brands and international brands, from low priced to high priced, and luxury priced products (Aowpatanakul, 2013). The growth rates mentioned covered all the markets including low, medium and the high-end and luxury market (Łopaciuk & Łoboda, 2013). The high-end and luxury markets are led by international brands, produced in Thailand as well as imported from overseas, and have shown the significant growth yearly (see details in Table 1.2).

According to a survey by The Nielsen Company (2007), 30 percent of consumers Worldwide spend more on beauty products and treatments today than before. With growing concerns about health and the environment, many consumers today are seriously interested in what they put on their bodies (Girotto, 2013). They try to control their health by looking for healthy skin care and cosmetics products. This is because people believe that natural ingredients make better and healthier beauty products. Therefore, the use of the term "natural" on the label is becoming a key sales-driving force (Decision News Media, 2004). The international market research, Kline Group Company (2012), showed that the personal care (skin care and hair care) sector accounted for the largest portion of sales in the world of cosmetics industries and it is expected that the global market for natural personal care products will maintain strong growth with a compound annual growth rate of almost 10 percent through 2016.

Natural cosmetics market is growing steadily. Thus, many cosmetics businesses have entered into the market. Natural cosmetics products have become more visible in the global market. In fact, the market has evolved from a niche that was previously taken by few businesses has now moved into the mainstream market (Lenard, 2011). Consequently, businesses face fierce competition in the related markets. Therefore, it is highly important for businesses in this sector to retain their consumers for the longer term. Indeed, the concept of repurchase intention is introduced as an indicator of successful business at the actual purchase level, and loyalty to the business for future purchases. Thus, it would be interesting to investigate potential predicting factors in respect of repurchase intention in the particular context.

In summary, the aforementioned discussions have led this study to attempt to investigate important factors that influence consumers to have repurchase intention luxury natural cosmetics products. In addition, this study will be conducted in the context of Southeast Asian countries where the awareness towards natural cosmetics products are increasing, while concurrently, the buying power for luxury product are increasing as well. Therefore, efforts to clearly understand consumer behaviour in the

Southeast Asian context might help the business practitioners and marketers to develop effective marketing strategies to target their consumers.

1.5 Research Problems

Consumer preference for natural and organic cosmetic products continues to grow around the world (Girotto, 2013), driven largely by better awareness of harmful chemicals in cosmetics (Matthews, 2009). Interestingly, luxury natural skin care products hold the highest market share of all cosmetic products (American Consulate General, 2011), and this trend should continue as, according to Euro-monitor (2011), the future of the luxury goods market will be shaped by "being natural". Based on prior studies, decision making in luxury purchasing differs noticeably from commodity style purchasing (Vigneron & Johnson, 2004). Therefore, it is still doubtful whether prior literature on natural consumption and luxury consumption would be applicable in the context of luxury natural product consumption. In addition, there is limited evidence showing whether consumers have the same motivation factors when purchasing luxury natural products compared with purchasing only natural or only luxury products.

Luxury natural products tend to be perceived as unique products, and hence need more product-oriented specific studies. The concept of luxury and the concept of natural are contrary in perspectives. The relation between consumers of luxury products and environment are commonly not concerned, while this relation has been more developed in the terms of consumers of natural products. Therefore, it is crucial to determine whether luxury and environmental concern are relevant to natural product consumers. This was attempted in several prior studies of green products (Lin & Huang, 2012), organic products (Rajagopal, 2007), natural products (Kim & Seock, 2009), eco-friendly products (Cheah & Phau, 2011), and luxury consumption in particular (Rouhani & Hanzaee, 2012; Shukla, 2011; Wu & Liang, 2009). These studies focused on individual product categories, and studies that have integrated the concepts of natural and luxury product together are limited. Filling these knowledge gab required exploration of the key factors which influencing consumer’s purchasing behaviour of luxury natural products, i.e. luxury factors, natural factors or a mix of both. Identifying any new groups of the factors that could affect purchasing behaviour of luxury natural products might convey new perspectives for this product category.

Most prior studies have addressed the issue of consumer behaviour outcomes, that is, loyalty and repurchase intentions (Byun & Finnie, 2011; Eggert & Ulaga, 2002; Hellier, Geursen, Carr, & Rickard, 2003), by assuming consumers who repeatedly purchase the products generally rely on post purchase satisfaction. Repurchase intention is well-known as consumers’ commitment to make future purchases (Hume, Mort, & Winzar, 2007) based on past satisfaction (Stern & Hammond, 2004), an indicator of the success of a company’s product and a predictor of the actual purchase level (Chandon, Morwitz, & Reinartz, 2005; Curasi & Kennedy, 2002; Stern & Hammond, 2004). However, Reichheld, Markey Jr, and Hopton (2000) stated that in their study 60 percent to 80 percent of consumers who were satisfied with their previous purchase will leave the business. This problem is further aggravated by a wider choice of alternative products. Therefore, consumers’ intention to repurchase might not rely on customer loyalty or post purchase satisfaction, as was suggested by Bolton and Drew (1991), which noted that customer satisfaction is necessary for, but not a guarantee of, consumer future purchases. Given rapid changes and the plethora of new products available, influencing future purchase intentions might not be the same set of factors found in past studies. Therefore, this study does not address the issue of repurchasing behaviour. However, the researcher examined the impact of predictors on purchasing behaviour.

Few studies have investigated the major factors influencing consumer repurchase intention for natural and luxury products. Some studies have been conducted on consumer repurchase intention in the context of natural or eco-friendly products or services (Han, Hsu, & Lee, 2009; Hur, Kim, & Park, 2012; Jin-Soo, Li-Tzang, Heesup, & Yunhi, 2010), or luxury products or services (Lobo, 2008; Patrick, MacInnis, & Folkes, 2002). Nevertheless, few studies have incorporated natural and luxury concepts as a construct of perceived value or considered how these two concepts affect the level of consumer intention to repurchase, especially in the context of luxury natural cosmetics. Consequently, little is known about how to optimize the market and manage consumer expectations with regard to the special consumption of luxury natural products. Therefore, the aforementioned limitation illustrates the necessity to conduct an investigation of the crucial factors affecting consumer repurchase intention of luxury natural cosmetic products. Furthermore, it would be useful for researchers and marketers to formulate marketing strategies if they have a framework integrating two values which are based on personal values and perceived value (Vinson, Scott, & Lamont, 1977).

Some previous studies of luxury consumption considered perceived value only as external factor, but perceived value might not be enough to grasp the overall picture of consumer behaviour clearly. Another approach is to view consumer behaviour from different lenses by considering other factors such as internal factors, and mechanisms. Indeed, this research intends to fill the gap as it comprises three major and critical factors as the building blocks of consumer behaviour. First, personal values is an internal factor conceived of a criterion affecting choices, based on individuals, ideas, and objects which posit the association between values and behaviour (Vinson et al., 1977). Second, perceived value as an external factor, is conceived as an initial concern based on consumers' needs, expectations and relevance to marketing. Third, customer orientation of salespeople as a mechanism factor is considered a crucial factor to maintain successful relationships between consumers and businesses (Hennig-Thurau & Thurau, 2003; Mallalieu, 2006; Palmatier, Scheer, & Steenkamp, 2007).

Personal values are the primary component of an individual's belief system (Vaske & Donnelly, 1999). The role of personal values is as a standard or criterion influencing evaluations or choices of persons, objects, ideas, and is the basis of consumer behaviour (Vinson et al., 1977). Personal values are crucial to understanding environment-related behaviours (Thogersen & Grunert-Beckmann, 1997), and in the context of luxury products, personal values are key factors in consumer purchase behaviour (Shukhla, 2012). These concepts have been dealt with in existing research (Shukla, 2012), in the context of natural beauty products, environmentally friendly beauty products (Kim & Seock, 2009), and luxury consumption (Shukla, 2012), but this study expects that consumers with different personal values will show different behaviours towards luxury natural products. Hence, there is a need for more investigation of personal values as one of the indicators that could assess consumers' repurchases intention.

The second building block of consumer behaviour, perceived value, has been established as a crucial factor in consumer purchase behaviour (Sweeney, Soutar, & Johnson, 1997). According to their school of thought, consumers are initially concerned with perceived value, which influences consumer decision-making behaviour. Manufacturers of natural products study raised that the role of consumer perceived value of natural products are importance to long-term business success (Hughner, McDonagh, Prothero, Shultz II, & Stanton, 2007). Furthermore, previous studies showed that in a highly competitive market, consumers consider perceived value more than satisfaction or loyalty for future purchases. These studies suggested future research focus more on perceived value as the main factor affecting consumer behavioural intention for natural products (Shaharudin, Pani, Mansor, & Elias, 2010b) and luxury products (Shukla, 2012). This situation calls for more empirical research to identify the role of perceived value on consumers' purchasing behaviour.

The effect of perceived value on consumer purchase intentions has been examined in the context of luxury products through luxury value models (Shukla, 2011; Tynan, McKechnie, & Chhuon, 2010; Vigneron & Johnson, 2004; Wiedmann, Hennigs, & Siebels, 2007). Luxury models have considered psychological and functional needs by proposing multidimensional constructs of perceived value (Vigneron & Johnson, 2004), but have attempted to validate the measurement items (Tynan, McKechnie, & Chhuon, 2010; Vigneron & Johnson, 2004; Wiedmann, Hennigs, & Siebels, 2007, 2009) rather than to examine the luxury value model on consumer behaviour of specific products. As luxury natural products are considered a unique product, the current study proposes that consumers might differ in their value perceptions, which suggests that models based on different products might not be generalizable to other product categories. Thus, to fill the gap, this study tested the impact of perceived value, including financial, functional, and social dimensions, on repurchase intention in the context of luxury natural cosmetics products.

The third factor that may play an important role in consumer purchasing behaviour of luxury natural products is the salespeople, which is mechanism factor. Salespeople play a critical role in developing and maintaining a successful relationship between consumers and retailers (Hennig-Thurau & Thurau, 2003), which has been confirmed by previous studies (Mallalieu, 2006; Palmatier et al., 2007). This relationship becomes even more important in cosmetics products as they require a lot of personal service to offer the products (Chiou & Droge, 2006), especially luxury cosmetic products (Jarurungsipong & Rakthum, 2012; Jin & Hong, 2004). Cosmetics consumers tend to rely on the information provided by salespeople because advertisement information does not thoroughly explain how to use the products. This becomes even more important with specialist products, like natural cosmetics, as consumers still lack product information (Dimitrova et al., 2009). Here, the salespeople also play an important role in educating consumers on the product benefits. While some research has revealed insights on the impact of the salespeople in natural cosmetics or luxury cosmetics, but there is a paucity of research on the effect of the salespeople on customer behaviour in the context of luxury natural products.

The role of salespeople has been commonly distinguished as an antecedent of purchase intention (Preis, 2003; Valenzuela, Mulki, & Jaramillo, 2010). However, most of the previous studies determined the direct relationship between salespeople as an independent variable and a dependent variable, while few studies considered salespeople as a third variable that moderates the relationship between the independent variable and the dependent variable. Nevertheless, the moderating role of salespeople on the relationship between perceived value and consumer behavioural intention should not be ignored (Wang, 2009). In fact, Fishbein and Ajzen (2005) expressed that human behaviour is multifaceted and thereby it is hard to predict behaviour. Skinner

(2005) concluded human behaviour to be a process rather than a subject, and not able to be observed explicitly. Therefore, the association between predictor and criterion variables is commonly complex and not straightforward (Fairchild & MacKinnon, 2009). However, thorough research could truly capture the dynamic interplay of salespeople, particularly in the context of luxury natural consumption. Hence, it is appropriate to conduct research to examine the role of salespeople as a moderator variable.

In summary, understanding the relationship between perceived value, personal values, and salespeople is important to understand consumers purchasing behaviour of luxury natural cosmetic products. Therefore, this study attempts to investigate the role of perceived value and personal values as the independent variables of repurchase intention. In doing so, the study extends the luxury model by integrating the role of customer orientation of salespeople into the context of luxury natural cosmetic products. The overall model which guides the current study is illustrated in Figure 1.1.

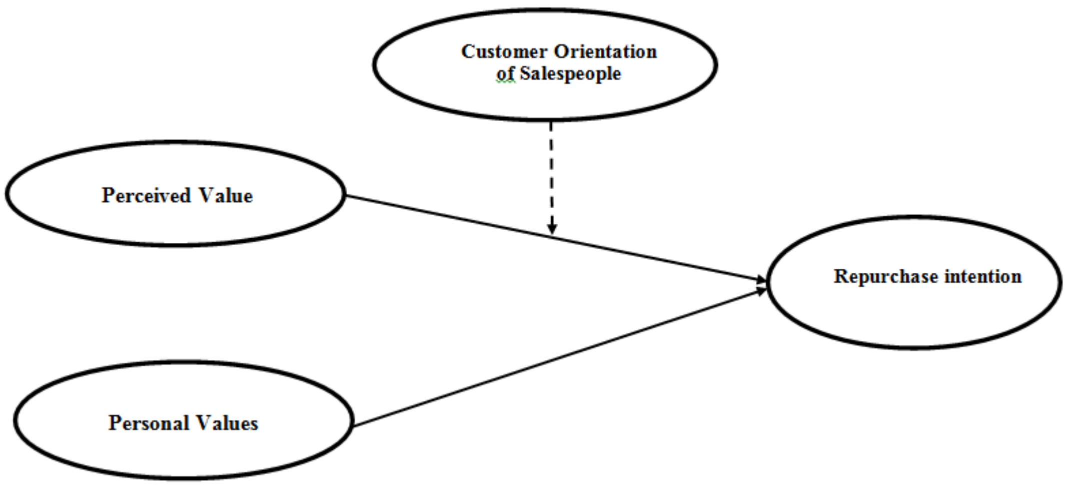

Figure 1.1 Overall Model Guiding Current Study

1.6 Research Questions

The problems discussed in the earlier section have raised several important queries worthy of closer examination. The research questions are as follows:

RQ1: What is the relationship between perceived value and repurchase intention?

RQ2: What is the relationship between personal values and repurchase intention?

RQ3: Does customer orientation of salespeople (COSP) moderate the relationship between perceived value (i.e., financial value, functional value, and social value) and repurchase intention?

1.7 Research Objectives

Based on the list of research questions in the previous section, this study intends to achieve the following objectives:

RO1: To investigate the relationship between perceived value and repurchase intention in the context of luxury natural products consumption.

RO2: To investigate the relationship between personal values and repurchase intention in the context of luxury natural products consumption.

RO3: To examine moderating effects of customer orientation of salespeople (COSP) on the relationship between perceived value (i.e., financial value, functional value, and social value) and repurchase intention in the context of luxury natural products consumption.

1.8 Definition of Key Terms

The definition of variables used in the study is described as follows.

(a) Repurchase intention

Repurchase intention is defined as the probability of an individual to buy a product or service from the same company again in the future (Hellier et al., 2003; Jones, Mothersbaugh, & Beatty, 2000).

(b) Perceived value

Perceived value refers to "Customer's perceived preference for an evaluation of those products attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in use situations" (Woodruff, 1997).

(c) Financial value

Financial value addresses direct monetary aspects and refers to the value of the product expressed in dollars, cents, or yen and to what is given up or sacrificed to obtain a product (Ahtola, 1984; Monroe & Krishnan, 1985).

(d) Functional value

Functional value represents the perceived utility of an alternative resulting from its inherent attributes or characteristic-based ability to perform its functional, utilitarian or physical purposes (Sheth, Newman, & Gross, 1991).

(e) Products safety

Product safety refers to ‘‘any product which, under normal or reasonably foreseeable conditions of use including duration and, where applicable, putting into service, installation and maintenance requirements, does not present any risk or only the minimum risk compatible with the product's use..." (GPSD, 2001). *Safety of* *cosmetic product:* Directive 93/35/EEC clearly states that the safety of a cosmetic product must be assessed by taking into consideration the general toxicological profile of the ingredients, their chemical structure and their level of exposure (European-Union, 1993).

(e) Quality

Quality is defined as a consumer's perception of the overall excellence of the product based on intrinsic (e.g., performance, durability) and extrinsic cues (e.g., brand name, warranty), (modified fromKirmani & Baumgartner, 2000).

(f) Usability

Usability is defined as the extent to which a product or service can be used by specified users to achieve specified goals with effective, efficiency and satisfaction in specified context of use (ISO, 1998).

(g) Social value

Social value represents the perceived utility of an alternative, resulting from its image and symbolism in association, or disassociation, with demographic, socioeconomic and cultural-ethnic reference groups (Sheth et al., 1991).

(h) Conspicuous consumption

Conspicuous consumption can be defined as the tendency for individuals to enhance their image, through overt consumption of possessions, which communicates status to others (O'Cass & McEwen, 2004).

(i) Prestige

The definition of prestige might vary with different people, depending on their socioeconomic background. In marketing context, consumer develop prestige meaning for brands based upon interactions with people (e.g., aspired and peer reference