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The Impacts of Direct Marketing Strategies on Consumers' Purchasing Decision in Cosmetic Sector in Turkey

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Abstract: Nowadays, consumers could be reached directly, through the rapid development of direct marketing. In order to affect consumers' purchasing decisions, direct marketing method uses specific advertisement tools and distribution channels to establish direct and mutual communication. Alongside the traditional channels, direct marketers have taken advantage of communication tools such as computer, fax, television, smartphones, e-mail and Internet. Thereby direct marketers generally use various direct marketing strategies such as online marketing, face-to-face selling, direct mail marketing, catalog marketing, telemarketing etc. Focusing on three of these direct marketing strategies, namely Social Networking Websites (SNS), Cause-Related Marketing (CRM) and Word of Mouth Marketing (WOM), this research aims at analysing the impacts of SNS, CRM and WOM on consumer's purchasing decisions for Avon cosmetic products in Istanbul, Turkey. The paper utilizes a quantitative survey of 1,421 cosmetics customers in Istanbul to investigate the conceptual relationship between three direct marketing strategies and purchasing decision through nine hypotheses. Data was analysed through T-tests, One-Way Anova and Binary Logistic Regression. Based on the findings of the research, a significant and positive relationship between variables was confirmed. This research provides a contribution to direct marketing literature, since no similar studies have been conducted in cosmetics sector in Turkey.

Keywords: *Direct marketing, WOM, SNS, CRM and cosmetic sector.*

Introduction

Nowadays, the ever-increasing abundance of goods and services, and the improving protection of competition foster the rapid development of direct marketing as an alternative to reach consumers directly.

The benefits of direct interaction are known to mankind for centuries. The business is also aware of the advantages of the direct communication with an individual customer. In order for the latter to be achieved, companies often employ direct marketing strategies. The word "direct" is the key to describe the essence of this type of marketing approach. In this context "direct" means that the business-to-consumer interaction occurs without the use of intermediaries. Although a substantial number of companies employ direct marketing strategies in cosmetics sector in Turkey, the present research focuses on the customers of

the oldest direct selling organizations of cosmetics, Avon Products Inc. in Istanbul, which is the most populous city of Turkey with its population reaching to 15 million in 2017. Avon also implemented diverse marketing strategies to increase the consumers' involvement with its products since 1993 in Istanbul. This research focuses on the three of the most widely used current marketing strategies of Avon, and investigates the impact of SNS, WOM and corporate social responsibility programs (CSR) on consumer purchasing decision of using Avon cosmetics as their most preferred brand of cosmetics among the other brands.

Literature Review

Direct Marketing

Most discussions concerning the concept of direct marketing begin with the definition given in 1981 by the American Direct Marketing Association (the present-day – Data & Marketing Association). The definition (as cited in Murrow & Hyman, 1994) describes direct marketing as “an interactive system of marketing which uses one or more advertising media to affect a measurable response and/or transaction at any location” (p.48). Direct marketing sells products and services directly to consumers, instead of relying on intermediaries (Webber, 2013). Probably most popular among the direct marketing approaches is the practice of face-to-face selling, which developed in the early 20th century, and allowed the distribution of various goods including household supplies, cosmetics, and even automobiles (Keep & Vander Nat, 2014). Beginning with door-to-door selling, the direct selling sector was expanded by formats such as party plans and Internet sales. The list of the 10 biggest revenue generating direct selling companies in the world for 2016 consists of Amway, Avon, Herbalife, Vorwerk, Infinitus, Mary Kay, Perfect, Natura, Tupperware and Nu Skin - in a descending series (“DSN Announces the 2016 Global 100!”, 2016).

SNS

The impact of SNS on consumers has been broadly studied, as well as its role in the purchasing decision process. Thus, a research finds that the participation of consumers in the creation of user-generated content about a brand on the SNS affects their future purchase behaviour (Maulhouse, Kim, Calder & Vandebosch, 2013). Regarding consumers' intentions to purchase, a previous research has discovered that consumer socialization through peer communication on SNS affects product attitudes, which then influences the purchase intentions (Wang, Yu & Wei, 2012).

WOM

The introduction of social media is the reason why in recent times the processes of WOM have received greater attention from researchers and practitioners in marketing and other areas. Social media provided greater connectedness of people and a considerable speed with which interpersonal messages can spread (Kimmel & Kitchen, 2014). Hence, the power of WOM to influence consumers' decision-making processes has recently gained much significance. For instance, a study conducted by Do-Hyung, Lee and Han (2007) reveals that: 1) consumers' purchasing intention increases along with the number of reviews, since most reviewed products are considered to be popular, and 2) the quality of on-line consumer reviews has a positive effect on consumer purchasing intention.

CRM

A specific manifestation of a company's social responsibility is CRM (Sheikh & Beise-Zee, 2011), which targets customers who want to “make a difference in society through

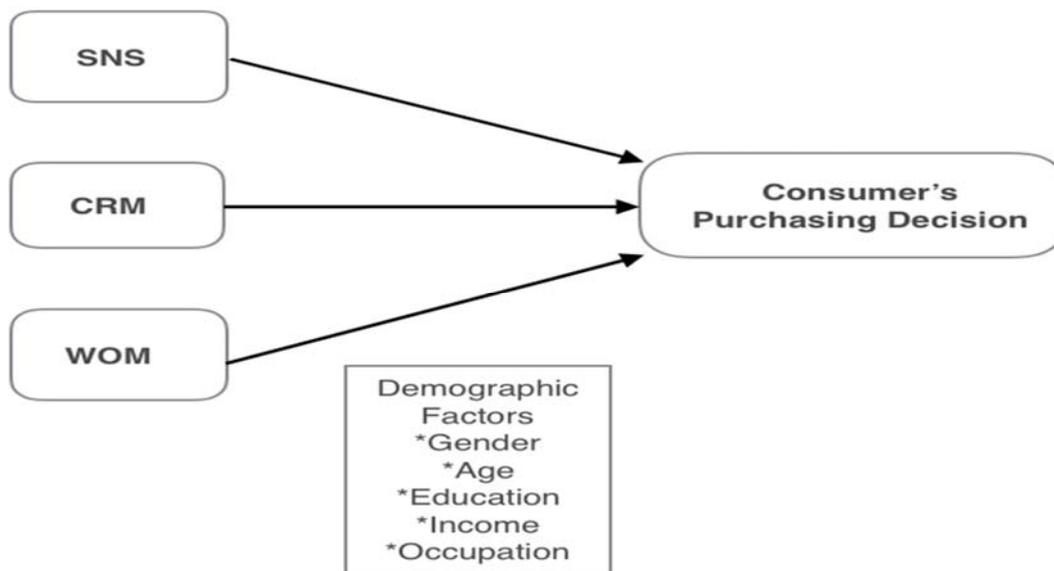
their purchasing” (Bronn & Vrioni, 2001, p.207). Thus, Varadarajan and Menon (1988) describe CRM as “the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives” (p.60). For this reason, CRM is often defined as ‘win-win-win strategy’, SINCE it can be BENEFICIAL TO all (i.e., the company, the cause and the customers) involved (Hemat & Yuksel, 2014).

Conceptual Model, Hypotheses and Methodology

Model Development

The research proposes a research model, as shown in Figure 1, to examine the relationships between the constructs of this research, namely the impacts of SNS, CRM and WOM on the purchasing decision and their determinants depending on demographic characteristics.

Figure 1: Conceptual Model



Hypotheses

- H1: WOM has a significant and positive impact on consumer's purchase decision.
- H2: There is a significant difference between the relationship level of the reference people with participants and WOM.
- H3: There is a significant difference in WOM by economically activity of the people.
- H4: SNS have a significant and positive impact on consumer's purchase decision.
- H5: There is a significant difference in SNS by age groups
- H6: CRM has a significant and positive impact on consumer's purchase decision.
- H7: There is a significant difference in CRM by education factor.
- H8: There is a significant difference in CRM by income factor.
- H9: Women will show more support for CRM than men.

Methodology

The study has a cross-sectional research design, and employs a survey that was conducted among the cosmetics users in Istanbul. Based on the existing literature and research

questions, a questionnaire was designed and uploaded to "polldaddy.com". The questionnaire collected information on cosmetic brand awareness and usage, and reflections on SNS, CRM, WOM and the demographic characteristics of the respondents. The population of the study included all people using cosmetics of direct selling companies in Istanbul. The sampling strategy used in the study was convenience sampling, and the sample was reached through email lists, and directed to the aforementioned online surveying site. A total number of 1468 questionnaires were filled, and among those 1421 were complete and used for the analysis in this paper.

The questionnaire was this research have been directed to respondents as on-line through the website. The online questionnaire involves in a huge sample size consisting of the people who live in Istanbul, Turkey. As well sample size has been determined as 1421. 5-point likert scale as rating scale and multiple-choice questions were used in this research. The five response categories are respectively "strongly disagree, disagree, neither agree nor disagree, agree and strongly agree".

Result and Findings

Table 1 presents respondents' demographic characteristics as age, gender, work status, education and income. There are 80 out of 1421 responses missing from the demographics.

Table 1: Demographic characteristics

Variable	Category	Frequency	%
Gender	Female	1272	90.5
	Male	134	9.5
Age	20 or younger	571	40.2
	21-39	676	47.6
	40 or older	174	12.2
Education	Less than a high school	268	19.0
	High school degree	370	26.2
	Bachelor Degree	632	44.7
	Master or PhD Degree	144	10.2
Work Status	Not Economically Active	675	49.5
	Economically Active	688	50.5
Income	2000 or less	554	39.0
	2000 - 4000	693	48.8
	4000 or more	174	12.2

Table 2 presents the most of respondents (37.2%) said the most often using Avon products from among the other options.

Table 2: Distribution and responses (Q5: If you are using the products of multiple brands, which one do you use the most often?)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Oriflame	343	24.1	25.6	25.6
	L'oreal	177	12.5	13.2	38.8
	Flormar	290	20.4	21.7	60.5

	Avon	529	37.2	39.5	100.0
	Total	1339	94.2	100.0	
Missing	System	82	5.8		
Total		1421	100.0		

As summarized in table 3, it indicates that WOM has the most significant impact on consumer's purchasing decision (49,8%) among the tested marketing strategies used.

Table 3: The Determinants of purchasing decision (Q6: Which of the reason(s) below affect your decision to buy a product?)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SNS	556	39.1	39.1	39.1
	CRM	158	11.1	11.1	50.2
	Recommendations or opinions of people around you (WOM)	707	49.8	49.8	100.0
	Total	1421	100.0	100.0	

Cronbach's alpha was used for determining the reliability of the structures. The average of this study based on reliability is $\alpha .75$, namely the research can be said to be reliable because it is over 0.7 recommended by Cronbach (Malhotra, et al., 2012, p.435). In Table 4, the reliability results for each construct are detailed.

Table 4: Summary of Reliability Test (Cronbach's Alpha)

Variable	No of Item	Cronbach's Alpha
SNS	SNS1, SNS2, SNS3, SNS4, SNS5, SNS6, SNS7, SNS8, SNS9, SNS10, SNS11, SNS12	.75
CRM	CRM1, CRM2, CRM3, CRM4, CRM6, CRM7, CRM8, CRM9, CRM10, CRM11, CRM12	.73
WOM	WOM4, WOM5, WOM6, WOM7, WOM8, WOM9, WOM10, WOM12, WOM13, WOM14	.77

T-Test and ANOVA test are statistical methods, which are used to compare group means. T-test is limited with two groups to crosscheck the means and ANOVA can be used in order to compare means, if there are three groups or more (Sekaran, 2003). As summarized in table 5, based on social responsibility activities, purchasing decision is not directly correlated with gender factor, since p value is $>.05$. Thus ninth hypothesis was rejected because according to the table, it is impossible to say that there is a significant difference for CRM by gender.

Table 5: T-Test by Gender

Code	Gender	N	Mean	Std. Dev.	T	Df	Sig. (2-tailed)	Hypothesis
CRM	Male	128	-.1447912	.894	-1.726	1376	.085	<i>Rejected</i>
	Female	1250	.0158233	101.324				

According to table 6, there is a significant difference for WOM by work status, since the significance value is $.00 < .05^*$. Therefore based on WOM, purchasing decision is correlated with work status factor and third hypothesis was supported.

Table 6: T-Test by Work Status

Code	Work Status	N	Mean	Std. Dev.	T	Df	Sig. (2-tailed)	Hypothesis
WOM	Not Economically Active	652	-.120	114.415.831	-4.229	1.204	.000*	<i>Supported</i>
	Economically Active	660	.115	.85323425				

Table 7 indicates that there is a significant difference for SNS by age factor (the significance value is $< .05^*$). On the other hand, purchasing decision is correlated with age factor and fifth hypothesis was supported.

Table 7: One-Way Anova Test by Age

Code		Sum of Squares	Df	Mean Square	F	Sig.	Hypothesis
SNS	Between Groups	101.447	2	50.724	54.936	.000*	<i>Supported</i>
	Within Groups	1.197.553	1297	.923			
	Total	1.299.000	1299				

Table 8 shows that there is a significant difference for CRM by education factor (the significance value is $< 0.05^*$). Therefore seventh hypothesis was supported.

Table 8: One-Way Anova Test by Education

Code		Sum of Squares	Df	Mean Square	F	Sig.	Hypothesis
CRM	Between Groups	40.990	3	13.663	13.993	.000*	<i>Supported</i>
	Within Groups	1.344.498	1377	.976			
	Total	1.385.488	1380				

Based on table 9, eighth hypothesis that there is a significant difference in CRM by income factor was supported because there is a significant difference in CRM by income factor.

Table 9: One-Way Anova Test by Income

Code		Sum of Squares	Df	Mean Square	F	Sig.	Hypothesis
CRM	Between Groups	22.743	2	11.371	11.544	.000*	<i>Supported</i>
	Within Groups	1.364.257	1385	.985			
	Total	1.387.000	1387				

According to the results of table 10, there is a significant difference between the relationship level of the reference people (family, partner, friend and relative) with the respondents and word-of-mouth marketing. Thus second hypothesis was supported.

Table 10: One-Way Anova Test for H2

Code		Sum of Squares	Df	Mean Square	F	Sig.	Hypothesis
WOM	Between Groups	41.299	3	13.766	14.520	.000*	<i>Supported</i>
	Within Groups	1.287.523	1358	.948			

Regression analysis is a powerful and flexible process to help to determine relationships between dependent variable and one or more independent variables and related to quality and degree of relationship between variables (Malhotra, et al., 2012, p.704). As summarized in table 11, WOM, CRM and SNS have significant and positive impacts on consumer’s purchase decision, when controlled for demographic variables, since the sig. values are $.00 < .05^*$. Therefore first, fourth and sixth hypotheses were supported.

Table 11: Logistic Regression Test - Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)	Hypothesis
WOM	.288	.082	12.220	1	.000*	1.333	<i>Supported</i>
CRM	.219	.072	9.207	1	.002*	1.245	<i>Supported</i>
SNS	.291	.083	12.258	1	.000*	1.337	<i>Supported</i>

Conclusion and Discussion

Based on the obtained results, it can be concluded that all the objectives of the study are achieved. The direct marketing strategies, specifically, WOM, SNS, and CRM are effective in reaching the target consumers and affecting their purchasing decision.

Regarding the previous researches SNS significantly affects intention to buy, since they create trust by letting consumers to show online social support for their peers (Wang, Yu & Wei, 2012). And this research has verified this case. As in this research, East, Hammond and Lomax (2008) observed that positive WOM has greater impact on brand purchase probability than negative WOM.

Previous studies of the effect of CRM over consumers provided some controversial results. Thus, a study conducted by Barone, Miyazaki and Taylor (2000) revealed that a company's support of social causes could influence consumer choice. In addition, Webb and Mohr (1998) found that the majority of consumers buy products influenced merely by a firm’s CRM strategy and motivated by the desire to help the cause. However the same research indicates that CRM does not affect buying decisions when other traditional purchase criteria are particularly important for the consumer. On the contrary, this research indicated that CRM has positive impact on purchasing decision.

Ross, Patterson and Stutts (1992) noticed that men have less favourable attitudes toward a firm’s CRM compared to women, which is also verified by this research.

Theoretical and Managerial Contributions

This research has provided two theoretical contributions with different perspectives. First, this study is among the first studies to examine the impacts of direct marketing on Avon consumers' purchasing decision in cosmetic industry. Second this research has collected all these three determinants; WOM, SNS and CRM in a single study and examined all together.

Concerning strategies and tactics facilitating the observation of the influences of CRM, WOM and SNS on purchasing decision, the findings of this research provide useful information to cosmetic industry. First, the research indicates that the consumers prefer a company that considers its impact on society during its operations, which is an environmentally leader. Moreover, support of socially responsible projects increases consumers' trust to company and brand, and affects their decision to buy. Therefore, CRM may be a good strategy for a publicly traded company with the aim of increasing margin of profit.

Second, in terms of WOM, the findings of this research presented that WOM would be the most efficient channel to encourage the consumers, and that they trust more the advice of a person who has previously used that product/service. This could become a motivational tool that the individual decides to purchase by her/his own will and away from the company's interests. Hence, the companies can initiate a study besides their marketing strategies as to advertise by including advice and suggestions from customers with previous experience of the company's products.

Finally, regarding the SNS, nowadays social media usage gradually increases, so it can easily get information about products/services, purchase, make the payment, complaint and advise about the products. And also the findings of the research have promoted. Thus publicly traded companies can focus on activities by means of social media accounts and on online marketing in order to reach directly their target consumers.

Limitations and Recommendations

As in any other research, this research also has a few limitations. The first of the outstanding limitations is non-probability sampling technique and also convenience sampling and snowball sampling method, due to the lack of available database for any direct marketing companies, and the true distribution of the sample population remains unknown.

Based on demographic distribution, the participation rate in the survey of housewives, retired and 60 or older people is lower compared to the other demographic groups, since the questionnaire form is arranged just as online.

The last, due to time and budget limitations, the questionnaire of the research was applied to the Avon's consumers living in Istanbul. As well it means that there is market limitation, since the study field was just direct selling industry. The research was implemented on cosmetic sector in direct selling industry. Hence if the research had been conducted in only direct selling industry, the results might have been different.

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