THE COMPARATIVE INFLUENCES OF CUSTOMER-REVIEWS AND SPONSORED-REVIEWS ON CONSUMER PURCHASING DECISION: A STUDY OF COSMETIC PRODUCTS IN THAILAND

BY

MS. WIMONRAT SRISUWATCHAREE

AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF SCIENCE PROGRAM IN MARKETING
(INTERNATIONAL PROGRAM)
FACULTY OF COMMERCE AND ACCOUNTANCY
THAMMASAT UNIVERSITY
ACADEMIC YEAR 2014

THE COMPARATIVE INFLUENCES OF CUSTOMER-REVIEWS AND SPONSORED-REVIEWS ON CONSUMER PURCHASING DECISION: A STUDY OF COSMETIC PRODUCTS IN THAILAND

BY

MS. WIMONRAT SRISUWATCHAREE

AN INDEPENDENT STUDY SUBMITTED IN PARTIAL

FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE

OF MASTER OF SCIENCE PROGRAM IN MARKETING

(INTERNATIONAL PROGRAM)

FACULTY OF COMMERCE AND ACCOUNTANCY

THAMMASAT UNIVERSITY

ACADEMIC YEAR 2014

THAMMASAT UNIVERSITY

FACULTY OF COMMERCE AND ACCOUNTANCY

INDEPENDENT STUDY

BY

MISS WIMONRAT SRISUWATCHAREE

ENTITLED

THE COMPARATIVE INFLUENCES OF CUSTOMER-REVIEWS AND
SPONSORED-REVIEWS ON CONSUMER PURCHASING DECISION:
A CASE STUDY OF COSMETIC PRODUCTS IN THAIALND

was approved as partial fulfillment of the requirements for

the degree of Master of Science Program in Marketing (International Program)
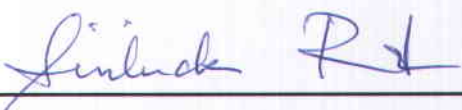
on ......**12 JUN 2015**......

Chairman _____

(Professor James G. Hutton, Ph.D.)

Advisor/Member _____

(Professor Kenneth E. Miller, Ph.D.)

Dean _____

(Professor Siriluck Rotchanakitumnuai, Ph.D.)

ABSTRACT

Independent study Title	The comparative influence of Customer-Reviews and Sponsored-Review on consumer purchasing decision: A study of cosmetic products in Thailand
Author	MRS. Wimonrat Srisuwatcharee
Degree	Master of Science Program in Marketing (International Program)
Major Field/Faculty/University	Faculty of Commerce and Accountancy Thammasat University
Independent Study Advisor	Professor Kenneth E. Miller, Ph.D.
Academic Years	2014

ABSTRACT

Thailand is one of the countries in which the cosmetic industry has been growing by 10-20% continually for the last ten years, and now Thailand is ranked 17th in global cosmetic production and has the most advanced cosmetic technology in Asia. In 2011, the market value was posted at 1.4 billion euro (56.5 billion baht) which divided in to domestic consumption 1.2 billion euro and another 0.2 billion euro in export market (see Figure 1.2). (Cuyvers et.al., 2013).

In the current integrated social media and internet community, almost any beneficial info can be found on websites or blogs ready for everyone who is interested. Consumers will have easy access to any cosmetic product reviews which help them to make the decision. Among many sources of reviews, there are 2 major types of review that ae well known by frequent review seekers: Customer-review (CR) and Sponsored-review (SR). Customer review is a review done by end customers based on their experience and preference. On the other hand, Sponsored-review is a review done by a customer who got paid and who is frequently provided with products to review for free from that product manufacturer.

From a marketing perspective, knowing the influences between both CR and SR and consumer's response toward each type of review can give a competitive advantage in any marketing implementation, especially raising product awareness and sales.

There were 157 respondents in the quantitative research. The key findings show that the consumers are now finding the cosmetic product knowledge from online channels such as YouTube, or blogs on Pantip or Jeban websites. A total of 84.1% of respondents currently consume the information from those sources rather than in the traditional ways such as reading magazines or going to a brand counter in a department store.   Both CR (Customer-Review) and SR (Sponsored-Review) in online media have a high relation with the consumer's perception, especially the factors that lead the consumer to purchase the products such as product evaluation, brand evaluation, purchase intention and referring the product to other consumers. Moreover, the CR (Customer-Review) and SR (Sponsored-Review) can create the trustworthiness and credibility of brand without any bias to the brands.

ACKNOWLEDGEMENTS

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

Symbols/Abbreviations	Terms
CR	Customer-Review
SR	Sponsored- Review

CHAPTER 1
INTRODUCTION

1.1 Industry background

Since 2012 the overall production of global cosmetic products has been growing annually at compound rate 7.7% and it is forecasted to reach 31.84 billion US dollars. The L'Oreal group, is one of the largest cosmetic companies, contributed around 50% of global market value and 62% of production is being exported to other parts of the world such as Western Europe, North America and Asia-Pacific which is the leader in cosmetic market (Figure 1.1). The other key players in the market are Procter and Gamble Company, Unilever, Shisedo Company Limited, Estee Lauder Company Inc., and upcoming companies. (Cuyvers et.al., 2013). Without a doubt the cosmetic market is a promising industry with continuous growth.
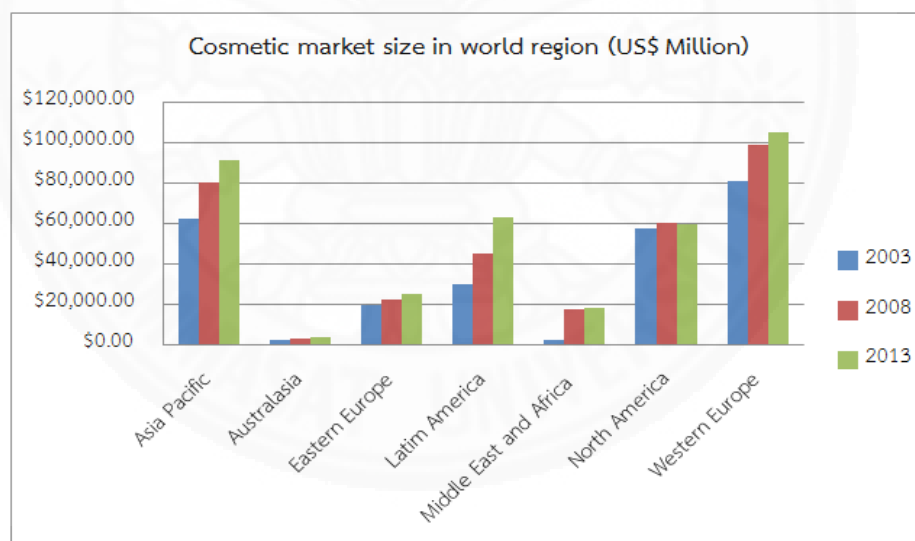
Figure 1.1: Cosmetic market size in world region as of 2003-2013

Thailand is one of the countries whose cosmetic industry has been growing by 10-20% continually for the last ten years and now Thailand is ranked 17th in global cosmetic production and has the most advanced cosmetic technology in Asia. In 2011, the market value was posted at 1.4 billion euro (56.5 billion baht) which divided into

1.2 billion euro of domestic consumption and another 0.2 billion euro in export markets (Figure 1.2) (Cuyvers et.al., 2013).

Figure 1.2: Thai Cosmetic Export Value 2005 – 2011

One interesting fact that might explain the promising cosmetic industry growth is the male/female ratio in Thailand's population, but additional research needs to be done to confirm this. However, the main reason is because the majority of cosmetic consumers are female and not bound by a certain age.

Apart from the growth of the cosmetic market, past research done by Chi (2011) on the topic of Interactive Digital Advertising vs. Virtual Brand Community defined the social media marketing as a connection between brand and consumer, while offering a personal channel and currency for user centered network and social interaction. Therefore social media has become the market place, channel and marketing tool of the firm in order to generate the revenue, create involvement between buyer and seller, and for advertising.

The increase of information available on social media is leading to creation of sophisticated trends in cosmetic products among consumers. Simple foundation cosmetics like powder have become more plain and many consumers have started to invest more in advanced and sophisticated cosmetic products like color brush-on or eyeliner. And this phenomenon is not limited only to females; in 2013 there were

increases in male blogger articles publicizing color cosmetic products and promoting usage to other male consumers (Euromonitor, 2014).

1.2 Research Overview

Customer-review (CR) on social media has been very popular and is relatively new among some cosmetic product consumers in Thailand. Therefore, this represents an opportunity for a cosmetic firm or manufacturer to implement this channel to advertise its products; hence Sponsored-review (SR) was originated. Based on how relatively new both CR and SR are and how cosmetic firm only recently adopted this communication channel, this research is classified as a contemporary topic in applied marketing.

Cosmetic products and consumers have become integrated as a single community hub with help of social media. Consumers' no longer need to take risks and invest in cosmetic products without having information or knowing whether it will be suitable for them. Fellow consumers now often share knowledge about their purchased products they have been using, and receive knowledge shared by other consumer's opinion. This is where "Review" is starting to shine as the consumer's best source for post-purchase product research.

There are 2 main variables in this study that we would like to focus on. The first is the characteristics of each type of review (CR and SR) and its attribute, and the second is how different types of reviews result in different consumer's reaction, i.e. whether both positive reactions (trustworthiness and credibility) and negative reactions (biased or skeptical).

CHAPTER 2
RESEARCH METHODOLOGY

2.1 Research Theme

Proposal area of knowledge: Technology opportunities.

Proposal type: Contemporary topic in applied marketing.

2.2 Importance of Research

One of the key factors in any great marketing strategy is to choose the right tool (in this case a media channel) to guarantee the successfulness of any marketing campaign or scheme. Choosing an appropriate channel guarantees the benefits a firm will get such as promoting product usage and awareness. On the other hand, choosing the wrong way to promote your marketing campaign may cause many problems such as low-exposure of the campaign or low perceived quality in product, and may even worsen profitability. This is where this study comes into play, by harvesting the maximum benefit out of current trends where most of consumers are review-oriented. This will make sure firms make the right choice thus generating maximum profit out of their investment.

2.3 Research Objectives

The main objectives of this study are to come up with the findings that can answer the following questions:

I. Will CR (Customer-review) create trustworthiness or credibility and result in favorable consumer's perception?

II. Will SR (Sponsored-review) create bias and skepticism and result in unfavorable consumer's perception?

III. Which type of review (CR or SR) is inferior in leading to purchase intention, purchase retention, and word of mouth?

IV. Which type of review (CR or SR) is inferior in creating better favorable perceptions among consumers, leading to better favorable evaluation on both a product and its source?

V.   Will cosmetic firm investment in SR return any benefits to the firm?

2.4 Hypotheses

H1: Type of review can result in different perceptions from consumers

H2: Customer-review (CR) has a positive effect on subsequent factors

H2a : Customer-review (CR) has a positive effect on "Product Evaluation"

H2b: Customer-review (CR) has a positive effect on "Brand Evaluation"

H2c: Customer-review (CR) has a positive effect on "Purchase Intention"

H2d: Purchase intention incurred from Customer-review (CR) has a positive effect on "Word of Mouth"

H3: Sponsored-review (SR) has a positive effect on subsequent factors

H3a : Sponsored-review (SR) has a positive effect on "Product Evaluation"

H3b: Sponsored-review (SR) has a positive effect on "Brand Evaluation"

H3c: Sponsored-review (SR) has a positive effect on "Purchase Intention"

H3d: Purchase intention incurred from Sponsored-review (SR) has a positive effect on "Word of Mouth"

2.5 Conceptual Framework
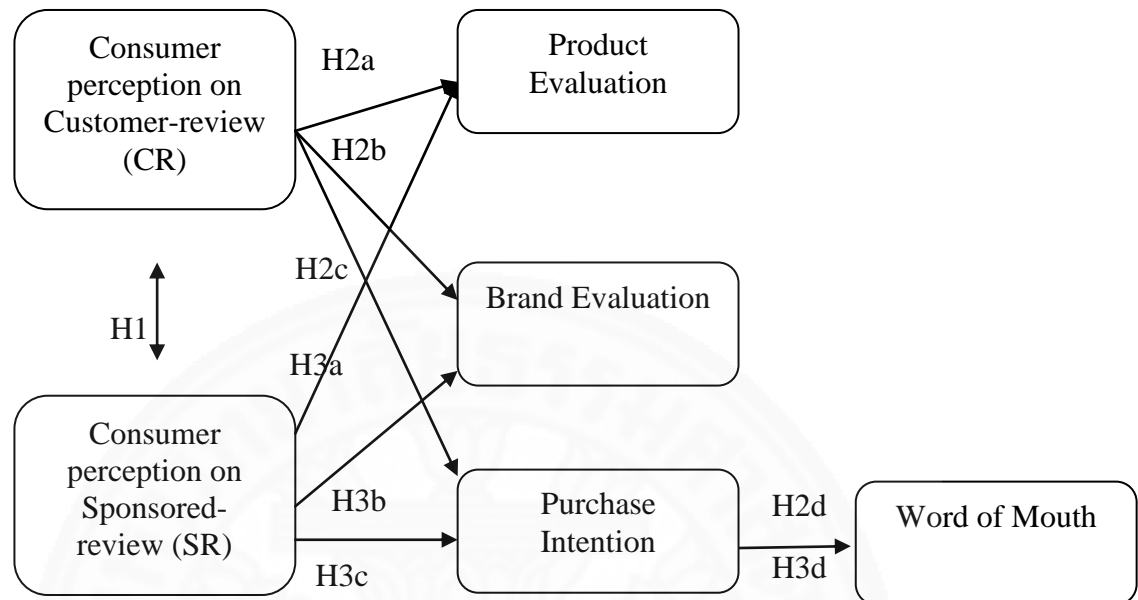
Figure 2.1: Conceptual Framework

The conceptual framework is shown in Figure 2.1. This research will focus on the relationship of consumer perception on Customer-review (CR) and on Sponsorship-review (SR) among four influential factors of consumer purchasing behavior: Purchase intention and Purchase retention, Product evaluation, Source evaluation, and Word of mouth.

2.6 Research Methodology

The methodology of this study is to start by doing a preliminary observation on cosmetic contextual environment to examine the current state of the cosmetic community and all possible platforms widely used in product reviews. This will allow more insight into the cosmetic market in Thailand and help to understand its current state.

The preliminary observation will be followed by the qualitative research using in-depth interviews to find an appropriate context to accurately measure consumer's perception and reactions to each type of review. The data will be collected via a

questionnaire-based survey. This research studies the perception of Thai females who are living in Bangkok, Thailand on the influence that Customer-review and Sponsored-review have towards consumer purchasing decisions in cosmetic products. The sample size of consumers is 400 Thai females aged 18-45 years, obtained through non-probability sampling and currently living in Bangkok, Thailand. In-depth interview of the open questions probing to gain personal factors of the respondent about gender, age, occupation, education, salary, opinion, attitude toward perception on purchasing decision.

After conducting a literature review on sponsorship, three major characteristics and attributes of sponsorship were discovered and can be linked to this study. Firstly, researchers have found the perceived sponsorship fit will result in positive response from consumers (Pham and Johar, 2001; Wakefield and Bennett, 2010). Secondly, consumers tend to have general skepticism on advertising content, thus resulting in a negative attitude toward that particular ad (Balasubramanian et al., 2006). Thirdly, the perceived motive of sponsors also has an effect on consumer response. If the motive of sponsorship is perceived as sincere, it will lead to favorable responses from consumers (Speed and Thompson, 2000).

After doing a preliminary observation on the cosmetic community on the internet, we found that there are two major platforms widely spread among cosmetic users as a source for cosmetic reviews. First is YouTube channels from famous Thailand beauty gurus (such as MomayPlapern, Pearypie, Feonality, and Cinnamon Gal). These four beauty gurus have their own YouTube channels dedicated to makeup tutorials and cosmetic product reviews that contain both CR and SR. Another platform is the community based website called "Jeban" which is where all cosmetic users come to discuss and often give CR (No SR in this website).

The data were collected by questionnaire from typical cosmetic consumers via an online questionnaire website. Initially, the respondents were asked 2 questions which are (1) The frequency in using cosmetic products and (2) Have they ever read or watched cosmetic reviews online. These two questions will help us categorize respondents and select for those who really have an interest in cosmetics and currently are a frequent cosmetic user. This can ensure that the data is accurate and reliable to use in further analysis.

The first factor in our model is consumer general perception towards cosmetic product reviews between two types of the reviews (Customer review and Sponsored review). At this point we decided to create two models with similar subsequent factors. The only change is that we asked the general perception towards review two times, one for the Customer review (CR) and one for Sponsored review (SR). With this method, we can distinctly separate the effect that type of review has on other subsequent factors. By doing that we created 2 scenarios to represent each type of review.

Scenario A will represent Customer review (CR) and has the following content. "Lipstick from Brand "A" has been reviewed positively by a well-known "Beauty Guru" on her/his own social media channel or personal blog after she/he actually tried the product. No sponsorship is involved. Please answer following questions accordingly." Then we asked respondents four questions regarding the general perception on cosmetic reviews using a 5-point Likert scale (for the details of questions, please see the Appendix).

Scenario B will represent Sponsored review (SR) and has the following content. "Lipstick from Brand "**B**" has been reviewed positively by a well-known "Beauty Guru" on her/his own social media channel or personal blog with the product clearly sponsored by Brand "**B**" itself. Sponsorship is involved. Please answer the following questions accordingly." Then we asked respondents four questions identical to Scenario A regarding the general perception on cosmetic reviews using a 5-point Likert scale (for the details of questions, please see the Appendix A).

For subsequent factors, we have four subsequent factors that we asked respondents to answer for both scenarios to clearly see the effect of type of review on those subsequent factors. The four subsequent factors were Brand Evaluation, Product Evaluation, Purchase Intentions, and Word of mouth (for the details of questions, please see the Appendix A).

The data we gathered from questionnaires was analyzed using Regression analysis by using a "Structural Equation Model" program which can produce the detailed result better than other statistical programs but is easy to work with due to its graphical interface.

CHAPTER 3
RESULTS AND DISCUSSION

There were 157 respondents in the quantitative research. There is 94.3% of Enthusiast cosmetic users and 5.70% of Non-Enthusiast cosmetic users.

3.1 Qualitative respondents profile

Ten female respondents were interviewed. Their ages range from 25-40 years old. All of them lived in Bangkok and searched for the cosmetic product information in online channels such as YouTube.

3.2 Key finding from Qualitative research

3.2.1 Opinion with online channel

Nowadays the online media such as YouTube, Facebook or other websites are a convenience for consumers to search for information because they can search everywhere and anytime by using a smartphone. The online sources provide interesting product information and also introduce the similar products in the market to the customer. That helps customer to make the precise choice, and saves the time of going to test products at the brand counter by themselves.

3.2.2) The trust of customer on online channel

All of them regularly search the product information from the reliable source on YouTube such as "Momayplapern", "Perry Pie", and "Feonalita" who are the popular beauty experts in Thailand or the beauty blogs on the Pantip or Jeban websites, which are the most popular websites for cosmetic consumers. These beauty information sources originate from consumers who use a lot of cosmetic products. They would like to share their experience, both positive and negative, with the cosmetic product by posting on their own Facebook or YouTube account without being sponsored by the cosmetic firm. Therefore, the customer can minimize the risk

of the source of information in their mind and they can trust the content from these all sources.

3.2.3) The customer's opinion on Sponsored-Review

According to the customers who consume the information from their reliable source, they have 2 dimensions of perception toward the cosmetic product which is reviewed by sponsorship. First, for the new cosmetic brand, they were persuaded to trial the new brand as the sense of new product in the market. They will search more information by other Customer-reviewed sources prior to trial and purchase of the product. Second, for the old brand launching the new product, if the brand is the top brand in their mind, 80% of them will go to trial the new product at the brand counter and buy it.

3.3 Quantitative Respondents profile

As shown in Figure 3.1, 91.9% of respondents were female, 7.3% were male and 0.8% was others. Their age ranged from 18 to 55 years old. All of them lived in Bangkok. Their occupations were divided into student, freelance, private officer, government officer, entrepreneur, housewife and others which were represented in percentage as 3.3%, 8.2%, 63.9%, 12.3%, 8.2%, 3.3% and 0.8%, respectively. In terms of education, 4.1% of them had less than a Bachelor's Degree, 36.6% had a Bachelor's Degree, 56.9% had a Master's Degree, and 2.4% were Master Degree. Their personal income per month was in the range of 15,001 to 90,000 Baht.
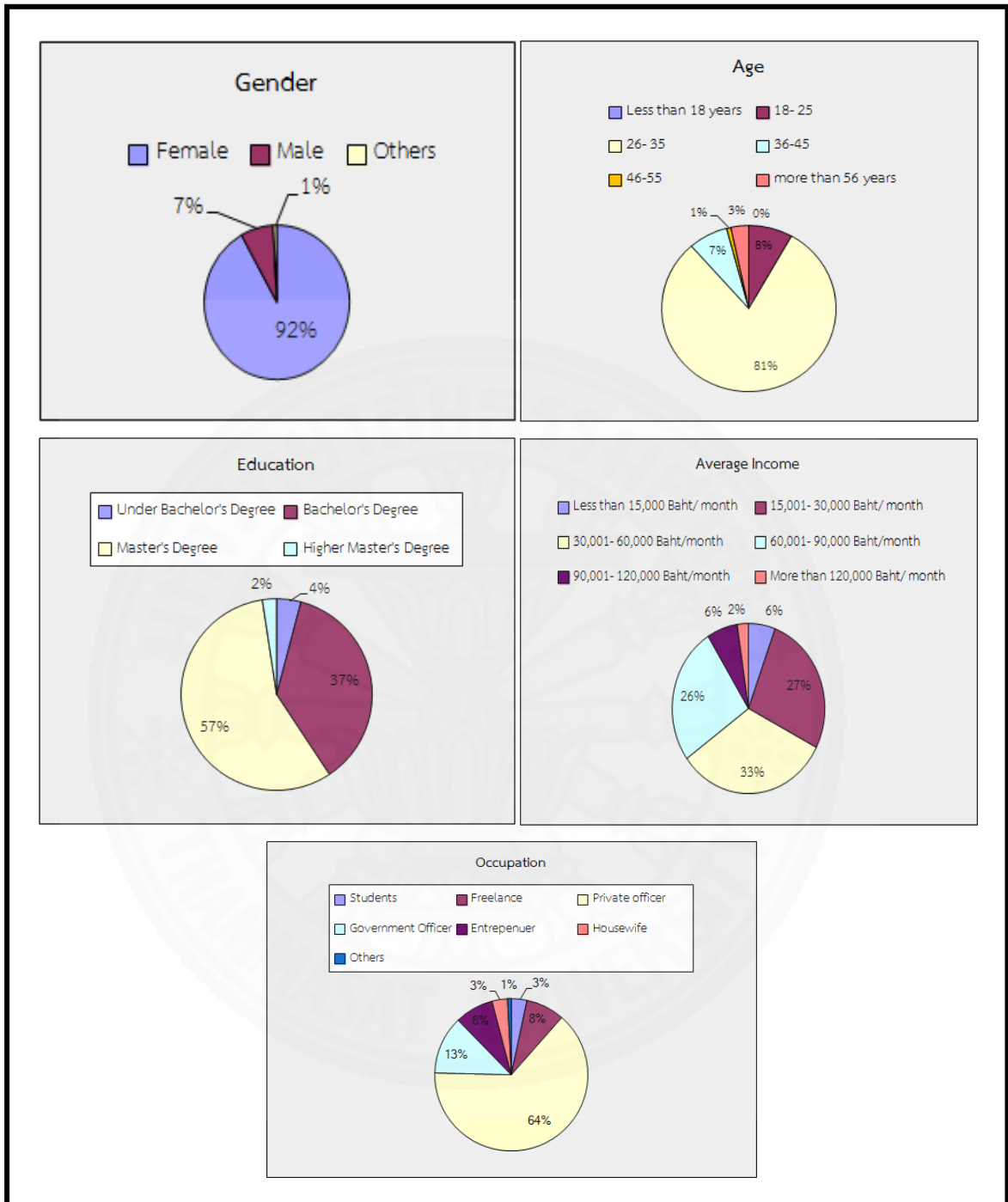
Figure 3.1: Quantitative Respondent profile

3.4 Consumer's Behavior

As shown in Figure 3.2, the result shows that there are 84% of consumers in Thailand who search the cosmetic product information by using online media such as YouTube, Pantip, or Jeban websites.
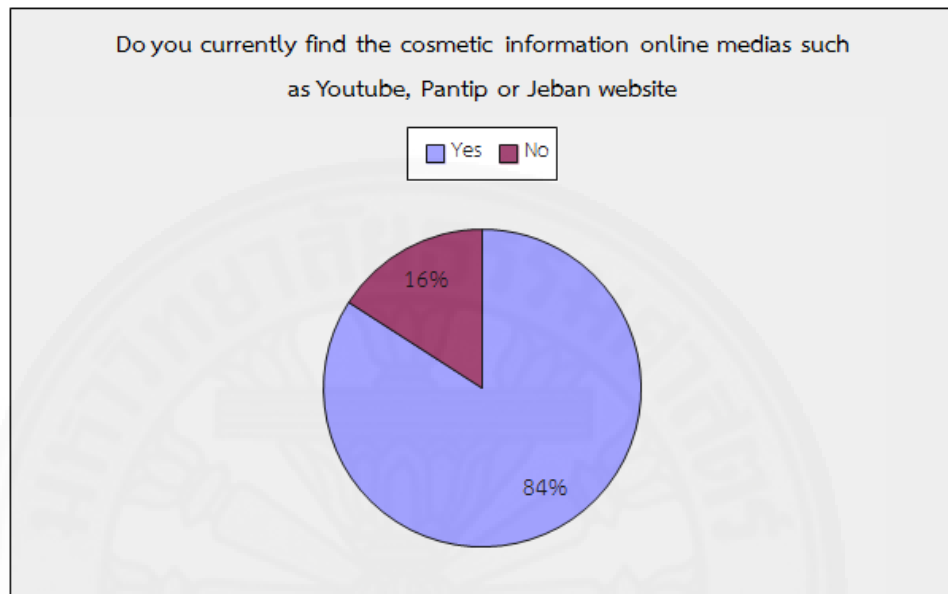
Figure 3.2: The percentage of cosmetic's consumers use online channel

Of the 84% of respondents who now search for cosmetic product information by online media, more than 45% of them have consumed the online media weekly and the other 50% have consumed the online media monthly. (Table 3.1)

Table 3.1: The frequency of using online media to search cosmetic product information

The frequency of using online media to search cosmetic product information	Response Percent	Response Count
Everyday	7.4%	10
2-6 days per week	10.3%	14
Once a week	28.7%	39
Once a month	53.7%	73
		136

3.5 The consumer's perception toward CR (Customer-Review) and SR (Sponsored- Review)

Consumer perceptions were assessed after watching a positive review of Lipstick from Brand "A" by a well-known "Beauty Guru" on her own social media channel with no sponsorship involved. The customer rated the score in terms of general perception, brand perception, product reliability, purchase intention and word of mouth. It was found that the average scores were 3.56, 3.33, 3.35, 3.14 and 3.16, respectively, for 18 questions as shown in Table 3.2 and Figure 3.3.

Table 3.2: The average rating of consumer's perception toward CR (Customer-Review)

Factors	Questions	Rating Average
General perception	The review of Lipstick is reliable	3.60
	You think the review will have beneficial info for you	3.66
	You think the review is interesting	3.79
	You believe in every good aspect the reviewer told you in the review	3.21
Brand Evaluation	Brand "A" is a good company	3.37
	Brand "A" is a reliable company and can be trusted	3.39
	Brand "A" is always launching new innovative products to the market	3.33
	Brand "A" is creating good quality products for the market	3.24

Table 3.2: The average rating of consumer's perception toward CR (Customer-Review) (Cont.)

Factors	Questions	Rating Average
Product Evaluation	The Lipstick from Brand "A" is a decent Lipstick	3.27
	The Lipstick from Brand "A" is a well-made , good quality Lipstick	3.49
	The Lipstick from Brand "A" will last long on your lips	3.31
	The Lipstick from Brand "A" is worth the money	3.31
Purchase Intention	You will have a tendency to purchase Lipstick from Brand "A"	3.41
	You will purchase Lipstick from Brand "A" next time you need lipstick	3.27
	You will definitely switch to use Lipstick from Brand "A"	2.91
	You are willing to pay more to purchase Lipstick from Brand "A"	2.95
Word of Mouth	You will actively share the review of Lipstick from Brand "A" with your friends	3.27
	You will suggest Lipstick from Brand "A" next time your friends ask you for suggestions	3.05

Figure 3.3: The average rating of consumer's perception toward CR (Customer-Review)

Consumer perceptions were also assessed after watching a positive review of Lipstick from Brand "B" by a well-known "Beauty Guru" on her own social media channel with sponsorship involved. The customer rated the score in terms of general perception, brand perception, product reliability, purchase intention and word of mouth. It was found that the average scores were 3.19, 3.16, 3.08, 2.85 and 2.85, respectively, for 18 questions as shown in Table 3.3 and Figure 3.4.
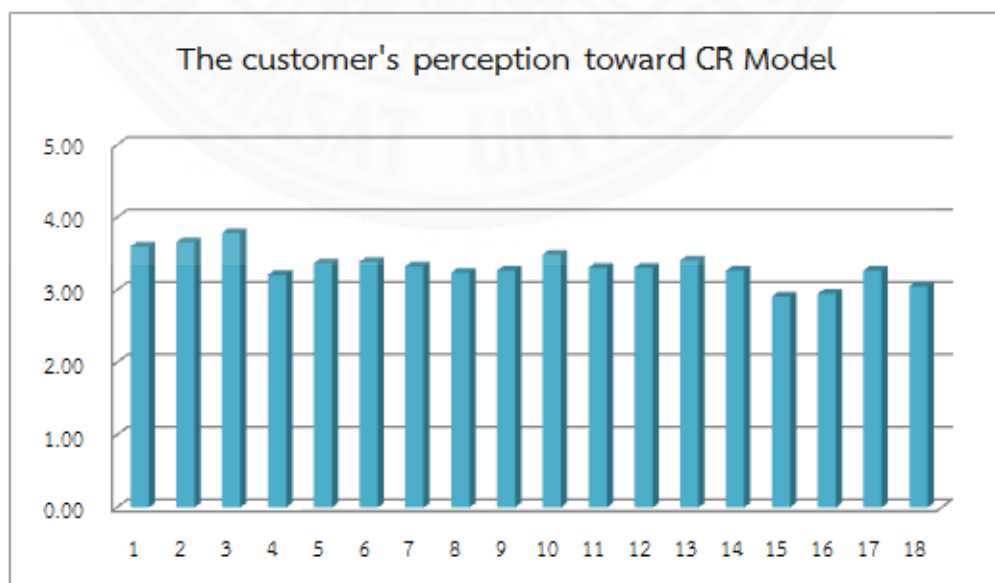
Table 3.3: The average rating of consumer's perception toward SR (Sponsored-Review)

Factors	Questions	Rating Average
General perception	The review of Lipstick is reliable	3.17
	You think the review will have beneficial info for you	3.32
	You think the review is interesting	3.31
	You believe in every good aspect reviewer told you in the review	2.95
Brand Evaluation	Brand "B" is a good company	3.18
	Brand "B" is a reliable company and can be trusted	3.23
	Brand "B" is always launching new innovative products to the market	3.16
	Brand "B" is creating good quality products for the market	3.08
Product Evaluation	The Lipstick from Brand "B" is a decent Lipstick	3.05
	The Lipstick from Brand "B" is a well-made , good quality Lipstick	3.19
	The Lipstick from Brand "B" will last long on your lips	3.06
	The Lipstick from Brand "B" is worth the money	3.00
Purchase Intention	You will have a tendency to purchase Lipstick from Brand "B"	2.97
	You will purchase Lipstick from Brand "B" next time you need lipstick	2.90
	You will definitely switch to use Lipstick from Brand "B"	2.73
	You are willing to pay more to purchase Lipstick from Brand "B"	2.78

Table 3.3: The average rating of consumer's perception toward SR (Sponsored-Review) (Cont.)

Factors	Questions	Rating Average
Word of Mouth	You will actively share the review of Lipstick from Brand "B" with your friends	3.03
	You will suggest Lipstick from Brand "B" next time your friends ask you for a suggestion	2.86

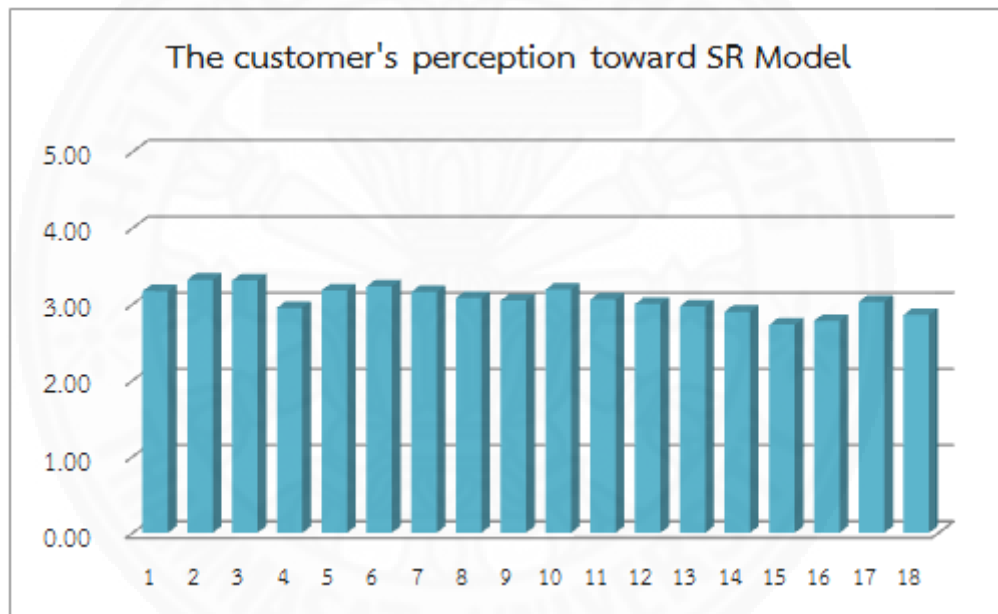**Figure 3.4: The average rating of consumer's perception toward SR (Sponsored-Review)**

Table 3.4: The comparison of average rating of consumer's perception between CR & SR (Customer review and Sponsored review)

Factors	Questions	CR (Brand A)	SR (Brand B)
General perception	The review of Lipstick is reliable	3.60	3.17
	You think the review will have beneficial info for you	3.66	3.32
	You think the review is interesting	3.79	3.31
	You believe in every good aspect the reviewer told you in the review	3.21	2.95
Brand Evaluation	Brand "A/B" is a good company	3.37	3.18
	Brand "A/B" is a reliable company and can be trusted	3.39	3.23
	Brand "A/B" is always launching new innovative products to the market	3.33	3.16
	Brand "A/B" is creating good quality products for the market	3.24	3.08
Product Evaluation	The Lipstick from Brand "A/B" is a decent Lipstick	3.27	3.05
	The Lipstick from Brand "A/B" is a well-made , good quality Lipstick	3.49	3.19
	The Lipstick from Brand "A/B" will last long on your lips	3.31	3.06
	The Lipstick from Brand "A/B" is worth the money	3.31	3.00
Purchase Intention	You will have tendency to purchase Lipstick from Brand "A/B"	3.41	2.97
	You will purchase Lipstick from Brand "A/B" next time you need lipstick	3.27	2.90
	You will definitely switch to use Lipstick from Brand "A/B"	2.91	2.73
	You are willing to pay more to purchase Lipstick from Brand "A/B"	2.95	2.78
Word of Mouth	You will actively share the review of Lipstick from Brand "A/B" with your friends	3.27	3.03
	You will suggest Lipstick from Brand "A/B" next time your friends ask you for a suggestion	3.05	2.86

3.6 The relation of Consumer's perception toward CR (Customer-Review) and SR (Sponsored- Review)

Regression analysis was selected to test our proposed model on the structural equation model program. Before we proceed to the findings and result of the analysis, the Fit index of the model needs to be validated first to ensure the accuracy and reliability of the findings.

Since we have two models, Customer review (CR) and Sponsored Review (SR), we need to verify the fit indices for those two models (Table 4, Table 5).

Normally, the acceptable standard for CFI (Comparative of Fit Index) and IFI (Incremental Fit Index) is more than 0.9 to be able to ensure the Fitness of the model. But the CFI and IFI for the Customer review (CR) model is less than 0.9 (Table 4).

However, based on the cutoff loading principle (Hair et.al, 1995), the accepted values level is allowed at more than 0.8. Regarding cutoff loading principle, the proposed model is an acceptable fit. CMIN/DF, CFI and IFI are all satisfied at acceptable level of model goodness-of-fit.

RMSEA (Root Mean Square Error Approximation) is slightly above the accepted level on both models (Table 3.5, Table 3.6). This may result from insufficient sample size and can easily be solved by increasing the sample size.

With all the Fit indices shown in Table 3.5 and Table 3.6, the analysis of path coefficients was continued with regards to the acceptable fit of the proposed model.

Table 3.5: Summary of model fit indices from Customer review (CR) model

Fit Indices	Acceptable Value	Model Value
Chi-square/df (x^2/df)	< 3.000	2.726
CFI (Comparative of Fit Index)	>0.800*	0.858
IFI (Incremental Fit Index)	>0.800*	0.869
RMSEA (Root Mean Square Error of Approximation)	<0.100	0.119

*Based on cutoff loading principle

Table 3.6: Summary of model fit indices from Sponsored review (SR) model

Fit Indices	Acceptable Value	Model Value
Chi-square/df (x^2/df)	< 3.000	2.415
CFI (Comparative of Fit Index)	>0.900	0.923
IFI (Incremental Fit Index)	>0.900	0.923
RMSEA (Root Mean Square Error of Approximation)	<0.100	0.108
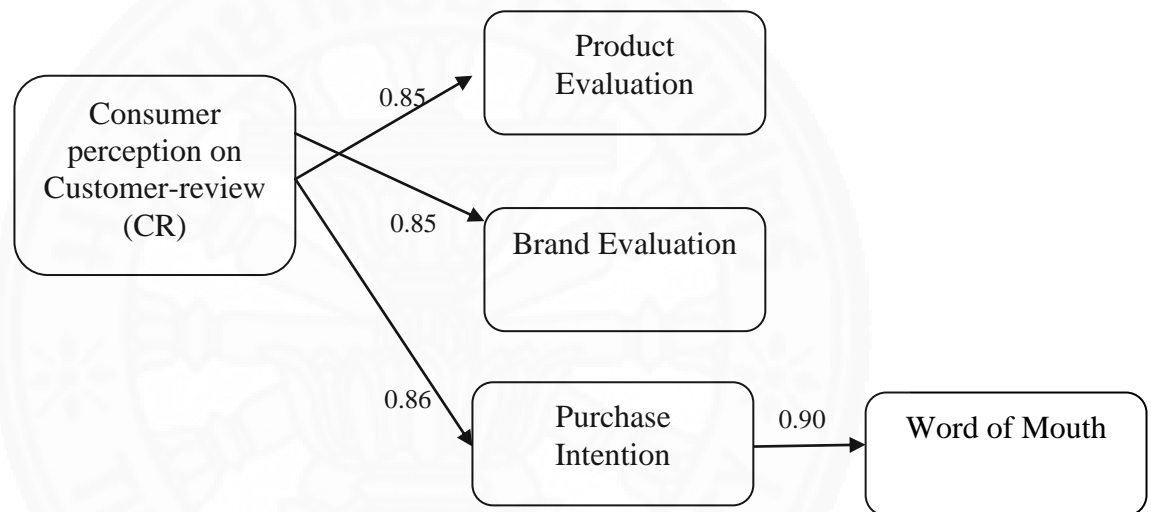
Figure 3.5: Correlation value on CR (Customer-Review)

From the result of the CR (Customer-Review) model, the correlation values (*r*) between consumer's perception toward Product evaluation, Brand evaluation, and Purchase intention leading to Word of Mouth are 0.85, 0.85, 0.86 and 0.90, respectively. The correlation value (*r*) value which is near +1 indicates that the CR (Customer-Review) type of review has the high positive relation between Consumer's perception among the factors which consumers use for buying products, such as Product evaluation, and Brand evolution until Purchase intention. Besides, it also creates Word of Mouth among consumers for the information which they consumed by watching the review from the Beauty Guru in CR (Customer-Review) type.

Moreover, the coefficient of determination (r^2) as shown in Table 3.5, the result of linearity relation of Consumer's perception with Product evaluation, Brand evaluations, Purchase intention and leading to Word of Mouth are 0.716, 0.719, 0.744 and 0.818, respectively. These values represent the percent of the data that is the closest to the best fit. The higher the value of the coefficient of determination (r^2), the greater is the linearity relation of those factors. For example, 71.6% of the total variation of Product evaluation factor can be explained by the linear relation between Consumer perceptions on Customer-review (CR) and Product evaluation and 28.4% is unknown variation (Table 3.5).

Table 3.7: The coefficient of determination (R^2) **value on Sponsored review (SR) model**

The consumer perception	R^2 (The coefficient of determination)
Product Evaluation	0.890
Brand Evaluation	0.913
Purchase Intention	0.684
Word of Mouth	0.907

Therefore, with the above findings we can answer our initial research questions and can accept or reject some of our hypotheses as shown below

Table 3.8: The Hypotheses testing result

Path	Estimate	S.E.	C.R.	p	Results
Customer-review (CR) Vs Sponsored-review (SR)	-	-	-	-	H1: **Accepted**
Customer-review (CR) -> Product Evaluation	0.846	0.109	7.885	***	H2a: **Accepted**
Customer-review (CR) -> Brand Evaluation	0.848	0.106	7.372	***	H2b: **Accepted**

Table 3.8: The Hypotheses testing result (Cont.)

Path	Estimate	S.E.	C.R.	p	Results
Customer-review (CR) -> Purchase Intention	0.863	0.116	7.375	***	H2c: **Accepted**
Purchase Intention (from CR) -> Word of Mouth	0.904	0.137	8.112	***	H2d: **Accepted**
Sponsored-review (SR) -> Product Evaluation	0.943	0.138	8.403	***	H3a: **Accepted**
Sponsored-review (SR) -> Brand Evaluation	0.956	0.138	8.403	***	H3b: **Accepted**
Sponsored-review (SR) -> Purchase Intention	0.827	0.138	8.403	***	H3c: **Accepted**
Purchase Intention (from SR) -> Word of Mouth	0.952	0.069	13.371	***	H3d: **Accepted**

Note: β = standardised beta coefficients; S.E. = standard error; C.R. = critical ratio; * p < 0.05; ** p < 0.01 ; *** p < 0.001

3.7 Discussion

Our first Hypothesis (H1) proposed that a difference in the type of review (CR or SR) can result in different consumer perceptions toward the review. This can be confirmed by Table 2 and Table 3 which show that the average of general perception from Customer-review (CR) was better than Sponsored-review (SR) at 3.56 Vs 3.19, respectively. So Hypothesis H1 is accepted.

Based on the above analysis and results, we conclude is that the type of review (CR or SR) does have an effect on consumer behaviors as subsequent factors in several ways. Starting from "Product Evaluation"(H2a,H3a), based on regression analysis we have discovered that the type of review that has a more positive impact on "Product Evaluation" is a Sponsored review (SR). This is a very interesting finding because it is against general perception out there that any review that has been sponsored will be subject to be over-evaluated or exaggerated. But this research result proves it wrong; a Sponsored-Review (SR) creates no bias or skepticism whatsoever. On the contrary, a Sponsored-Review

(SR) has an even greater positive effect on "Product Evaluation" than a Customer Review (CR). One of the reasons that can support this finding is that consumers find beauty guru expertise trustworthy and valuable enough to neglect the sponsorship and perceive that the review is reliable and trustworthy. But this doesn't mean a Customer Review (CR) has no effect to "Production Evaluation" at all. The regression weight proves that a Customer Review (CR) (H2a) has a significant positive effect on "Production Evaluation", but slightly less than a Sponsored-Review (SR) (H3a). So both hypotheses H2a and H3a are accepted

For the second factor "Brand Evaluation"(H2b,H3b), based on the findings we discover that the type of review that can create a better positive impact on "Brand Evaluation" is also the Sponsored-Review (SR). The explanation behind this finding is that the effect of "Sponsorship" can create a positive effect to "Brand Evaluation".

For the third factor "Purchase Intention"(H2c,H3c), based on the findings we conclude that both types of review can create a positive impact on "Purchase Intention" on similar scale but the Consumer Review (CR) (H2c) has slightly higher effect than the Sponsored-Review (SR) (H3c). This shows that regardless of the type of review, the review itself significantly affects consumer's purchase intention. So, if you want to succeed in boosting purchase intention among your products a good review on the internet is one effective way to do so. So both hypotheses H2c and H3c are accepted.

For the fourth factor "Word of Mouth" (H2d,H3d), based on the findings both types of review can create a positive impact on "Word of Mouth" at similar levels, but a Sponsored-Review (SR) (H3d) has a slightly higher effect than a Customer Review (CR) (H2d). This indicates that no matter what the type of the review is "Purchase Intention" generated from both reviews can create "Word of Mouth" as well. So both hypotheses H2d and H3d are accepted.

CHAPTER 4
CONCLUSIONS AND RECOMMENDATIONS

4.1 Conclusion

Nearly 84% of consumers nowadays use the social media such as YouTube, Pantip or Jeban websites in order to find the cosmetic product information prior to making a decision to buy a product. More than 45% of consumers who search for cosmetic product information through online social media channels do so weekly. This information can confirm for the cosmetic company that the social media is one of the channels that the cosmetic consumers use for finding cosmetic product information. Therefore, the firm can use this information to plan for the frequency of product advertising which leads to the marketing budget allocation.

The average scores in general perception, brand perception, product reliability, purchase intention and word of mouth between the CR and SR model are not different. That means the consumer does not have a bias for the review which involves sponsorship.

The correlation values (r) from the CR (Customer-Review) and SR (Sponsored-Review) models between consumer's perception toward Product evaluation, Brand evaluation, and Purchase intention (subsequently to Word of Mouth) are all more than 0.80 which shows that the consumer has a high level of trust in the information from the reviewer whether she reviewed the product by herself (CR model) or was sponsored by the cosmetic company (SR model). Therefore the cosmetic company can use the social media by sponsoring the Beauty Guru to promote the product and the company with less of bias from consumer. The social media is one effective way to communicate the value of a brand and the knowledge of product to cosmetic consumers.

4.2 Limitation

One of the major limitations in this study was a sample size that is still inadequate to produce more distinct results. Moreover, the questionnaire could be more accurate

if we could specify the name of the beauty guru to respondents instead of using a hypothethical scenario. These will help create better understanding in the questionnaire main objective. But in order to do so, further research is required to carefully select the name to put in the questionnaire to generate the best results.

4.3 Research Contribution

This research can contribute to the cosmetic industry in Thailand, especially the cosmetic firm that extensively seeks to apply integrated marketing to their firm via social media or online channels. This finding can confirm that to invest in a Sponsored-review (SR) does have an advantage over a Customer-review (CR), but only a small one. Both types of review have a significant effect on the consumer purchase decision and the review will be one of the decision making factors. So, if a cosmetic firm wants to excel in online marketing for cosmetic products one way to do so is to try to generate positive reviews of your products all over the internet as much as possible. Of course, in order to achieve that you need to have a good quality product first.

REFERENCES

Articles

1. Ludo Cuyvers, Korrakoch Chamroenprucks, Suwimon Maninopparatana, Thireeda Chumaratul and Nant Thananan (2013), Market profile: potentials for make-up cosmetics exports of Thailand to Japan
2. Anantaya Ponbamrungwong, Sirada Chandsawang (2009), The impact of brand on Thai female consumer in purchase decision of foreign makeup product.
3. Holloy Paquette (2013), Social Media as a Marketing Tool
4. Chi, Hsu-Hsien (2011), Interactive Digital Adverting VS Virtual Brand Community

Electronic Media

1.   (http://www.euromonitor.com/colour-cosmetics-in-thailand/report)

APPENDICES

APPENDIX A

Quantitative Questionnaire

Part I:

Q1.1: Do you use cosmetic products regularly?

- ☐ Yes
- ☐ No

Q1.2: Have you ever read or view any cosmetic reviews via social media before?

- ☐ Yes
- ☐ No

Q1.3: If yes, how often do you read or view cosmetic reviews, via social media before?

- ☐ Everyday
- ☐ 2-6 days per week
- ☐ Once a week
- ☐ Once a month

Part 2: Scenarios

Scenario 1 [Customer Review, From Beauty Guru]

Lipstick from Brand "A" has been reviewed positively by a well-known "Beauty Guru" name on her/his own social media channel or personal blogs on her own interest after she/he actually tried the product. No sponsorship is involved. Please answer following questions accordingly.

(1 = Definitely Disagree, 2 = Disagree, 3 = Neutral, 4 =Agree, 5 = Definitely Agree)

Questions	Level of Correspond				
General Perceptions on CR (Customer Review)	**1**	**2**	**3**	**4**	**5**
1.The review of Lipstick is reliable					
2.You think the review will have beneficial info for you					
3.You think the review is interesting					
4.You believe in every good aspects reviewer told you in the review					
Brand Evaluations	**1**	**2**	**3**	**4**	**5**
5. Brand "A" is a good company					
6. Brand "A" is a reliable company and can be trust					
7. Brand "A" is always launching new innovative product to the market					
8. Brand "A" is creating good quality product to the market					
Product Evaluations	**1**	**2**	**3**	**4**	**5**
9. The Lipstick from Brand "A" is a decent Lipstick					
10. The Lipstick from Brand "A" is well made , good quality Lipstick					
11. The Lipstick from Brand "A" will last long on your lips					
12. The Lipstick from Brand "A" will worth the money					
Purchase Intentions (After you have read the review of Lipstick "A" from " Actual Consumer "	**1**	**2**	**3**	**4**	**5**
13. You will have tendency to purchase Lipstick from Brand "A"					
14. You will purchase Lipstick from Brand "A" next time you needed					
15.You willing to pay more to purchase Lipstick from Brand "A"					
Word of mouth (After you have read the review of Lipstick "A" from " Actual Consumer "	**1**	**2**	**3**	**4**	**5**
16.You will actively share the review of Lipstick from Brand "A" to your friends					
17.You will suggest Lipstick from Brand "A" next time your friends ask you a suggestions					

Scenario 2 [Sponsored Review, From Beauty Guru]

Lipstick from Brand "B" has been reviewed positively by a well-known "Beauty Guru" name on her/his own social media channel or personal blogs with product clearly sponsored by Brand "C" itself. Sponsorship is involved. Please answer following questions accordingly.

 (*1 = Definitely Disagree, 2 = Disagree, 3 = Neutral, 4 =Agree, 5 = Definitely Agree*)

Questions	Level of Correspond				
	1	2	3	4	5
General Perceptions on SR (Sponsored Review)	1	2	3	4	5
1.The review of Lipstick is reliable					
2.You think the review will have beneficial info for you					
3.You think the review is interesting					
4.You believe in every good aspects reviewer told you in the review					
Brand Evaluations	1	2	3	4	5
5. Brand "B" is a good company					
6. Brand "B" is a reliable company and can be trust					
7. Brand "B" is always launching new innovative product to the market					
8. Brand "B" is creating good quality product to the market					
Product Evaluations	1	2	3	4	5
9. The Lipstick from Brand "B" is a decent Lipstick					
10. The Lipstick from Brand "B" is well made , good quality Lipstick					
11. The Lipstick from Brand "B" will last long on your lips					
12. The Lipstick from Brand "B" will worth the money					
Purchase Intentions (After you have read the review of Lipstick "A" from " Actual Consumer "	1	2	3	4	5
13. You will have tendency to purchase Lipstick from Brand "B"					
14. You will purchase Lipstick from Brand "B" next time you needed					
15.You willing to pay more to purchase Lipstick from Brand "B"					
Word of mouth (After you have read the review of Lipstick "A" from " Actual Consumer "	1	2	3	4	5
16.You will actively share the review of Lipstick from Brand "B" to your friends					
17.You will suggest Lipstick from Brand "B" next time your friends ask you a suggestions					

BIOGRAPHY

Name	Ms. Wimonrat Srisuwatcharee
Date of Birth	November 20, 1985
Educational Attainment	Master's degree: **Master in Marketing (MIM)**
	2013 to present (Expected May 2015)
	International Program, Faculty of Commerce and Accounting, Thammasart University
	*All credits were acquired, in the process of IS (Thesis)
	Bachelor's degree: **Food Science and Technology**
	2004 - 2008
	Faculty of Science, King Mongkut's University of Technology Thonburi
Work Position	Section Manager
	Bangkok Industrial Gas
Work Experiences	**Position:** Packaged Gas Section Manager and Regional Business Development Executive
	Company: Bangkok Industrial Gas Co. Ltd.
	Period : Oct 2010 to present
	Position: Logistic Coordinator
	Company: Bangkok Industrial Gas Co. Ltd.
	Period : Oct 2008 to Oct 2010