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Estimating the Determinants of Demand for Cosmetic Face Care Products

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Estimating the Determinants of Demand for Cosmetic Face Care Products

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Abstract

Cosmetic industry plays an important role in every developed economy. The market for cosmetic products is growing at an average annual rate between 4% and 5%. The total revenue in cosmetic industry in 2018 was over 260 billion euro. Cosmetic market is composed of several categories: skincare, hair care, make-up, perfumes, toiletries and deodorants, and oral cosmetics. Skincare is the leading category, accounting for about 36 percent of the global cosmetic market. In this paper we analyze the most important segment of skincare – face care. The idea of this paper is to estimate the determinants of demand for cosmetic face care products. To find this out, we have conducted a survey in which the respondents gave their answers about their habits and desires in the process of buying and using face care cosmetic products.

Keywords: *cosmetic industry, demand, face care, survey*

Track: *Entrepreneurship*

Word count: *6.031*

1. Introduction

Producers of cosmetic products have targeted the female audience for very long time. Up till the 1990s it was believed that cosmetic products were only for adult women. In last 25 years the situation has started to change and today there are new target groups - young females and men.

The market for cosmetic products is growing at an average annual rate between 4% and 5%.¹ The total revenue in cosmetic industry in 2018 was over 260 billion euro.² Cosmetic market is composed of several categories: skincare, hair care, make-up, perfumes, toiletries and deodorants, and oral cosmetics. Skincare is the leading category, accounting for about 36 percent of the global cosmetic market.³

Skin care makes up about 27% of the total cosmetic industry and involves cleansers, moisturizers, acne and anti-age products, facial products and tonics. On the other hand, the color cosmetic market represents about 15% of the cosmetic industry and includes everything from nail polish to all kinds of lipsticks, foundations and make-up kits in general. In the beginning of the 21st century, cosmetic awareness has risen, meaning that consumers now pay much more attention to various determinants while making purchase decision. Proper skin

¹ <https://www.statista.com/statistics/297070/growth-rate-of-the-global-cosmetics-market/>

² <http://res.cloudinary.com/yummyshojin/image/upload/v1/pdf/the-beauty-economy-2016.pdf>

<https://www.loreal-finance.com/en/annual-report-2017/cosmetics-market>

³ <https://www.statista.com/topics/3137/cosmetics-industry/>

care is vital physical appearance is disrupted. Unhealthy skin tends to appear sallow and dull, whereas healthy skin appears full and vibrant. Beauty is not just a facial issue, it is about staying healthy. Unhealthy skin is more susceptible to disease development, infections and it is more likely to scar after an injury.

2. Methodology

The aim of this paper is to detect the attitudes of consumers towards cosmetic face care products, which finally generate the demand for these products. The data for analysis are primarily data obtained through the research using survey. The sample consists of 401 respondent. The survey was conducted in Croatia during December 2018 and January 2019 in the online form. The target group were consumers of cosmetic products, so the link so the survey was posted on various forums and groups treating cosmetic area.

Using 401 answers obtained through the survey, in this paper is presented the descriptive statistical analysis. This analysis should show the attitudes and thinking of consumers of cosmetic face care products, which determine the demand for them. This is important for the development of potential new products, as well as for positioning or repositioning of the existing ones.

3. Literature overview

The area of demand for cosmetic face care products was not covered in the literature. There are broader areas, such as cosmetic industry in general. The most important researches in this area are presented here in the chronological order.

Kumar, Massie and Dumonceaux⁴ have presented a detailed analytical study of cosmetic industry in the global marketplace with a focus on the four market leaders in this industry relative to their business and innovation strategies. They found that each of analyzed cosmetic companies is unique. The industry trends indicate that the future of cosmetics may move towards more joint ventures between drug companies, cosmetic companies and nutritional/food companies as cosmetic companies look for new ways to be innovative. The research provides an in-depth business analyses of cosmetic industry using SWOT, Porter's value chain and five forces and financial with results obtained that are generalizable to the entire cosmetic industry. Projections on the future of cosmetic industry are also presented.

Zhang⁵ firms that cosmetic has become a necessity of people's daily life, along with the improvement of standard of living and the progress of society continuously. Cosmetic industry in China has developed rapidly since China adopted the reform and open policy. Cosmetic industry has played a very important role in China national economy. With the globalization of the economy and China's entry into the WTO there came the fierce competition among a variety of brands in Chinese cosmetics trade. Foreign brands are occupying the leading position of Chinese cosmetics market, and holding a large section of market share, all native brands could only wander in the low-grade market. The low profit space and the worsened market environment of low-grade market would certainly cause native cosmetic enterprises even more difficult to survive. Facing the more and more intense

⁴ Kumar, Sameer; Massie, Cindy; Dumonceaux, Michelle D. (2006) Comparative innovative business strategies of major players in cosmetic industry, *Industrial Management & Data Systems*; Wembley Vol. 106, Iss. 3, pp. 285-306

⁵ Zhang, M.Z. (2009) Research on marketing channels of cosmetics in china area, University of Science & Technology Beijing (People's Republic of China), ProQuest Dissertations Publishing

market competition, many enterprises have attached more importance to distribution channel; the status of channel has gradually rises in the entire marketing system. In the future Chinese cosmetic industry, the enterprise that is able to hold the maximum, the most extensive and most powerful distribution channel, would have the most possibility to become the winner.

Xu⁶ has analyzes profitability and growth in the Chinese cosmetic industry. The rapid development of science and technology, the global economic integration, and the multivariate competitive environment has prompted industries to come up immediately with strategic innovations. However, limited studies, particularly in the Chinese cosmetic industry, have focused on creating strategic innovations. Numerous strategic innovations of cosmetic companies in China have increased the interest of researchers. Foreign cosmetic products and brands have occupied 80% of the market share in China, and domestic companies are under pressure to compete with them. Cosmetic companies begin to address the creation of strategies, new product categories, services, and business models that generate significant new value. However, most of the domestic cosmetic companies tend to copy the strategic activities of large foreign companies without clarifying their own demands. This study aims to analyze the effect of strategic innovation on profitability and growth in the cosmetic industry by focusing on the Chinese market. It also explores the constituents of strategic innovation in the Chinese cosmetic industry and studies the relationships and influence of strategic innovation on profitability and growth in the cosmetic industry.

Darabos⁷ has analyzed Croatian cosmetics industry. Firms have to develop their strategies based on market and competition analysis. Key premise of shaping firm strategy is industry analysis. Michael Porters' five competitive forces model of industry analysis provides an insight into the effect that forces like supplier power, buyer power, threat of substitution, barriers to entry, and internal rivalry have on competitive intensity and profitability of cosmetic industry in Croatia. The profit potential of the industry is defined by the interaction of all competitive forces. Porter's five competitive forces model highlights how each of the five forces is not equally important, but it should be noted that it can help the firm to better understand the environment in which it operates, as well as its advantages and disadvantages, that enables the firm to affect its long-term profitability. Based on the strategic analysis it can be concluded that the key factor of success in Croatia, but also in Europe, including the global cosmetics industry, lies precisely in the power of having strong recognizable and established brands, which also affects the loyalty of customers. This fact is confirmed by the results of an empirical study that showed that the most important factor that contributed to the success at the cosmetic market is existence of strong and recognizable brand. The analysis showed that the cosmetic market in Croatia is attended by the numerous competitors, but with the presence of a few dominant industrial participants, which shows how competitors are not nearly equal in size and power. The research results showed that the profit potential of cosmetic industry in Croatia, as well as its prospects for the next five years, is not showing so great profit. Although there is the expected growth in the following years, which will certainly be moderate and slow.

⁶ Xu, Y. (2011) The impact of strategic innovation on profitability and growth in the Chinese cosmetic industry, Multimedia University (Malaysia), ProQuest Dissertations Publishing

⁷ Darabos, M. (2013) Strategic analysis of Croatian cosmetics indostr, Economic and Social Development: Book of Proceedings, Varazdin Development and Entrepreneurship Agency (VADEA), Varazdin, pp. 951-960

Toofani, Hassanzadeh, and Ghatari⁸ aim to provide a conceptual model for measuring the transparency of inter-organizational information systems in the supply chain. The statistical population of this research includes all managers and staff of cosmetic companies in Tehran while companies are engaged in different sectors and their number is 500. About 218 people were questioned through the calculation with the Cochran formula. A conceptual model for measuring the transparency of inter-organizational information systems in the supply chain was developed based on a review of the theoretical concepts. Researcher made questionnaire have been used to measure variables of the research model. The validity of the research tool was confirmed by experts and the reliability of the tool was reported 0.85 by Cronbach's alpha. According to T-statistics, transparency of resources, inter-organizational trust, and environmental assurance are positive and significant in measuring transparency of inter-organizational information systems at a level of 0.01 and they are above average.

Saa and Salinas⁹ start from the fact that the cosmetic industry is an industry that has a great diversity of factors within the study of brand and within the commercial competitiveness of the same. The industry is represented by a rather large dynamism that over time, because of the nature of the region, they are confronted in a much more drastic way when interacting in the market. The analysis originates from large types of diversified information, from the explicit information of the field research to the implicit investigation of the distinctive signs of each one of the marks, establishing a relation between the distinctive signs and the brand management and the competitiveness in the market.

Lin, Yang, Hanifah and Iqbal¹⁰ have investigated the attitudes of consumers toward green cosmetics in the United Kingdom. People's health awareness has extended from the food industry to the personal beauty industry. Consumers have increased their interest in natural ingredients, sustainable packaging, and other green elements of cosmetics. This research explores consumer attitudes toward green cosmetics. Data were collected through qualitative research instruments (focus groups) since the research aimed to discover in-depth consumer attitudes and feelings. There were 30 British females who agreed to be respondents in five focus groups. They were divided into five focus groups. The key findings of this research were the prevailing neutral attitudes toward green cosmetics due to the lack of knowledge and confusing market standards. The majority of respondents viewed price and performance as the most important factors when choosing cosmetics instead of green elements. However, given the growing awareness of natural and organic ingredients and green production, most respondents admitted the potential change of present neutral attitudes to be more supportive in the future. Green cosmetics is a new trend in the personal beauty industry. This study ascertains the consumer attitudes toward green cosmetics and calls for clearer green standards and regulations in the industry as well as advanced biotechnology to extract natural ingredients.

⁸ Toofani, M.; Hassanzadeh, A.; Ghatari, A.R. (2018) Conceptual Model for Measuring Transparency of Inter-Organizational Information Systems in Supply Chain: Case Study of Cosmetic Industry, *International journal of advanced computer science and applications*, Vol. 9, Iss. 11, pp. 489-494

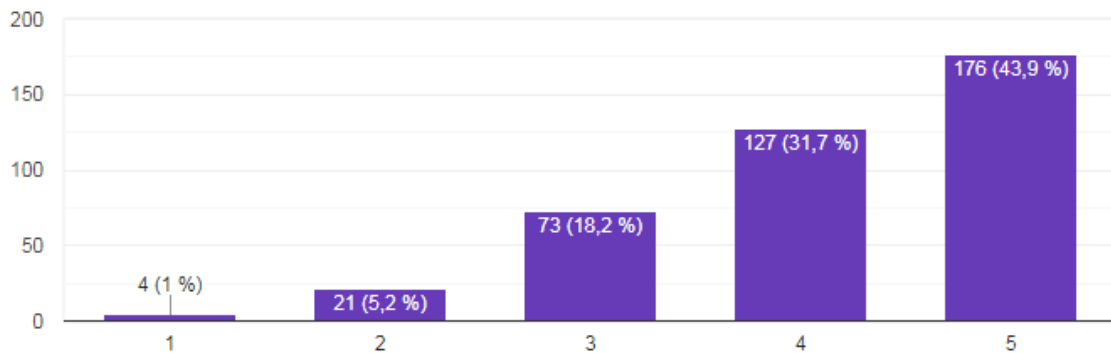
⁹ Saa, M.M.; Salinas, J.M.G. (2018) Branding as a tool for positioning in the cosmetic industry, *Revista universidad y sociedad*, Vol. 10, Iss. 1, pp. 82-88

¹⁰ Lin, Y.F.; Yang, S.H.; Hanifah, H.; Iqbal, Q. (2018) An Exploratory Study of Consumer Attitudes toward Green Cosmetics in the UK Market, *Administrative Sciences*, Vol. 8, Iss. 4

4. Findings

Consumerism of skin care products has risen in 21st century for 28% which means that, that particular industry developed and expanded supply in many areas, leading to even new branches such as micellar waters, tonics, foam washes and others. Customer purchasing habits are presented in Figure 1.

Figure 1. How often do you buy skin care products? (1-never; 2-rarely; 3-sometimes; 4-often; 5-always)

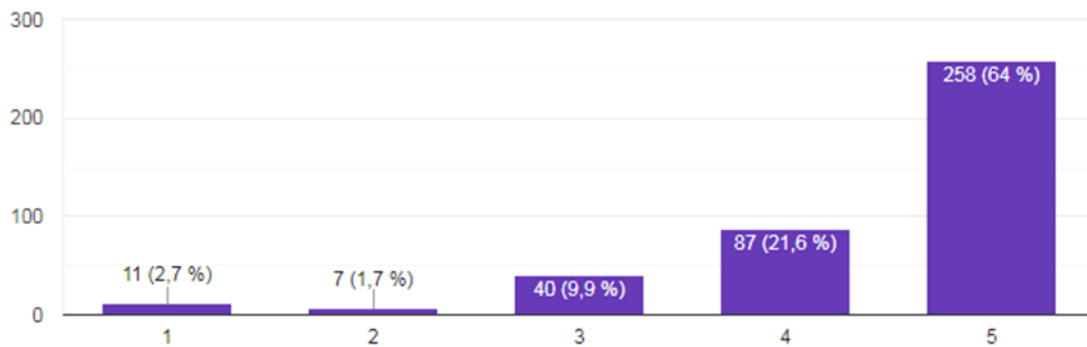


Source: survey

Most respondents, even 176 of 401, or 43.9%, buy skin care products very often. 127, or 31.7%) buy skin care products often, which means that cosmetic industry grew, and additionally people tend to involve skin care products in their health care more than ever before. 18.2% consume cosmetic products once in a while and just 6.2% of respondents buy skin care products rarely or never. Something which is concerning is that most people, even 64% of them are buying cosmetics on their hand without previous counseling with their dermatologist. Purchasing of skin care products by own initiative sometimes can lead to unwanted consequences caused by wrong usage of the particular products. The lack of knowledge connected to correct use and harmful ingredients also presents active problem because first of all people quite often misplace skin types which leads to purchasing inadequate cosmetics.

It is clear that people do not attach importance to going to a dermatologist which often leads to wrong choice of skin care products and waste of money and time for solving a problem which is active will not disappear. The results of purchasing habits with or without counseling with a specialist are given in the Figure 2.

Figure 2. How often do you buy skin care products on your own hand without counseling with a specialist? (1-never; 2-rarely; 3-sometimes; 4-often; 5-always)

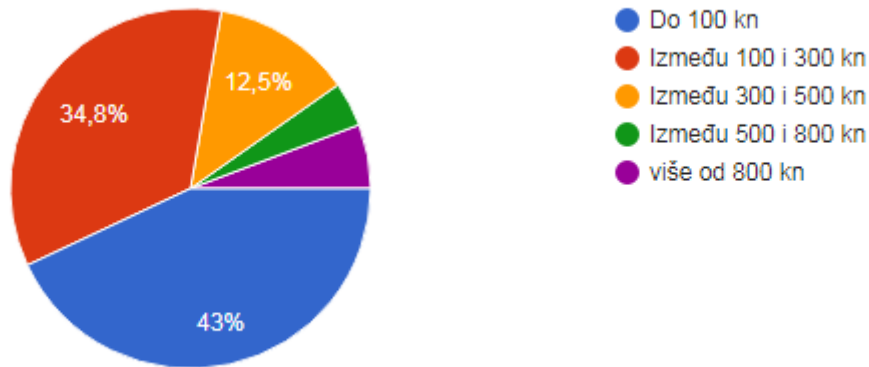


Source: survey

21.6% of respondents rarely advise with dermatologist before buying cosmetics. On the other hand, only 58 out of 401 consider counseling important, but only 2.7% will never choose to buy a product without a word with their specialist. Other 11.6% have declared for rare or sometimes, depending on importance and severity of their problem, whether it is an acne problem, scarring, anti-ageing or any other issue which needs stronger component based products such as tretinoin or adapalene whose usage can lead to redness, overpeeling or itchiness so it is recommended to advise with a specialist before usage of that kind of active-ingredient products. Percentage of these components in creams has great importance in the choice of a product, so word with dermatologist is crucial for correct usage. For example, for beginners, it is important to start with mild-percentage creams such as Retin-A with 0.025% tretinoin contained which is the lowest concentration of the product of that kind. Most people, if aren't advised first, just buy Retin-A with 0.25% tretinoin which is quite strong concentration. The skin is not used to strong based products such as this and while usage, will respond with reactions such as redness, peeling and even skin burns which can develop in eczema.

Current problem with purchasing products on own initiative without advising with specialist is buying wrong ones. That act frequently results with half full products or even once, twice used products due to burnout reaction of the skin. People don't even know some ingredients they are allergic to or substances that skin just can't stand. For example, common cream prescribed for comedones, enlarged pores and overload sebum secretion is the one with active ingredient called niacinamide. That ingredient can have two different activities. First of all, it causes "purging", common name for pushing all impurities out which causes even more comedones and acnes at first. That phase is called "cleaning phase", after continues phase of face healing when skin during time gets better and healthier. On the other hand, when people who are allergic or just can't stand niacinaminde use a face cream based on it, they continuously have "cleaning phase" with the lack of getting better because skin when cream applied always reacts on inimical substance. This happens just because people do not know whether some substances and skin care products work for them or not, and instead of consulting with a specialist, they again tend to purchase a product they do not know whether it will give a positive effect or not. Due to this problematic, people spend lots of money on unsuitable products. The expenditure on skin care products is shown in Chart 1.

Chart 1. How much money did you approximately spent on unsuitable skin care products in last year? (blue-up to 100 kn, red-between 100 and 300 kn, orange-between 300 and 500 kn, green-between 500 and 800 kn, purple-more than 800 kn)

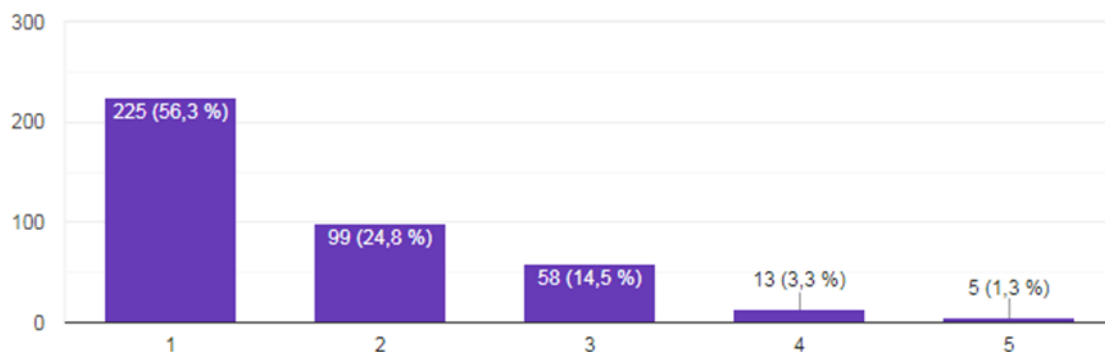


Source: survey

It is clear that more than half of respondents have spent more than 100 kn on wrong products. Approximately that would be at least 2 products and more if it can be estimated that average product price range is around 50 to 80 kn. 43% has spent up to 100 kn which means that they have bought at least one unsuitable product. 47,3% has spent between 100 and 500 kn, meaning that at least 2 or more wrong products have been bought. People are dealing with money loss just because they choose not to visit a specialist and an advice which product to use which would solve their problems faster and more effectively.

Speaking about counseling with specialists, most people do not visit dermatologist at all. A dermatologist plays an important role in educating, screening, and treating various kinds of issues such as acne, cancer, moles, eczema, dermatitis and other. Although primary care doctors can do an excellent job handling any general health issues that arise, having a more specific chronic complaint, it may be more beneficial to seek the advice of a medical professional specifically trained in that field. This is especially true when it comes to skin care, which is why dermatology is so important. The habits of visiting a specialist are shown in Figure 3.

Figure 3. How often do you visit dermatologist? (1-never; 2-rarely; 3-sometimes; 4-often; 5-always)

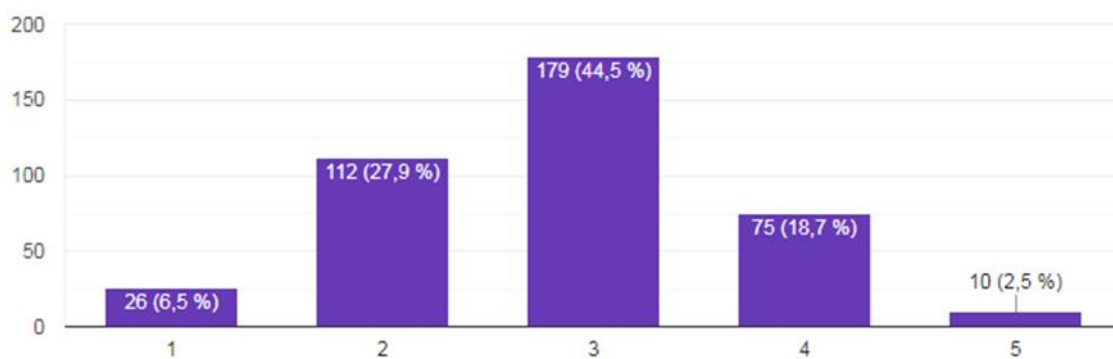


Source: survey

The number of respondents who never visit a specialist is 225, which is over a half, making up 56.3% of respondents, Followed by 99 respondents or 24.8%, which also do not found visiting dermatologist useful. This statistics is concerning because skin care is equal to any other health component which needs to be examined, but people do not attach importance to dermatology. Skin is the largest organ of the body and it can show variety indicators of internal organs performance. For example, acne can be induced by improper work of hormones, also stress can cause breakouts such as redness and sebum secretion. A major problem is also ignorance of issues that people are dealing with. The best example is wrong interpretation of fungal infection, in dermatology known as fungal acne. Although they are called acne, it cannot be treated with same skin care routine as hormonal acne or any other form of *acne vulgaris*. This particular problem is common just because, as shown, people tend to avoid visiting their dermatologist which leads to waste of money and time encouraged by consumption of wrong skin care products. Only 18 respondents or 4.4% show significance of counseling with specialist about particular problem they have. That minority will always get clarification from dermatologists. Visiting one is just as important as visiting primary care provider of dentist. Each visit allows doctor to check in current state of the skin health and potential symptoms for some issues.

The accuracy of dermatologists is high, the one has to make sure that the skin is well examined and if needed, due to lack of information given by just a look of the face by the eye, the specialist should prescribe mycological skin treatment or any other which will provide more information for skin condition. The example of such problematic is similarity of two conditions, acne and fungal acne. The condition called *acne vulgaris* can be induced by improper work of hormones for example, but such condition cannot be induced by fungal infection. That other kind is called fungal acne which is treated quite differently. The problem is that both conditions look quite similar and sometimes it is needed to perform a treatment such as mycological skin treatment to find out which problematic is targeted. If the specialist does not perform that kind of treatment, mistakes can occur and even with wrong prescribed medicine, that mistakes can lead to occurrence of the bigger problem induced by usage of improper care. The results are given in the Figure 4.

Figure 4. How often have you experienced that selected product (whether you bought it on your own initiative or by prescription) did not suit your skin? (1-never; 2-rarely; 3-sometimes; 4-often; 5-always)

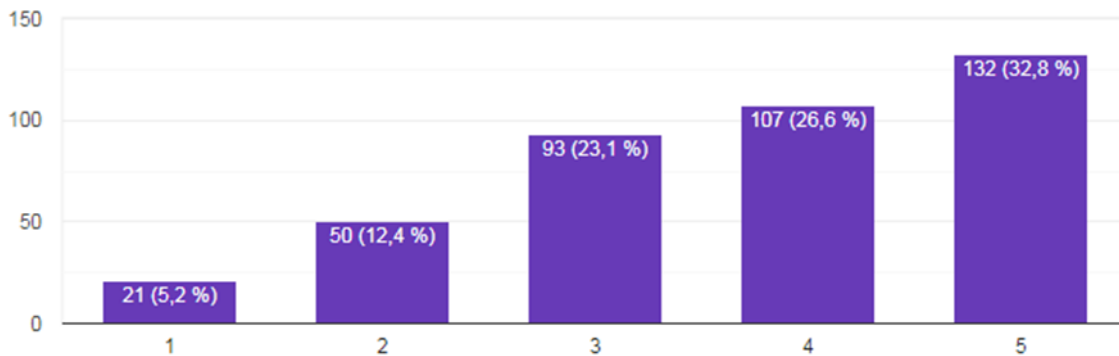


Source: survey

It can be assumed that people, who suffered consequences of wrong prescribed therapy several times, gave up on visiting specialists for their problem area, so they prefer to look up solutions by themselves such as reviews, usage of Internet data, comparison of many similar products and so on. 179 respondents had problems finding compatible product for current issue which is majority. 6,5% have never chosen wrong therapy and 112 which is 27,9% rare experienced that products they have chosen do not suit their skin or experienced contradictions of the usage of the same item. Still, 85 of 401 had often problem finding matching skin care product.

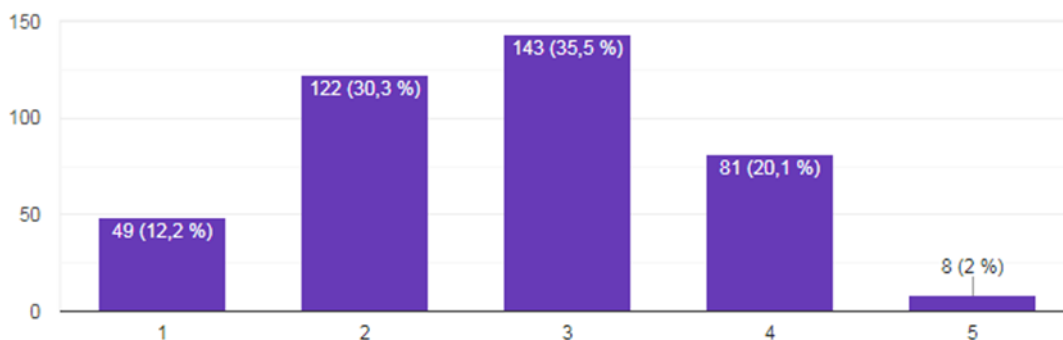
Speaking of make-up industry, foundations and pressed powders are leading factors. They make all together 76% of total beauty industry consumption, which are represented as most used products of make-up cosmetics. Foundations and make-up in general took place side by side with health cosmetics products in every day skin care. Every woman has its own regime in the morning including first all steps involved with skin care and as the second step make-up comes as equally important to majority. But the problem which occurs with make-up of that kind is the lack of knowledge of own skin type which often leads to waste time and money because people tend to buy wrong type of foundation or pressed powder. The purchasing habits of foundations and pressed powders are given in Figure 5. and the habits of non-intentional purchase of wrong type of foundation or pressed powder are shown in Figure 6.

Figure 5. How often do you purchase foundations and pressed powders? (1-never; 2-rarely; 3-sometimes; 4-often; 5-always)



Source: survey

Figure 6. How often did you non-intentionally bought wrong type of foundation or pressed powder? (1-never; 2-rarely; 3-sometimes; 4-often; 5-always)

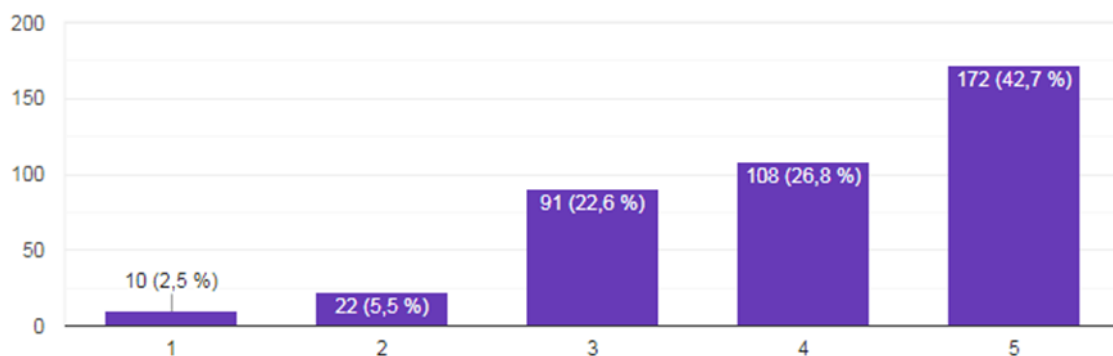


Source: survey

Majority of respondents, even 82,5% buy foundation frequently or more often. Assuming that most of respondents are women, it is clear that female population wear foundation on daily basis. Most women feel unsecure without make up, some of them describe feeling "naked" without foundation and at least mascara. Average price of foundations and pressed powders ranges from 80 kn to 125 kn and it is the most expensive item of make-up products which means that foundation shopping on daily basis brings sales up to 23%. But frequent problem accuring with foundation shopping and usage is the lack of knowledge how to choose a suitable foundation for specific skin type and skin tone and undertone. Every skin is different and has its needs. There are a lot of skin types: oily, mixed, dehydrated or just dry. There are also various tones and undertones which some people cannot differentiate, causing incorrect choice of foundation. For example, if the skin has olive undertone and is quite dry, choosing a foundation which contains red pigment and alcohol will make skin appear much different from neck color and also alcohol will dry the skin even more. For that particular skin type, an individual should certainly consider buying a foundation which is water based, doesn't contain alcohol and has yellow pigment contained, so skin tone will look even and the foundation will appear light and the skin will "breathe" underneath. In this case it is important to know how to differentiate all skin tones for better recognition of own tone and undertone. Also the great importance in foundation and skin care products selection is knowledge of own skin type. Knowing whether skin is oily, mixed, dehydrated or just dry can substantially decrease the choice of products and help avoid the damage of the wrong foundation/cream usage.

Every foundation and skin care product contains its ingredients list. Ingredients found in face washes, sunscreens and other products have been linked to lots of harmful diseases such as hormonal disruptions to even cancer, what is even worse, all those substances penetrate directly in bloodstream when applied to skin. These problematic opened for people different perspectives for this topic so one nowadays tends to pay more attention to ingredients list. The results showing importance of ingredients to people are shown in Figure 7.

Figure 7. How often do you pay attention to ingredients list of skin care products? (1-never; 2-rarely; 3-sometimes; 4-often; 5-always)



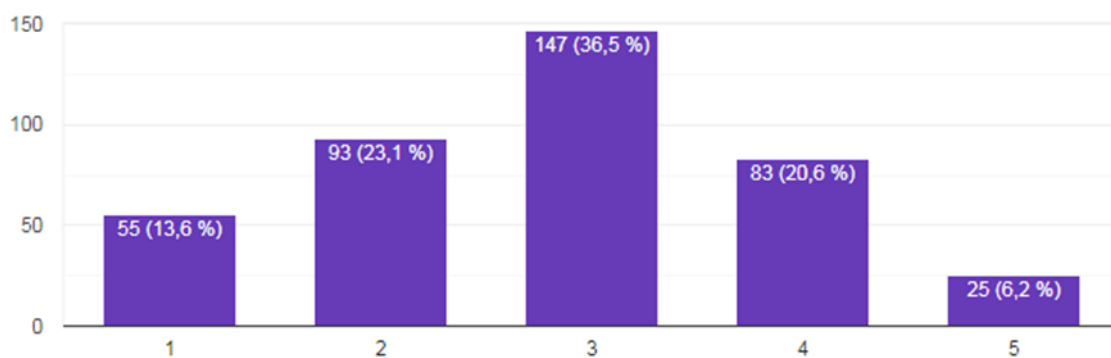
Source: survey

There are two main reasons why ingredients increased its importance to people. First of all, creams, tonics and other kinds of skincare may contain substances such as sodium lauryl sulfate (SLS) which has been shown to cause or contribute to skin irritation, disruptions od

skin's natural oil balance and eye damage, also SLS can stimulate acne production. Another quite frequent ingredient found in many products is paraben. Parabens can be found in makeup, moisturizers, spray tans and shampoos. Effect of those may disrupt the endocrine system and cause reproductive and developmental disorders. On the other point of view, there are quite positive effect on wrinkles, fine lines, age spots, oil secretion and lots of other dermatological issues. For example alpha- hydroxyl acids may help with fine lines, irregular pigmentation and age spots, also it was shown its positive effect on shrinking enlarged pores. For people at older age, retinol is most often prescribed precisely because it contains tretinoin, which is the active ingredient whose efficiency has been demonstrated at developing new structure of collagen and elastin. Considering all those reasons, people's awareness for efficient and non-efficient substances has risen. Nowadays, there are a lot of tools used for ingredients clarification. For example there are mobile apps such as Ingredio or Clean Beauty. Their usage is fast and simple. Just by taking picture of ingredients list of the skin care product, the app will immediately dispose ingredients by its noxiousness using colors. Green color presents non harmful substance, while shades of red represent those which may have negative effects and side effects. Little less than half respondents, 42.7% of them always pay attention to ingredients lists. 199 respondents or 49.4% takes a look at the declaration with ingredients most of the time or sometimes and just 32 of 401 do not take skin care substances as important for their buying decision.

Considering other determinants, packaging does not have that influence as ingredients. But still, for example in culinary world, there is a popular saying that people "eat with their eyes". Beautiful- looking food opens desire for people to taste it but also it makes them to believe that the food actually tastes better as it looks beautifully. In marketing, this shows that product packaging is very important. Having a memorable presentation affects perception, and will keep customers wanting for more. The results showing packaging importance while making purchasing decision are given in Figure 8.

Figure 8. How often do you pay attention to package while making purchasing decision?
(1-never; 2-rarely; 3-sometimes; 4-often; 5-always)



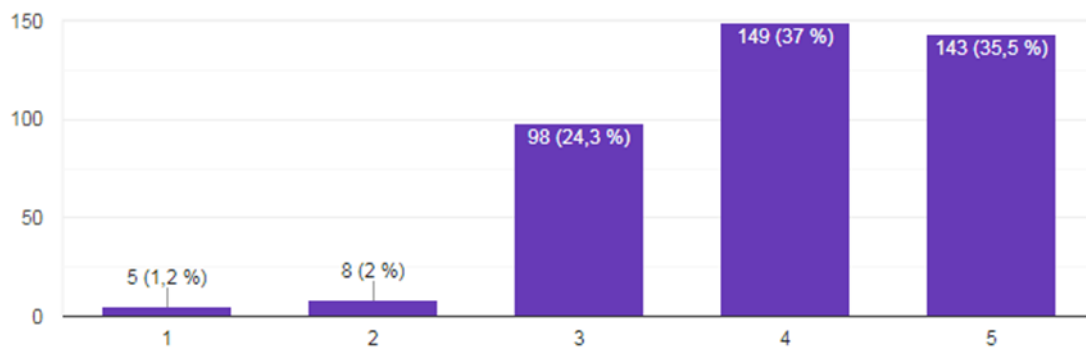
Source: survey

Most people declared packaging as semi important for purchase decision. Packaging differentiates products one from another and it may have impact on buyers. Some people tend to misplace packaging for quality which is not representable indicator. However, only few, 6.2% respondents tend to base their purchase mainly on package. Although majority 295 of 401 declared package as non-important at all, rarely important and in some cases important,

still there are 20.6% of them giving importance to packaging while deciding which product to buy.

Looking at other perspective, price has great importance for respondents while making purchase decision unlike package. Still, prices, like package, sometimes do not give the true picture and do not represent quality. The price is sometimes determined by the brand which is selling particular product. Meaning, when the brand is more popular, price is often also higher but higher price does not always mean high quality. For example, German beauty mark Balea which can be found in every DM store, has more than affordable prices with surely high quality. Also it has many dupes with high end products such as Clinique. Side by side, two same products for same purpose, in this case, hydration, for many people has shown n difference at all but one thing which is very different is the price. Price importance is shown in Figure 9.

Figure 9. How often do you pay attention to price while making purchasing decision? (1-never; 2-rarely; 3-sometimes; 4-often; 5-always)



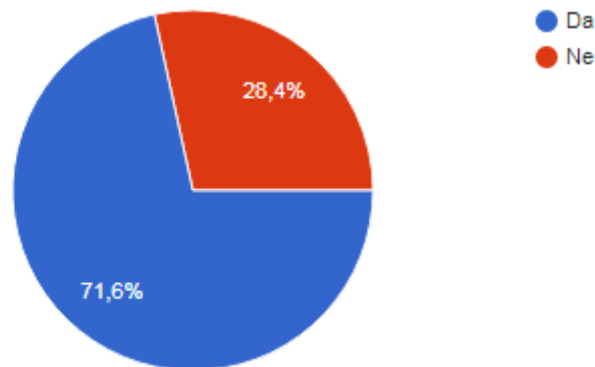
Source: survey

Nowadays people pay extra attention how they spend money. Consumers who are influenced by the price are also concerned about product quality and durability, suggesting their preference towards purchasing high quality products at an equitable price rather than searching for cheaper products. Present-day consumers make more informed purchasing decisions trough own research evaluating available alternative solutions rather than being overly reliant on the information provided by a sales representative. Even 72.5% of respondents take the price as very important determinant while considering other products. On the other hand, 98 of the total of 401 are still willing to invest bigger amount of money for more expensive products which have for example better reviews or just declared efficient and well-working on target problems. Only 3.2% have opened options on purchasing high end products for their health care which means that still people give advantage to the products which are more affordable but still have quality and performance on mind.

Prices are connected to household incomes, meaning, if the prices of skin care products are high and incomes are low, the individual will not buy a product in that particular price-range, one will as other solution take purchasing a product which is more affordable and in right price-range which fits the budget of the individual. The difference between income and consumption is used to define the consumption schedule. When income grows, disposable income rises and thus consumers buy more goods. The result is an increase in the consumption of major purchases and non-essential goods. When people have higher

disposable income, they tend to expand their demand on many other markets such as Asian market of skin care and also USA market which are described to sell high-end products, especially American market. The results containing income influence at purchasing decision is shown in Chart 2.

Chart 2. Will the amount of your disposable income affect your buying habits? (blue-yes, red-no)

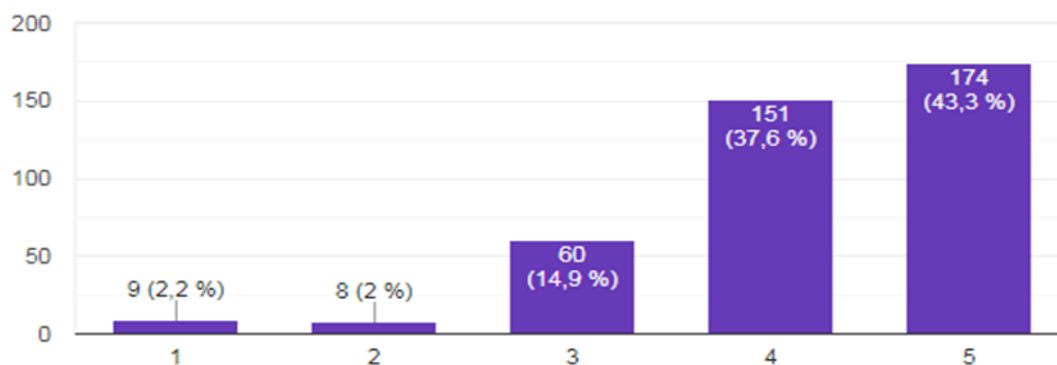


Source: survey

It is clear that most people pay attention how will they invest money. 71.6% respondents considers income as important determinant while making purchasing decision, which means that many people cannot afford to purchase high-end products such as Estee Lauder, Clinique, Chanel and similar quite often, instead, they will find disposable alternative with lower price-range such as La Roche-Posay, Vichy, Mixa, L'Oreal and others. Only 28.4% can afford to invest their money in high-end products.

Another determinant with significant importance, side by side with price are reviews. There is an increasing habit among costumers to proactive look for reviews. They represent an evaluation or publication of all kinds of goods and services. In addition to a critical evaluation, the review's author may assign to work a rating to indicate its relative merit. Significance of reviews is shown on Figure 10.

Figure 10. How often do you pay attention to reviews while making purchasing decision? (1-never; 2-rarely; 3-sometimes; 4-often; 5-always)

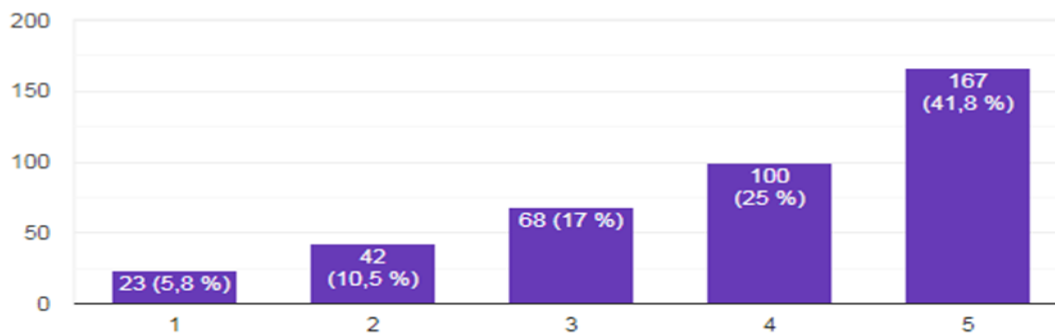


Source: survey

This kind of text is meant to aid shopping decision of a prospective buyer. Reviews mostly contain description, in this case, particular description of smell, convenience of packaging, texture and most important, performance and effects which particular skin care products provides. Often reviews include comparative evaluations against competing products so readers can observe all points of view including pros and cons of one and another. A consumer review usually comments on how well the product measures expectations based on specifications provided by the manufacturer or seller. Even 325 respondents of 401 total give great importance to reviews and people's recommendations. Even when they intended to purchase the particular product, it is clear that matching review with product description with low performance can change their decision immediately. In that case, individual often finds similar product with better performance. On the other side, only 4,2% will not consider review as important and will give advantage to other determinants such as price, ingredients list or possibility of sample usage.

One of the strategies used by manufacturers is possibility of the sample usage. Sample is a way to encourage consumers to buy a product. They are given free of charge, giving opportunity to try the particular product before making a purchase. Nowadays samples increased their importance because people realized that it would be better to examine first how the skin will react to particular product before purchasing one. The results showing sample importance to people are given in Figure 11.

Figure 11. How often do you use samples before making purchase?
(1-never; 2-rarely; 3-sometimes; 4-often; 5-always)



Source: survey

At one point, product samples were distributed at store locations only, today product samples can be ordered from company websites and shipped to customers home. The main goal for companies is that with effective sampling, marketers can create brand loyalty and assist in the launch of a product through the word of mouth. Benefits of samples are wide. For example, people who have never encountered particular brand before, can experience and try it directly with a sample provided by the company. Therefore, product can be thoroughly evaluated and encourage a customer to buy product or look up for other solutions if the previous one does not provide desired effect. Also, if the sample is trustworthy, customers can give positive feedback to a company and also to the other customers using blogs and other review pages. And one more important pro is that samples save time and money at the same time. Once individual has tried a product using a sample, and realizes that efficiency was not achieved,

one will not purchase the product and will avoid time waste of using unsuitable cream, moisturizer, tonic or other. More than half respondents, 267, which makes 68.8% agreed that possibility of sample usage is important and will have impact on its purchasing decision. On the other side, 16.3% respondents gave advantage to other determinants such as price or ingredients list by which they will base their decision which product to purchase.

5. Conclusion

The aim of this paper was to detect the main determinants of demand for cosmetic face care products. The survey has shown which elements consumers consider important, and which are not so significant in their deciding process.

It is clear that determinants which can impact the most the purchasing decision are price and income, followed by reviews, recommendations and ingredients lists. These last three are specific for cosmetic market. Consumers nowadays do not base their decision only upon one or two determinants, it is a combination of all these which make all together the best choice with the best ratio between the price and the quality. Firstly, individual's purchasing habits will be determined by the amount of the income, secondly, few skin care products can be found to help with specific problematic occurring. The next step would be price check. An individual will compare price ranges of selected products and put aside the ones which do not fit the budget. Following steps are taking reviews, ingredients lists, package, manufacturers and recommendations in consideration. When these compared, the individual can single out the ones with best recommendations, performance, low-harm ingredients and compare those with price range. The purchase decision will be the product which has best affordable price and performance. But if the price and performance contradict each other, for example if the product's performance is high but the price is not affordable and wide out of price-range and budget, the consumer can make a decision to invest money in such high-end product based upon fundamental examination and search for the right product.

The topic in this paper could be researched further adding more countries and comparing the attitudes of consumers between them. Additionally, it would be interested to analyze how the answers to the survey would change over time in a 10-year period or even longer.

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