A STUDY ON THE IMPACT OF CONSUMER PERCEIVED VALUE ON THE PURCHASE INTENTION OF DOMESTIC COSMETICS USING BRAND VALUE AS A MEDIATION

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According to statistics from the National Bureau of Statistics of China, the retail sales of cosmetics above the designated size in China reached 402.6 billion yuan in 2021, and the market size of the Chinese cosmetics industry reached 455.3 billion yuan in 2021, marking a year-on-year increase of 15%. Against the backdrop of increasing per capita income and continuously increasing disposable income, as well as an increase in people's aesthetic awareness and high demand for their own appearance, the Chinese cosmetics market will continue to rise. Experts predict that the Chinese cosmetics market will surpass 500 billion yuan in 2023.

Perceived value is an important factor in marketing consumer purchase intentions. In order for Chinese cosmetics companies to overcome the dilemma of price competition, they need to find methods affecting consumer perceived value. With the enhancement of consumer perceived value, consumers can generate purchase intention towards the company and enhance brand value to satisfy consumer psychological satisfaction. Empirical analysis concludes that consumer perceived value and brand value positively influence domestic cosmetics consumers' purchase intentions. Brand value has the strongest impact on the purchase intention of domestic cosmetics consumers, indicating that brand value should be given more attention in practical applications.

Keywords: perceived value; brand value; purchase intention; domestic cosmetics

Introduction

The latest data from the National Bureau of Statistics of China shows that retail sales of cosmetics by units above the designated size in China reached 402.6 billion yuan in 2021, showing steady growth compared with previous years. At the same time, the entire cosmetics industry's market size reached 455.3 billion yuan, an increase of 15% year over year.

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This figure not only reflects the huge potential of China's cosmetics market but also reflects consumers' pursuit of beauty and their emphasis on personal image.

With the steady growth of per capita income and the continuous increase of disposable income, people's aesthetic awareness is also constantly improving, which will lead to more and more people's demand for makeup and skin care. People have higher and higher requirements for their own appearance and are willing to invest more money and time to create a perfect image. Furthermore, their demands for their partners' external image have increased. As a result, the Chinese cosmetics market's prospects are very broad and are expected to grow in the next few years. The growth trend will persist throughout the year.

Cosmetics, skin care products, and shampoo products are the three important segments of the cosmetics market. Vertical segmentation can be divided into luxury cosmetics, high-end cosmetics, mid-range cosmetics, affordable cosmetics, and extremely cost-effective cosmetics. In 2021, in the Chinese cosmetics market, the market share of Chinese brands will be only 28.8%, while European and American brands will account for more than 60% of the market share.

After domestic cosmetics brands launched the national trend, their market share has begun to gradually rise, increasing from 20% in 2020 to 28.8% in 2021. Brands such as Perfect Diary and Huaxizi have caught up from behind, and their sales on e-commerce sales platforms have increased significantly. But relying on price competition strategies to open the market, domestic cosmetics companies have low consumer loyalty, and consumers tend to choose other companies that use price competition.

China's per capita consumption of cosmetics is less than US$60, whereas the United States and Japan's per capita consumption of cosmetics during the same period was more than US$270. There is still a lot of room for improvement in China's cosmetics consumption level. Contemporary young people have the desire to pursue beauty, and their wages have also increased simultaneously, creating a huge young consumer group. In order to inject energy into the company's sustainable development, cosmetics companies must understand the main forces among market consumer groups.

The Chinese market has huge room for development. Chinese domestic cosmetic brands have a relatively small share of the Chinese market. International brands are still the first choice for consumers. Consumers’ willingness to purchase domestic cosmetics brands is low, mainly because domestic cosmetics brands are in a backward stage in terms of technical reserves, brand value, brand awareness, brand reputation, promotion efforts, and customer accumulation. International brands possess significant technological advantages and vast customer bases.

The number of fans lays a solid foundation for its market position. Domestic cosmetics brands need to change consumers' purchase intentions, understand the dimensions of consumers' purchase intentions, and customize corresponding marketing methods based on their own characteristics to help companies get out of the current predicament and enhance market competitiveness.

This article has the following research purposes:

By combing the existing literature, explore the definition and measurement dimensions of perceived value, purchase intention, and brand value of Chinese cosmetics consumers.

Analyze the influence mechanism between perceived value, purchase intention, and brand value based on the data.
Based on the influence mechanism derived from data analysis, put forward personal insights on how Chinese cosmetics companies can improve consumers’ purchasing intentions.

Literature review

**Review of research on perceived value**

Perceived value is an important factor that affects consumers' purchase intentions. Purchasing products from different brands can satisfy consumers' psychological needs at different levels. Consumers with high requirements for social status will give priority to products with high brand value and relatively high prices. They are particularly fond of overseas brands. Users with a strong sense of social responsibility prioritize local brand products and those with good reputations (Yin, 2022).

Face is an important manifestation of the social value of a product's brand. When consumers take into account their own facial issues, they often make impulsive decisions and need to purchase a certain product from a certain brand to satisfy their own psychological and social needs (Yang, 2023).

Product functions are what consumers are most concerned about. Consumers buy goods or services to solve problems. After using the goods, consumers will subjectively evaluate the product and similar products, assessing the extent to which they can solve problems. The higher the degree of resolution, the greater the consumer's value perception. If they think they are worth their money, their willingness to buy again will be stronger (Lu, 2022).

In the online shopping situation, since consumers cannot see the real effects of physical products, the key factor affecting consumers' shopping decisions at this time is service. A complete customer service system can enhance consumers' perceived value of products (Luu, 2022). In addition, consumers will also pay attention to the brand reputation of the product. If the brand's reputation can meet consumers' requirements, consumers will ignore some disadvantages and choose to believe in this product (Huang, 2022).

**A review of research on purchase intention**

Research using online shopping scenarios as an entry point reveals that there are promoting factors and inhibitory factors that influence purchase intention. Among them, the most important factors are product quality, brand reputation, and promotion intensity. When consumers feel that the goods are of high quality and low price, the consumer's surplus value will be greatly improved, and at the same time, sufficient emotional value can be obtained (Li, 2023). Social attributes are indispensable for people.

When consumers contemplate buying goods, they take into account the social value these goods bring. In online shopping, you can see other consumers’ evaluations of the goods. When the public opinion environment is favorable to such goods, as consumers converge, perceiving social value can stimulate consumers' need for respect and gain satisfaction through purchasing goods (Lian, 2022).

People have social traits and a desire to belong. When a person wants to join a group to gain belonging satisfaction, he often needs to integrate into the group's common beliefs. The brand identity of this group is that of the loyal customer of the brand.
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This type of customer often has a strong intention to purchase products launched by companies because of their brand identity and sense of group belonging (Wang, 2021). Fan groups' opinion leaders have a greater say in the group. The behavior of opinion leaders can stimulate other consumers to a certain extent. When consumers encounter external stimuli, their curiosity and blind impulse drive them to make purchases. They have a tendency to align with opinion leaders (Jin, 2023).

In a live broadcast situation, the host of the live broadcast room is a staff member who directly interfaces with consumers. The quality and entertainment of the host have an impact on the purchase intentions of consumers in the live broadcast room. When the host can use his own entertainment characteristics to introduce products, when consumers' questions are clear and answered, consumers' purchasing decisions will be biased towards purchasing this product, although the price of the product is not the lowest price on the market (Qin, 2023).

The atmosphere of the live broadcast room can also affect consumers' purchase intentions. The active atmosphere of the live broadcast room can satisfy consumers' emotional and sensory experiences. Consumers are more willing to make purchasing decisions when they are in a happy mood (Chen, 2023).

Compared to foreign cosmetics brands, consumers in the Chinese market are less willing to purchase domestic cosmetics. There are many reasons. First, domestic cosmetics started late and have not accumulated a large brand reputation. A brand's reputation is an influence.

Second, because foreign cosmetics have high brand value and certain luxury attributes, purchasing high-end cosmetics can satisfy consumers' psychological needs.

Third, there are doubts about the efficacy of domestic cosmetics. However, as domestic cosmetics develop better and better and consumers' consumption concepts change, consumers' willingness to purchase domestic cosmetics will change.

Review of research on brand value

Brand reputation is an important dimension of brand value. In the age of the age of the Internet, information and evaluations about products can be obtained by consumers at any time. When a brand's evaluation is positive, consumers will choose to believe in the brand's reputation. Brand reputation can turn consumers around and create negative perceptions, thus increasing the probability of consumers purchasing (Yang, 2023). The rapid speed of Internet communication magnifies the impact of negative news about a brand. The most effective method is to meet consumers' after-sales needs, soothe their emotions, and delete the negative news. This approach aids in restoring the brand's reputation to a positive evaluation (Li, 2022).

After consumers meet their survival needs, they will pursue higher needs. Hedonic needs have always been an important factor affecting consumers' purchasing decisions. When a brand's products can bring consumers a sense of satisfaction and respect in terms of social status, Hedonic attributes will greatly enhance the brand value when it is satisfied. Consumers with the same hobbies or needs will identify with the hedonic attributes of the brand value and have a greater willingness to purchase (Yang, 2018).

A company's brand gains a certain social responsibility value when it contributes to society or plays a significant role in local culture. When consumers consume goods, they are making efforts to preserve the brand. Consumers' sense of social responsibility will increase,
and that sense of social responsibility will drive them to purchase specific brands of products when purchasing goods to meet their social responsibility needs (Wang, 2021).

**SOR theory**

The SOR theory, stimulus-organism-response, is a model based on behaviorism. The SOR theory believes that the human body's information processing process starts with external physical stimulation. The brain processes the external stimulation that the human body's senses receive. Only then can we respond to the outside world. External stimulation is not the outside world in the traditional sense but refers to information outside the consumer's decision-making process, including consumers' psychological and physiological stimulation as well as external stimulation.

Consumer purchasing behavior is the result of complex information processing. The S-end that receives information not only needs to process external stimuli but also needs to process consumers’ psychological activities. Various factors can influence consumers' decisions. The decision-making mechanism will make judgments based on its own situation and possible external stimuli.

When faced with a shopping decision, consumers gather product information from a variety of sources. When the consumer's perceived value sufficiently stimulates their decision-making process, they will obtain permission to purchase.

![Figure 1 – Conceptual framework of the study (made by the author)](image)

**Research hypothesis:**

H1: Perceived value has a positive relationship with the purchase intention of Chinese brand cosmetics.

H1a: There is a positive relationship between perceived utility value and the purchase intention of Chinese brand cosmetics consumers.

H1b: There is a positive relationship between social perceived value and the purchase intention of Chinese brand cosmetics consumers.

H1c: There is a positive relationship between perceived economic value and the purchase intention of Chinese brand cosmetics consumers.

H1d: There is a positive relationship between perceived cost value and the purchase intention of Chinese brand cosmetics consumers.

H2: There is a positive relationship between Chinese brand cosmetics' brand value and consumer purchase intention.

H2a: There is a positive relationship between Chinese cosmetics brand reputation and consumer purchase intention.

H3: Perceived value has a positive relationship with the brand value of Chinese-brand cosmetics.

H4: Brand value plays a mediating role between consumers’ perceived value and purchase intention of Chinese brand cosmetics.
Methodology

Document analysis method
By combing the existing literature, we propose definitions and dimensions that are consistent with this study on perceived value, purchase intention, brand value, construct a theoretical model, and create a scale.

Questionnaire survey method
A questionnaire was designed for perceived value, purchase intention, and brand value, and the influencing mechanisms between perceived value, purchase intention, brand value were analyzed through questionnaire data.

Results
First, we establish a regression equation with purchase intention as the dependent variable and perceived value and brand value as the independent variables.

Table 1 - Regression analysis of purchase intention
(made by the author)

<table>
<thead>
<tr>
<th></th>
<th>Non-standard BETA</th>
<th>standard error</th>
<th>Standard BETA</th>
<th>T</th>
<th>Significance (P)</th>
<th>collinearity (VIF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>constant</td>
<td>0.836</td>
<td>0.120</td>
<td></td>
<td>6.965</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>perceived value</td>
<td>0.067</td>
<td>0.053</td>
<td>0.068</td>
<td>1.247</td>
<td>0.213</td>
<td>1.943</td>
</tr>
<tr>
<td>Brand Value</td>
<td>0.654</td>
<td>0.053</td>
<td>0.665</td>
<td>12.251</td>
<td>0.000</td>
<td>1.943</td>
</tr>
</tbody>
</table>

\( R^2 \) 0.510
Adjusted \( R^2 \) 0.507
\( F \) 168.029
\( P \) 0.000**

Dependent variable: purchase intention

As can be seen from Tab. 1, the adjusted R2 value is 0.507, \( P = 0.000 \), which proves that the regression model can explain 50.7% of the change in purchase intention of domestic cosmetics. The standard BTEA value reveals that brand value significantly influences purchase intention, surpassing perceived value. Because the standard BETA value of the brand value is 0.665 and is significant at the 0.000 level.

This article assumes the establishment of both H1 and H2.

As can be seen from Tab. 2, the adjusted R2 value is 0.295, \( P = 0.000 \), which proves that the regression model can explain 29.5% of the change in purchase intention of domestic cosmetics. From the standard BTEA value, it can be seen that among the four dimensions of perceived value, cost perceived value has the greatest impact on purchase intention.

To sum up, this article assumes that H1a, H1b, H1c, and H1d are established.
Table 2 - Regression analysis of the four dimensions of perceived value on purchase intention
(made by the author)

<table>
<thead>
<tr>
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<th>Non-standard BETA</th>
<th>Standard error</th>
<th>Standard BETA</th>
<th>T</th>
<th>Significance (P)</th>
<th>collinearity (VIF)</th>
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<td>(constant)</td>
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</tr>
<tr>
<td>utility perceived value</td>
<td>0.090</td>
<td>0.058</td>
<td>0.122</td>
<td>1.547</td>
<td>0.123</td>
<td>2.880</td>
</tr>
<tr>
<td>social perceived value</td>
<td>0.135</td>
<td>0.070</td>
<td>0.147</td>
<td>1.926</td>
<td>0.055</td>
<td>2.693</td>
</tr>
<tr>
<td>economic perceived value</td>
<td>0.020</td>
<td>0.063</td>
<td>0.024</td>
<td>0.322</td>
<td>0.748</td>
<td>2.458</td>
</tr>
<tr>
<td>cost perceived value</td>
<td>0.308</td>
<td>0.059</td>
<td>0.336</td>
<td>5.236</td>
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</tr>
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<td>R²</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.304</td>
<td></td>
</tr>
<tr>
<td>Adjusted R²</td>
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<td></td>
<td></td>
<td></td>
<td>0.295</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>35.076</td>
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<tr>
<td>P</td>
<td></td>
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<td></td>
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</table>

Dependent variable: purchase intention

Table 3 - Regression analysis of brand value and purchase intention
(made by the author)

<table>
<thead>
<tr>
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<th>Non-standard BETA</th>
<th>standard error</th>
<th>Standard BETA</th>
<th>T</th>
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<th>collinearity (VIF)</th>
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</thead>
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<td>(constant)</td>
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<td></td>
<td>8.119</td>
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<tr>
<td>Brand reputation</td>
<td>0.207</td>
<td>0.045</td>
<td>0.502</td>
<td>4.558</td>
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<td>1.722</td>
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<tr>
<td>R²</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.525</td>
<td></td>
</tr>
<tr>
<td>Adjusted R²</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.522</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td></td>
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<td>178.734</td>
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</tr>
<tr>
<td>P</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.000**</td>
<td></td>
</tr>
</tbody>
</table>

Dependent variable: purchase intention

As can be seen from Tab. 3, the adjusted R² value is 0.522, P = 0.000, proving that the regression model can explain 52.2% of the change in purchase intention of domestic cosmetics. This article assumes the establishment of H2a.

As can be seen from Tab. 4, the adjusted R² value is 0.500, P = 0.000, which proves that the regression model can explain 50% of the change in brand value. The standard BTEA value reveals that cost perception, out of the four dimensions of perceived value, significantly influences brand value.

As can be seen from the data in Tab. 5, all four dimensions of perceived value can have an impact on brand value. In summary, we have established hypothesis H3 in this article.
Table 4 - Regression analysis of perceived value on brand value

<table>
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<tr>
<th>Variable</th>
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<th>Standard BETA</th>
<th>T</th>
<th>Significance (P)</th>
<th>collinearity (VIF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(constant)</td>
<td>0.736</td>
<td>0.119</td>
<td></td>
<td>6.164</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>utility perceived value</td>
<td>0.063</td>
<td>0.050</td>
<td>0.084</td>
<td>1.267</td>
<td>0.206</td>
<td>2.880</td>
</tr>
<tr>
<td>social perceived value</td>
<td>0.162</td>
<td>0.060</td>
<td>0.173</td>
<td>2.687</td>
<td>0.008</td>
<td>2.693</td>
</tr>
<tr>
<td>economic perceived value</td>
<td>0.187</td>
<td>0.054</td>
<td>0.214</td>
<td>3.472</td>
<td>0.001</td>
<td>2.458</td>
</tr>
<tr>
<td>cost perceived value</td>
<td>0.326</td>
<td>0.050</td>
<td>0.350</td>
<td>6.464</td>
<td>0.000</td>
<td>1.900</td>
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<tr>
<td>R²</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.506</td>
<td></td>
</tr>
<tr>
<td>Adjusted R²</td>
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<td></td>
<td></td>
<td></td>
<td>0.500</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>82.108</td>
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<tr>
<td>P</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.000**</td>
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</table>

Dependent variable: brand value

Table 5 - Mediation effect analysis

<table>
<thead>
<tr>
<th>path</th>
<th>95% confidence interval lowest value</th>
<th>95% confidence interval maximum value</th>
<th>mediating effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Path 1: Perceived value-purchase intention</td>
<td>-0.041</td>
<td>0.181</td>
<td>-</td>
</tr>
<tr>
<td>Path 2: Perceived value-brand value</td>
<td>0.0620</td>
<td>0.770</td>
<td>-</td>
</tr>
<tr>
<td>Path 3: Brand value-purchase intention</td>
<td>0.547</td>
<td>0.754</td>
<td>-</td>
</tr>
<tr>
<td>Path 4: Perceived value-brand value-purchase intention</td>
<td>0.382</td>
<td>0.535</td>
<td>support</td>
</tr>
</tbody>
</table>

The mediating effect test in this article uses AMOS software to construct a path analysis model for three variables. The bootstrap method yields the data in Table 4.16 after 2500 operations.

From Tab. 5 it can be seen that among the direct effects, 95% of Path 2 and Path 2 The lowest and highest values of the % confidence interval do not contain zero, and the lowest and highest values of the 95% confidence interval of indirect effect path 4 do not contain zero either.

This proves that brand value can act as a mediating variable between perceived value and purchase intention. From path 1, we can see that the lowest and highest values of the 95% confidence interval include 0, which proves that in path 4, brand value can act as a complete intermediary.
This article presupposes the establishment of H4.

Conclusion

The empirical analysis stage reveals a strong relationship between consumer perceived value and brand value, as well as a closer relationship between brand value and domestic cosmetics purchase intention. This suggests that practical applications should prioritize brand value.

Through empirical analysis, we confirm that consumers' perceived value has a positive effect on the purchase intention of domestic cosmetics. This perceived value is reflected in four key dimensions: utility perceived value, social perceived value, economic perceived value, and cost perceived value. These four dimensions interact and jointly influence consumers' purchasing decisions.

Improving consumers' perceived value in the aforementioned four aspects will correspondingly increase their willingness to purchase domestic cosmetics. Among these dimensions, cost-perceived value has the most significant impact on consumers' willingness to purchase domestic cosmetics, followed by social-perceived value, and finally utility-perceived value and economic-perceived value.

This discovery provides valuable market insights for domestic cosmetics companies. Enterprises can adjust product strategies, optimize cost structures, improve product utility, and pay attention to the transmission of social value based on consumers' perceived value, so as to attract and satisfy consumers more effectively and enhance market competitiveness.

Brand value focuses on measuring the dimension of brand reputation. Empirical analysis reveals that the core element of brand influence, brand value, significantly influences consumers' willingness to purchase domestic cosmetics. Brand value not only reflects the intrinsic quality of the product but is also a concentrated expression of brand credibility and reputation. When consumers widely recognize the brand value, it significantly increases their willingness to purchase domestic cosmetics.

Brand reputation, as an external manifestation of brand value, directly influences consumers' purchasing decisions. A brand with a good reputation often means high quality and high satisfaction with its products and services. Therefore, an improvement in brand reputation will correspondingly increase consumers' willingness to purchase domestic cosmetics.

Consumer perceived value can positively affect brand value, and improvements in consumer perceived value perception can strengthen brand value. The four dimensions of consumer perceived value—utility perceived value, social perceived value, economic perceived value, and cost perceived value—can all affect brand value.

Among them, cost-perceived value has the most significant impact on brand value changes, followed by economic-perceived value and social-perceived value. Value and utility perceived value.

In the mediation test, this paper designed a mediation test model of perceived value-brand value-purchase intention, which proved that brand value can directly play a mediating role between perceived value and domestic cosmetics purchase intention and that brand value can amplify the stimulation of consumers' perceived value.

With the strengthening of stimulation, consumers’ willingness to purchase domestic cosmetics will make it easier to make decisions.
Recommendation

Firstly, gather as many samples as you can, as cosmetics consumers constitute a sizable group, necessitating the use of more samples in the research process. Only the results of empirical analysis can represent the actual wishes of cosmetics consumers.

Second, the respondents should come from different regions as much as possible, so as to ensure the randomness of the sample source, because consumers in different regions have different consumption concepts.

Domestic brand cosmetics face users from all over the country, so the research data comes from all over the country. Other scholars or business managers can recognize only the results of empirical analysis and countermeasures obtained from various places.

References:

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