

The Effect of Brand Image and Purchase Intention on Cosmetic Products: Evidence from North Cyprus

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ABSTRACT

The aim of this thesis is to investigate seven indicators of brand image, namely, price, promotion, service quality, store environment, brand name, design, and product quality on cosmetic staffs. The thesis also investigates the impact of brand image on purchase intention of customer. Path analysis and regression analyses are performed to check the proposed hypotheses as well as the regression model by using data collected from customers live in Famagusta in the Northern Cyprus.

The results show that price, brand name, design, and product quality are significantly and positively related to brand image. Brand image has positive impact on purchase intention so brand image increase purchase intention of cosmetic staffs among the customers.

Keywords: Brand image, purchase intention, path analysis, regression analysis, North Cyprus

ÖZ

Bu tez marka imajını belirlediğine inanılan yedi factor olan fiyat, tanıtım, ürün kalitesi, konum, ürün ismi, tasarım ve hizmet kalitesinden oluşan kozmetik ürünlerini incelemektedir. Ayrıca ürün imajının satın alma niyeti veya isteğine olan etkisini incelemektedir. Yol analizi, ve regresyon analizi kullanılarak önerilen hipotezlerin sonuçları belirlenmiştir. Gazimağusa bölgesindeki müşterilerden kullanılan örneklerle bu çalışma yapılmıştır.

Yol ve regresyon analizinin sonuçları ışığında fiyat, ürün ismi, tasarım ve ürün kalitesinin marka imajı üzerinde pozitif etkisi olduğunu belirlenmiştir. Ayrıca, analizler marka imajının satın alma isteği veya niyeti üzerinde pozitif etkisi olduğunu göstermiştir dolayısı ile marka imajının satın alma niyetini artırdığı vurgulanmıştır.

Anahtar kelimeler: Marka imajı, Satın alma niyeti, Yol analizi, Regresyon analizi, Kuzey Kıbrıs

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To My Family

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Chapter 1

INTRODUCTION

1.1 Introduction

In today's society, there is a major emphasis on beauty and physical attractiveness. Physical beauty is a desirable feature. When most people hear the word "cosmetics," they only associate it with beauty products for women, while it actually encompasses a wide range of products for both men and women, including face makeup, lotion, shampoo, powder, toothpaste, soap, deodorant, hair spray, and so on (Omanga, 2013); thus, the target market of the cosmetics industry is not only women, but also young men. Regardless of gender issue, cosmetics still plays an important role in the 21st century. The cosmetics industry is a very profitable, innovative, and fast-growing industry. Marketing managers need to understand the continuous changes in customers' purchase behavior. Customers today are more aware and therefore have many demands of the manufacturers' products. Cosmetics are any type of products or compounds which used to complete or enhance the beauty or looks of a person. This can include makeup, perfume, lotion, and nail polish. However cosmetics industry has changed a lot cosmetics concept has not changed since the Egyptians times until today. Today, the cosmetic industry is one of the most profitable industries in the world and kown as a multi-billion dollar industry, American cosmetics consumers alone spending almost \$10 . billion US Dollars (USD) annually. (Lydia K. Mwai, Dr. Anne W. Muchemi, Consolata W. Ndungu, 2015)

Because of human beings' tendency to want to look beautiful, especially women, there will most likely always be a high demand for beauty products. Companies in the cosmetics industry are the main suppliers of cosmetic products. Some cosmetic products are comparatively inexpensive. Others can be much more expensive. Cosmetics that are categorized as "designer" products, for example, will be more expensive than the typical and classic cosmetic products like lipstick. The most common amongst these in the cosmetic industry is perfume design. Many times, these products are designed with a celebrity's (e.g., a singer or actor) name, although they usually do not have much involvement in making the products; most often, people purchase these products for their name not for the products (Edwards, 2015)

1.2 Purpose of the study

This thesis aims at investigating the effects of indicators of brand image such as price, promotion, service quality, store environment, brand name, design, and product quality on cosmetic staff. This thesis also examines the impact of brand image on the purchase intention of customers. Main motivation is writing this thesis lies in the fact that this kind of study has not been undertaken before as far as I am concerned. Results of this thesis may give ideas on brand image and purchase intention of customers for the policy makers.

1.3 Methodology

Data were collected from customers living in Famagusta district, Northern Cyprus. Thus, convenience sampling was conducted using 150 valid cases to check both the measurement and the research model. Path analysis and regression analysis were conducted to test the reliability and the relationship, as well as test eight hypotheses.

1.4 Thesis Results

The results show that price, brand name, design, and product quality are significantly and positively related to brand image. Brand image has a positive impact on purchase intention; thus, brand image increases customers' purchase intention related to cosmetics.

1.5 Thesis Structure

This thesis consists of six chapters. The first chapter presents an introduction pertaining to the importance of the cosmetic business. The second chapter is a review of the literature regarding to indicators of brand image and their effect on purchase intention of the customer. The third chapter is an explanation of a case study. The methodology, including data collection and analyses, is discussed in chapter four. In chapter 5, the results of the study are articulated. The discussion, conclusion, implications, limitations, and research directions for future studies are presented in chapter 6.

Chapter 2

LITERATURE REVIEW

This chapter focused on the review of literature and analyze past studies related to brand loyalty and determinants of brand loyalty. This chapter includes theoretical and empirical reviews from past studies. Critical review and the summary of the literature were carried out in this part of the study.

2.1 Cosmetic Industry

Cosmetics (also known as makeup or make-up) are care materials that are used in to enhance the appearance or odor of the human body. Most of them are generally made of chemical compounds, some being derived from natural sources (such as coconut oil) and many being synthetics. The word cosmetics comes from the Greek word (kōsmētiká) which means how you show your dress and adornment. The history of cosmetics is very old and goes back to ancient times, at least 6,000 years human story, and Since then, they have been used in different forms. nearly Every society has used cosmetics. Cosmetics include any type of products or compounds which used to complete or enhance the beauty or looks of a person. This can include makeup, perfume, lotion, and nail polish.although the cosmetics industry has changed a lot, the cosmetics concept has not changed since the Egyptians times.Today, The cosmetic industry is one of the most profitable industries in the world and kown as a multi-billion dollar industry, American cosmetics consumers alone spending almost \$10 billion US Dollars (USD) annually. (Khan, 2013) .

2.2 Statistics on Cosmetic Consumption

Color cosmetics have wide usage in nail products, lip products, eye makeup, facial makeup, and other products. Color cosmetics are called to colorant and cosmetics ingredients that help to improve the appearance of the human body, eye shadows, foundations, nail paints, lipsticks, powers are the kinds of color cosmetics. The color cosmetics are divided into two categories on the basis of their target markets: prestige products and mass products. The prestige products are expected to record a higher compound annual growth rate (CAGR) than mass products in the next five years and the brand loyalty among prestige color cosmetics consumers is increasing, especially in the developed regions. The international color cosmetics market in 2014 reached USD 57.4 billion, and it is projected to reach USD 77.7 billion in 2020 with a CAGR of 5.7% (Marketsandmarkets.com, 2015). The increasing amount of disposable income, increasing awareness about appearance, and improving quality of life are the major motivators of the color cosmetics market in the developed countries of North America and Europe as well as the developing countries of Asia-Pacific and the rest of the world.

The increasing demand for beauty and personal care, organic beauty products, technological developments in color cosmetics, attractive packaging, and increasing consumer health consciousness about personal care and fashion styles are expected to increase the demand for color cosmetics. In Asia-Pacific, China and India have a high demand for color cosmetics between 2015 and 2020. The Chinese color cosmetics industry is the most favorable industry in Asia because of the changing consumer demographics toward a younger and wealthier segment. In India, the demand for facial makeup, nail and lip products, hair products, and other beauty products is projected to have a high CAGR between 2015 and 2020. This report also

contains the pioneer manufacturers' profiles, such as L'Oréal Group (France), Estée Lauder Companies Inc. (U.S.), Avon Products Inc. (U.S.), Coty, Inc (France), Revlon Group (U.S.), and others (marketsandmarkets, 2015).

Market Scope By Target Market:

1. Prestige Products
2. Mass Products

By Application:

1. Nail Products
2. Lip Products
3. Eye Make-up
4. Facial Make-up
5. Hair Color Products
6. Special Effect Products
7. Others

By Geography:

1. North America
 - a) The U.S.
 - b) Canada
 - c) Mexico
2. Europe
 - a) France
 - b) The U.K.
 - c) Italy
 - d) Germany
 - e) Spain
 - f) Others
3. Asia-Pacific
 - a) China
 - b) India
 - c) Japan
 - d) Indonesia
 - e) Australia
 - f) Others
4. Rest of the world
 - a) Brazil

- b) Chile
- c) Argentina
- d) South Africa
- e) Others

The international cosmetics products market is one of the largest industries in the world. Total sales will reach \$635 billion in 2019, and there is no sign of a downturn in the cosmetics market, as a CAGR in excess of 6% is predicted between 2012 and 2019.

There are many important matters in the cosmetic products market. Most people think that being more attractive will improve their quality of life, and to achieve this, they are using cosmetic products. Companies must help consumers in choosing various products, as there are many women who have difficulty choosing and purchasing relevant products. Due to advances in technology like the Internet and social media, customers have become more conscientious and marketers cannot fool them. Therefore, customer satisfaction should be a priority for companies.

2.3 Customer Satisfaction

Customer satisfaction is how customers respond to prior expectations and the actual performance of a product is perceived after its consumption. Customer satisfaction has an important role in marketing, which brings employee satisfaction, therefore maximizing the profit of the company. Therefore, organizations need to understand how to satisfy their customers. Customer satisfaction in a marketing framework has particular meanings: Gustafsson, Johnson, and Roos (2005) defined customer satisfaction as the evaluation of a product after consumption. This satisfaction has positive effects on maintaining customers among different kinds of services and products. In service-based companies, service quality directly affects customer

satisfaction. Satisfaction is related to attaining whatever we want. For customer satisfaction, a company should improve its services and product. Companies with product innovation tend to have higher customer satisfaction (Mostaghel, 2006).

2.4 Brand Loyalty

Brand loyalty is the key of high long-term profitability for many firms in gaining and keeping a significant market share, according to (Jacoby and Chestnut, 1978). Brand loyalty is inextricably related to developing, maintaining, and protecting the market share. Brand loyalty is an important concept in understanding consumer behavior (Day, 1969) (Huang, 1999) (Lee, Jonathan, Janghyuk Lee, and Lawrence Feick, 2001); (Wood, 2004); (Yim, Chi Kin, and P. K. Kannan, 1999).

According to (Oliver, 1999), it is “a deeply held commitment to re-buy or repatronize a preferred product or service consistently in the future, thereby causing repetitive same brand or same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.” Loyal consumers rebuy or repurchase only the same brand over time even if there is an alternative brand in the market. Eventually brand loyalty can be measured by the commitment to repurchase in terms of products and services (Ryan, 1999).

Examining at past research shows us that loyal consumers spend more than non-loyal groups and are the most valuable customer group for companies because of their engaging positive word of mouth (Ganesh, Jaishankar, Mark J. Arnold, and Kristy E. Reynolds, 2000).

Brand plays an important role in firms and compete each other to gaining significant market share, as most of product and services can be copied easily. (Kotler, Philip, and Lane KELLER, 2005) state that through product experience and marketing activities, brands offer firms a means of differentiating their product or service from that of their competitor by creating a lasting impression in the minds of individuals and organizations. The affiliation to a brand, referred to as brand loyalty, can result in a willingness by the consumer to pay a price premium, sometimes as much as 20–25% (Kotler, Philip, and Lane KELLER, 2005).

The American Marketing Association (AMA) defined brand loyalty as “the situation in which a consumer generally purchase the same product or service which produce by specific manufacturer repeatedly over time rather than buying from multiple suppliers within the category” or “the degree to which a consumer consistently purchases the same brand within a product class.

According to (Lau, 2006) Factors of Brand image are :

- Purchase intention
- brand name,
- price,
- product quality,
- promotion,
- store environment,
- design and
- service quality.

2.5 Purchase Intention

A plan to buy or purchase a particular good or service in the future has been widely discussed in the literature as a predictor of further purchasing. Researchers suggest that if consumers identify a company or brand, it can result in attitudinal or

behavioral outcomes. Aaker and Keller (1990) mentioned that customers are loyal to brands when they have high awareness of the brand and it has a good image. Higher brand awareness enhances consumers' trust and purchase intention.

If consumers are familiar with companies and brands, they will have higher purchase intention; if a product has higher brand awareness, it will have a higher market share. Well-known brands that have attained higher awareness are more likely to have consumers repurchase that brand and other products than other brands in the future, and they will neither change their loyalty nor switch to another brand under any circumstances according to some researchers. Consumers positive feelings about brand causes purchase intention in consumers.

2.6 Brand Name

To distinguish a brand from another brand, companies need a name, term, design, or other feature that helps one seller's product be differentiated from those of others. Brands are used in business, marketing, and advertising. A good example of a brand name is Pepsi, which belongs to PepsiCo Inc. "Legendary brand names can distribute product profit and guide them to higher remember ness of advertised benefits than non-famous brand names" (Keller, 2003). Patrons can trust famous brand names; there are many unknown and alternatives brand names in market place.

According to (Kohli, C. & Thakor, M., 1997), a brand name is the conception of a picture or the expansion of a brand character and is a luxurious and time-intense process. The expansion of a brand name is a very important and absolutely necessary significant element of the process while the name is the foundation of a brand's

image. A brand name is essential for a firm to magnetize clients to acquire a product and manipulate and replicate purchasing behavior

2.7 Brand Image

A brand image is a customer's perceptions about products or the overall impressions of products that are formed in their mind. Such an image should be positive, unique, and instant. It is important for companies as well; they make an effort to improve marketing activity and connect with strategies of positioning and maintaining of a positive brand image. A brand in the market is impact on the ability of the company to evaluate the fact how consumers interpret the image of brands and company's ability to manage the strategy of brand positioning, adequately revealing brand's equity to a consumer.

According to (Keller K. L., 1993), a brand image is consumers' perception about a brand that reflects brand associations in consumers' memory. It involves consumers' thoughts and feelings toward the brand (Roy, D., & Banerjee, S, 2007), or their mental image about a brand that makes it unique in comparison to other brands (Faircloth, 2005). Brand images include consumers' knowledge and beliefs about various products of brand and non product features. They represent the personal symbolism that consumers associate with the brand, which include all descriptive and evaluative information about the brand (Iversen and Hem, 2008). If consumers have a favorable brand image, their message has stronger influence in comparison to other brands (Hsieh, An-Tien, and Chung-Kai Li, 2008). Therefore, a brand image plays an important role in buyers' behavior (Burmam, 2008).

2.8 Product Quality

Groups of features and characteristics of saleable goods that ensure consumers buy when products meet consumers' needs and fulfill their expectations and needs consumer will be pleased and ensure that product have high quality . Product quality is described as "suitability for use" or "commitment capability" (Russell and Taylor, 2006). Customers may repurchase particular brands or shift to other products due to the quality of products.

Researchers believe that product quality determines consumers' perceptions. They have defined product quality as a key trait that consumers use to evaluate products. High-quality products delivered to consumers can improve companies performance in a competitive market.

2.9 Promotion

Promotion is related to product sales in marketing or advertising. It entails raising customers' awareness about a product or brand. It is how you let people know what you have for sale, what your product is, what they use it for, and why they should want it.

The purpose of a promotion is to find suitable customers for a product. People are looking for a product that meets and satisfies their needs. A promotion is a series of activities that communicate the product brand or service to the customer. It makes people aware of and attracts and persuades them to buy a product over others.

2.10 Service Quality

Service quality is a success in customer service. The definition of service quality is focused on the idea that it is the result of the comparison that customers make

between their expectation about the service and their perception of the way in which service has been performed. Customers' service expectation arises from past experiences, word of mouth, and advertisement. Customers compare perceived service with expected service and if their expectations are not met, they are disappointed. If service quality is high, their expectations are met, encouraging them to repurchase a product that relates to brand loyalty and purchase intention. Providers want to know what customers care about. After extensive research, Zeithaml, Parasuraman, and Berry found five dimensions customers use when evaluating service quality.

2.11 Store Environment

Many researchers have considered the impact of the store environment on consumer behavior. According to (Omar, 1999) the store environment is also an important feature in marketing development and store durability. It is an important element in retailing, 70% of retail purchases were impulse buys or unplanned purchases" (Dunne, P. M., & Lusch, R. F, 2005).

The term atmospherics was invented by Kotler in 1973, referring to the conscious space designed for the purpose of creating certain effects in individuals and increasing the possibility of desirable behavioral outcomes. Many retailers accept the importance of the store environment as a tool for market differentiation (Levy, Michael, and Barton A. Weitz, 1995). The store environment and the physical environment of a store, is made up of many elements, including music, lighting, layout, directional signage, and human elements, which are divided into the external environment and internal environment. The store environment also affects various stages of consumers' cognitive processes inside a store, including attention,

perception, categorization, and information processing. Some features such as store location and store design positively affect brand loyalty. The store environment plays an important role in consumer decision-making.

2.12 Design

Design A design is a plan or drawing that is produced to show the look and function or workings of a building, garment, or other object before it is built or made involving lines, shapes, and particular affecting consumer awareness toward a brand” (Frings, 2005). Consumers who are fashion conscious are also brand conscious, which is why brands that provide an elegant package attract consumers who are fashion followers. Most fashion followers frequently buy brands or products from those stores that are high vogueish. (Duff, 2007) “investigated the niche market in women’s cosmetics, and the research results show that cosmetics buyers were more fashion aware and they want products which are more attractive and new designed; moreover, consumers tend to use special make up designs for different occasions.”

2.13 Price

A certain amount of money must be paid for services or goods. Price is one of the most changeable marketing elements, after changing particular product and service characteristics. Consumers with high brand loyalty are willing to pay considerable amounts of money for their preferred brand because they think high-priced brands or goods are more valuable than less expensive products. Consumers’ perceived importance of purchasing is not easily affected by price (Keller, 2003).

2.14 Theory of Reasoned Action

The theory of reasoned action is used to predict customers’ behavioral intentions (Sheppard et al., 1988). This theory proposed by (Fishbein, Martin, and Icek Ajzen, 1975) represents how customers’ intentions to engage in a specific action are

influenced by several factors. This theory has frequently been used in marketing studies (Fawzy and Salam, 2015) (Sheppard, 1988). In this study, the theory of reasoned action was used to support the proposed model in the prediction of customers' purchase intention.

Chapter 3

CASE STUDY

3.1 TRNC Cosmetic Market

Northern Cyprus is The Turkish Republic of Northern Cyprus (TRNC, Kuzey Kıbrıs Türk Cumhuriyeti), a self-declared republic since 1983. Most products (and cosmetic staff) come from Turkey to Northern Cyprus. Tourism is the main source of income. Because of the numerous universities, many foreign students come to Northern Cyprus to study, which is also a major contribution to the country's economy. Northern Cyprus cosmetic products are imported from Turkey. The two popular brands are Avon and Flormar.

3.2 History of AVON

David McConnel, young and enterprising bookseller, used to give samples of perfume as gifts to women who bought his books; he found that perfumes attract more customers than books. In 1886, he founded Avon in New York. He recruited women in his company because he noticed that female consumers were isolated in their homes after their husbands went to work. The Avon vision is to be the company that best understands and meets the product and service needs of women around the world. The company's five key values are trust, respect, belief, humility, and integrity. Avon today is the world's largest direct selling cosmetic organization. It is the sixth-largest beauty company among the large companies around the world. The slogan is "The Company For Women," a company in which women work for women. Avon has the largest number of female workers of all companies worldwide.

3.3 Avon's Product Classification

3.3.1 Color Cosmetics

Avon color cosmetics are high quality and use advanced technology. Scientists from around the world work to bring regional and global perspectives together when creating their cosmetic products like foundations, powders and nail, eye, and lip products. And when product is ready (lipstick), (four lipsticks) product are sold quickly. Avon steadily put together beauty and scientific innovation to develop products with high efficiency and higher performance and help women look and feel their best.

3.3.2 Skincare

Avon alt

ered the world of skincare with the presentation of it's a New brand. Consistently first to market with skincare innovations, AVON was pioneer in NEW commutable, anti-aging technology, which helps women look younger. AVON produced the first mass skincare products that have alpha hydroxy acid anti-aging technology.

3.3.3 Fragrance

Avon is the leading in manufacturer of global perfume and is able to bring consumers worldwide prestigious celebrity scents. Many of Avon's fragrances for men and women are personal care products like body lotions and men's grooming products.

3.3.4 Fashion &Home

Avon Fashion & Home contains trend-right, must-have pieces. They are also the best way for a woman to reward herself and bring moments of beauty and joy to her friends and family. The category includes jewelry, watches, accessories, clothing, intimate apparel, houseware, and men's and children's wear.

3.3.5 Personal Care

Avon's Skin-So-Soft is a favorite brand, which has fully developed since it was first introduced 50 years ago. Skin-So-Soft comes in various body lotions, washes, scrubs, and shower gels, even holiday hand creams. Also included in the personal care category is Avon Naturals, a popular line of value-priced bath and body-care products. Naturals presents an array of gentle, moisturizing cleansers, lotions, body sprays, and shampoos that make a light bath experience and are available in a number of refreshing scents such as Guava, Cucumber Melon, and Pomegranate & Mango. Avon is the best seller of bubble bath and one of the world's main foot care brands with its Foot Works line.

3.3.6 Hair Care

Avon's hair care products take the salon experience home at a reasonable price. Shampoos, conditioners, and styling products are high quality because of the company's advanced techniques. The products were produced to appeal to a wide customer base and meet the needs of women of different ages, hair types, and ethnicities. Avon recently introduced game-changing technology in the hair-care sector with the presentation of *Advance Techniques Frizz Control Lotus Shield*, as a substitute for pricey salon smoothing treatments (Avon company, 2015).

3.4 AVON in Northern Cyprus

Avon cosmetic products were brought to Northern Cyprus by Basman Group in 1985. Avon has gained a vision in Northern Cyprus over the last 25 years by providing the best service to the people on the island. Since 1999, Pinar Basman has



Figure 1. Statistics of cosmetic industry - Source: Perry "A cosmetic industry overview for cosmetic chemists"

been the director of Basman Group-Avon Cosmetics and since 2010 the company has had more than 1,000 sales representatives in Cyprus. Avon gives women not only beauty, but also self-confidence, health, and financial freedom. Avon is growing more and more every day, and in 2002, Basman Group-Avon Cosmetics established an organization to fight against breast cancer and other diseases common among women and provide financial aid. Customer satisfaction is a priority for Avon's cosmetic products. All complaints are followed in line with company procedures. The distribution center of Avon is in Lefkosa.

3.5 Flormar in North Cyprus

Flormar was established in the 1950s in Milan, Italy. Flormar transferred all of its products to Turkey in 1972. Flormar first entered the market with a nail polish product. Flormar has become the market leader in nail polish. Undoubtedly this is the most popular nail polish in Turkey. With its success as a nail polish company, it went a step forward and began to produce other cosmetic products like blush, foundation, eye shadow, mascara, and lipstick, offering high quality and low prices to its consumers. Flormar company produced their Products by Kosan Kozmetik San. Tic. A.Ş in Gebze Turkey. The high level of consumer satisfaction and market leadership

of the company in the domestic market led it to the global market. Flormar currently plays an important role in the cosmetics sector. Flormar has taken a large share of the international cosmetics market. Cemil Fahrioğlu, director of Fahrioğlu Ticaret Ltd, is a sales representative of Flormar in Northern Cyprus. Flormar has opened three stores in Lefkosa, Gazimağusa, and Girne, and the number of customers is increasing day by day (Flormar, 2015).

3.6 Survey in the case of North Cyprus

The survey was designed to determine the effect of brand image and purchase intention on cosmetic products (Avon) in North Cyprus. Within this survey, the factors of brand image affecting customers were examined.

Chapter 4

METHODOLOGY

4.1 Measurement

To examine the hypothesized model, based on objective of the study, a quantitative method was used. In a quantitative approach, hypotheses developed based on current knowledge and theory was tested through inferential statistical analysis. The relevant hypotheses used in thesis were based on the papers of Rizwan et al. (2014), Nguyen Thanh Huong (2012). A large sample of data was collected in quantitative approach to generalize the findings of the study. However, several procedural and statistical methods are typically used to check the reliability and validity of measures (Podsakoff, Philip M., et al, 2003).

In this study, a quantitative approach was applied to test the proposed model regarding the marketing of cosmetic products. Variables of the study were measured by several items (questions). The scale items of this study are adapted from (Gilani and Khan, 2013) and (Khraim, 2011).

A 5-point Likert scale was used to measure scale items, which ranged from 1 (strongly disagree) to 5 (strongly agree). In the first section of the questionnaire, study variables, namely, price, promotion, service quality, store environment, brand name, product quality, design, brand image, and purchase intention were presented

and in the second section, demographic information was provided. A sample of the questionnaire is attached as Appendix B.

4.2 Model and Hypotheses

Based on an extensive review of the relevant literature and attribute theory, the following model was developed.

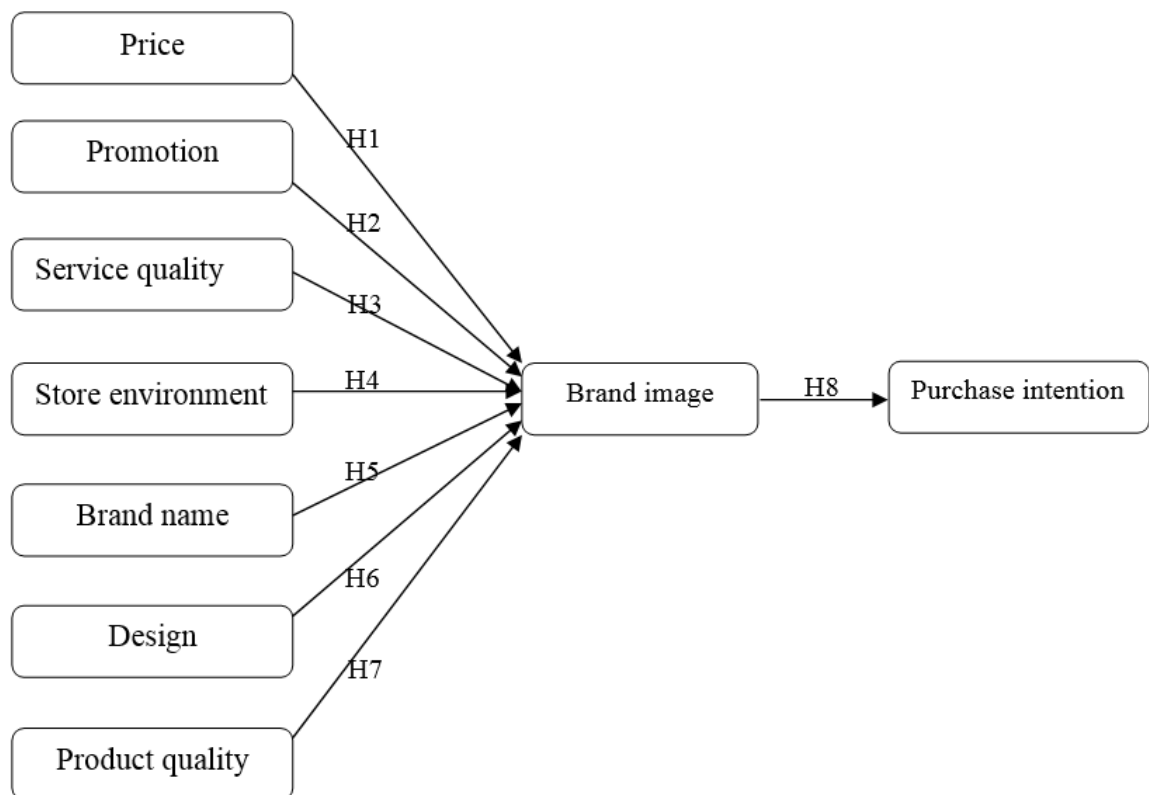


Figure 2. Conceptual model and proposed research question
Source: (Raheem, Ahmed Rizwan, et al, 2014), (Thanh, Nguyen Huu, et al, 2012)

As shown in Figure 1, eight hypotheses are proposed and listed below; however, the proposed hypotheses are used in the form of a regression model and one main research question such as: Is there a relationship between Purchase intention and brand images as well as the other relative important factors. Following faithfully Rizwan et al. (2014), Nguyen Thanh Huong (2012), hypotheses used in thesis are constructed as follows:

- H1: Price is significantly and positively related to brand image
- H2: Promotion is significantly and positively related to brand image
- H3: Service quality is significantly and positively related to brand image
- H4: Store environment is significantly and positively related to brand image
- H5: Brand name is significantly and positively related to brand image
- H6: Design is significantly and positively related to brand image
- H7: Product quality is significantly and positively related to brand image
- H8: Brand image is significantly and positively related to purchase intention

4.3 Data and Procedure

A convenience sampling technique was used to collect data from people attending Eastern Mediterranean University. A pilot study, with 10 samples, was conducted before the core survey to check the ambiguity and understandability of questionnaire items. The results of pilot study show that there was no need to change the questions on the questionnaire. More than 175 students were asked to participate in the survey, and 157 students completed the questionnaire. After screening the questionnaire, 150 valid and completed cases have been used for data analyses. The response rate is 85%.

The demographic information of the participants is outlined in Table 1. More than 66% of the respondents are between 18 to 27 years old. Twenty-two percent of participants are 28–37 years old, 8.7% are 38–47 years old, and 2.7% are 48–57 years old. The majority of the respondents (78%) are women and 22% are men. Sixty percent of respondents reported that their income is about \$1000 per month, while 21% earn \$1001–3000 per month (Table 1). The income level of about 19% of the participants is more than \$3001 per month. The majority of the respondents (71%) have a university degree and approximately 19% are at a postgraduate level. Six

percent graduated from a 2-year technical school and the educational level of about 4% of respondents is secondary and primary school.

Table 1. Profile of respondents

Variable	N	%	Variable	N	%
<i>Age</i>			<i>Gender</i>		
18-27 years	100	66.7	Female	117	78.0
28-37 years	33	22.0	Male	33	22.0
38-47 years	13	8.7	Total	150	100.0
48-57 years	4	2.7			
Total	150	100.0	<i>Education</i>		
			Primary School	0	0
			Secondary/high School	5	3.4
			2-year technical school	9	6.0
			University	107	71.3
			Postgraduate	29	19.3
			Total	150	100.0
<i>Income level(per month)</i>					
\$1000	90	60.0			
\$1001-\$3000	32	21.3			
Over \$3001	28	18.7			
Total	150	100.0			

Note: N is frequency

4.4 Data Analysis

Prior to the model testing, Cronbach's alpha was tested to check the reliability of the variables. Means, standard deviations, and correlation analyses were also calculated using SPSS 20.0. In the following chapter, these analyses are performed and discussed. ANOVA tests were performed to compare the means of purchase intention based on customers' age. To compare the means of purchase intention of male and female customers, an independent t-test was conducted whereas the eight hypotheses employed within this thesis are tested by Path analysis and regression analysis.

Chapter 5

RESULTS

5.1 Results of Preliminary Tests

5.1.1 Reliability test

Cronbach's alpha was calculated for each variable to check the reliability of the measures. According to the results, all study variables have an adequate level of reliability and alpha coefficients are greater than .7 (Cortina, 1993) , (Nunnally, 1978). Although the alpha for brand image is .695, which is very close to .7, it cannot be considered as a serious threat to the reliability of the study variable (Table 2). Results of the correlation tests show that all study variables have significant and positive correlations (Table 2).

Table 2. Results of means, standard deviations, correlations and alpha Cronbach

Variable	1	2	3	4	5	6	7	8	9
1.Price	(.710)								
2.Promotion	.423**	(.779)							
3. Service quality	.448**	.513**	(.871)						
4. Store env.	.470**	.569**	.579**	(.704)					
5. Brand name	.510**	.575**	.521**	.541**	(.701)				
6. Design	.469**	.568**	.527**	.559**	.568**	(.772)			
7. Product quality	.608**	.646**	.588**	.582**	.607**	.727**	(.758)		
8. Brand image	.589**	.543**	.549**	.545**	.620**	.717**	.731**	(.695)	
9.Purchase intention	.439**	.472**	.611**	.498**	.540**	.609**	.644**	.612**	(.731)
Mean	3.382	3.782	3.843	3.658	3.767	3.872	3.727	3.689	3.780
Std. Deviation	0.773	0.897	0.937	0.706	0.759	0.766	0.736	0.795	0.869

***Correlation is significant at the 0.01 level (2-tailed). Cronbach alpha for reliability check is presented within the parenthesis (Nunnally,1978)

Price has a significant and positive correlation with brand image ($r=.589, p<.001$). The correlation between promotion and brand image is also significant and positive ($r=.543, p<.001$). Service quality and brand image have a significant and positive correlation ($r=.549, p<.001$). Similarly, store environment has a significant and positive correlation with brand image ($r=.545, p<.001$). Brand name and design have a significant and positive correlation with brand image ($r=.620; r=.717, p<.001$). The correlation coefficient between product quality and brand image is significant and positive ($r=.731, p<.001$). Brand image and intention purchase also have a significant and positive correlation ($r=.612, p<.001$).

5.2 Results of Hypothesis Testing

According to the path analysis results, all indicators of brand loyalty (except promotion, service quality, and store environment) are significantly and positively related to brand image (Figure 2). Price has a significant and positive effect on the brand image of cosmetics ($\beta=.221, p<.001$). Thus, price plays a significant role in formulating the image of a cosmetic brand from the customers' perspective. Therefore, **Hypothesis 1** is supported.

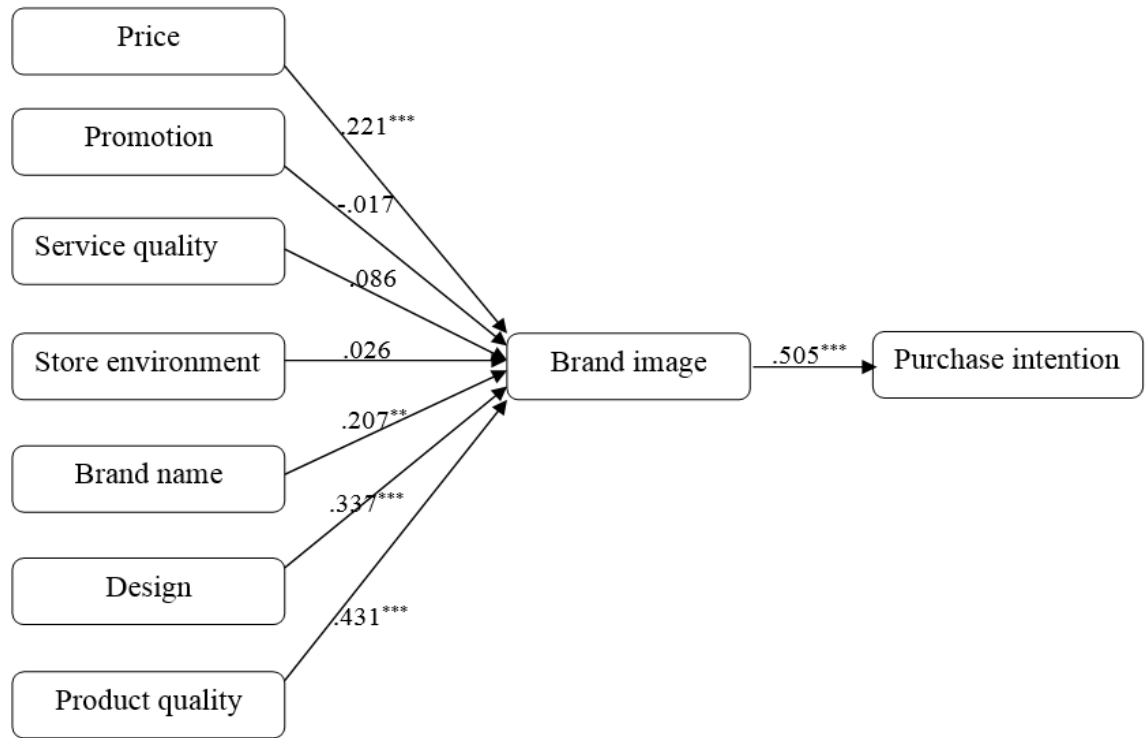


Figure 3. Results of hypothesis test

The results of the regression analysis revealed that promotion, service quality, and store environment have no significant relationship with the brand image of cosmetics (Figure 3). Then, **Hypotheses 2, 3, and 4** are not supported. In contrast, brand name and brand image have a significant relationship ($\beta=.207$, $p<.001$). That is, the reputation and the name of a cosmetic brand improve the image of that brand. Thus, **Hypothesis 5** is supported.

As demonstrated in Figure 3, product design and product quality function as two main indicators of brand loyalty that significantly and positively affect the brand image of cosmetics. Design boosts the image of a cosmetic brand ($\beta=.337$, $p<.0001$). Therefore, **Hypothesis 6** is supported. Product quality is significantly and positively related to brand image ($\beta=.431$, $p<.0001$). Thus, the quality of a cosmetic product enhances the image of that brand effectively. **Hypothesis 7** is therefore supported.

According to the results of statistical analysis, four out of seven indicators of brand loyalty are significantly and positively related to the image of a cosmetic brand (Figure 2).

Brand image is significantly and positively related to customers' intention to purchase cosmetic products ($\beta=.505$, $p<.0001$). Thus, brand image increases the purchase intention of customers. Thus, **Hypothesis 8** is supported. According to the results of this empirical study, five hypotheses are supported, as summarized in Table 3.

Table 3. Summary of model testing

Hypothesis	β	Status
H1: Price is significantly and positively related to brand image	.221**	Supported
H2: Promotion is significantly and positively related to brand image	-.017	Not supported
H3: Service quality is significantly and positively related to brand image	.086	Not supported
H4: Store environment is significantly and positively related to brand image	.026	Not supported
H5: Brand name is significantly and positively related to brand image	.207**	Supported
H6: Design is significantly and positively related to brand image	.337**	Supported
H7: Product quality is significantly and positively related to brand image	.431**	Supported
H8: Brand image is significantly and positively related to purchase intention	.505***	Supported

Note: **: $p<.001$; ***: $p<.0001$; β is standardized regression coefficient.

Regression analysis is used to confirm the results obtained from the path analysis. The results in Table 4 confirm that brand image has a positive impact on purchase intention. Table 5 shows that product quality, design, brand name, and price have a significant impact on brand image in a regression model, which closely supports the results illustrated in Table 3.

Table 4. Results of regression test for checking the effect of brand image on purchase intention

Variable	Regression Coefficients	(t)	Sig. level
Brand Image	0.669	9.414	.000
R ²	.61		

Note: Dependent Variable is Purchase Intention.

Table 5. Coefficients of product quality, design, brand name, store environment, service quality, promotion, and price on brand image

Independent Variable	Regression Coefficients	(t)	Sig. level
Perceived quality	.275	2.904	.004
Design	.338	4.317	.000
Brand name	.164	2.267	.025
Store environment	.022	.288	.774
Service quality	.055	.977	.330
Promotion	-.011	-.180	.857
Price	.172	2.600	.010
R ²	.81		

Anova is usually used for variables that are divided into more than two groups. For the first stage of the research questionnaire administration, participants are divided into five groups based on their ages. Table 6 shows the results of one-way Anova analysis based on these five groups. There are five meaningful relationships among the age variables and customers' behavior. Based on this information, customers

in different age groups have significantly different opinions about the following items: “I would buy this product/brand rather than any other brands available” (F=3.51, 1%), “I intend to purchase this product/brand in the future” (F=5.91, 1%), “This product/brand has a rich history”(F=4.27, 1%), “The brand last longer than other brands” (F= 3.84, 5%).

Furthermore, different groups of participants, based on their age, have different opinion about the following: “The brand has good functional quality” (F=2.71, 5%). Table 6 shows that customers between 48 and 57 years old are more sensitive on “Increases of price not hamper me to purchase” (Mean= 4.38). Customers who are older than 38 are more sensitive on” The brand has sufficient outlets” (Mean=4.61).

Table 6. ANOVA (Analysis of Variance)

	Age	N	Mean	F-test/sig.level
q1	1.00 (18-27)	100	3.44	
	2.00 (28-37)	33	3.9697	
	3.00 (38-47)	13	4.2308	3.510 .017
	4.00 (48-57)	4	3.75	
	Total	150	3.6333	
q2	1	100	3.76	
	2	33	4	
	3	13	4.0769	.981 .404
	4	4	4.25	
	Total	150	3.8533	
q3	1	100	3.61	
	2	33	4.3939	
	3	13	4.4615	5.910 .001
	4	4	3.5	
	Total	150	3.8533	
q4	1	100	3.7	
	2	33	4.1212	
	3	13	3.9231	1.742 .161
	4	4	3.5	
	Total	150	3.8067	
q5	1	100	3.38	
	2	33	3.9091	
	3	13	4.3077	4.276 .006
	4	4	3.75	
	Total	150	3.5867	
q6	1	100	3.61	
	2	33	3.7576	
	3	13	4	.809 .491
	4	4	3.5	
	Total	150	3.6733	
q7	1	100	3.63	
	2	33	3.7879	
	3	13	4.4615	3.844 .011
	4	4	4.25	

	Total	150	3.7533	
	1	100	3.3	
	2	33	3.9091	
q8	3	13	4.0769	6.339 .000
	4	4	2.75	
	Total	150	3.4867	
	1	100	3.74	
	2	33	3.6667	
q9	3	13	4.2308	1.131 .339
	4	4	4	
	Total	150	3.7733	
	1	100	3.75	
	2	33	4.0909	
q10	3	13	4.4615	2.700 .048
	4	4	4	
	Total	150	3.8933	
	1	100	3.67	
	2	33	4	
q11	3	13	4.3077	2.303 .079
	4	4	3.5	
	Total	150	3.7933	
	1	100	3.71	
	2	33	4.3636	
q12	3	13	4.0769	3.779 .012
	4	4	3.75	
	Total	150	3.8867	
	1	100	3.66	
	2	33	4.1515	
q13	3	13	4.4615	5.027 .002
	4	4	4	
	Total	150	3.8467	
	1	100	3.88	
	2	33	4.1212	
q14	3	13	4.2308	.803 .494
	4	4	3.75	
	Total	150	3.96	
	1	100	3.74	
	2	33	3.7576	
q15	3	13	4.0769	1.043 .375
	4	4	4.5	
	Total	150	3.7933	
	1	100	3.83	
	2	33	4.0303	
q16	3	13	4.5385	2.196 .091
	4	4	4	
	Total	150	3.94	
	1	100	3.48	
	2	33	3.7273	
q17	3	13	4.2308	2.590 .055
	4	4	4	
	Total	150	3.6133	
	1	100	3.59	
	2	33	4.0303	
q18	3	13	4	1.493 .219
	4	4	3.5	
	Total	150	3.72	
	1	100	3.51	
	2	33	3.8485	
q19	3	13	4.0769	2.563 .057
	4	4	4	
	Total	150	3.6467	
	1	100	3.41	
	2	33	3.9394	
q20	3	13	4.6154	8.117 .000
	4	4	3.75	
	Total	150	3.64	
q21	1	100	3.62	

	2	33	3.9091	
	3	13	4.3846	3.252 .024
	4	4	3.75	
	Total	150	3.7533	
q22	1	100	3.5	
	2	33	3.7273	
	3	13	3.9231	.866 .460
	4	4	3.75	
	Total	150	3.5933	
q23	1	100	3.62	
	2	33	3.7273	
	3	13	4.1538	.866 .460
	4	4	3.5	
	Total	150	3.6867	
q24	1	100	3.86	
	2	33	4.2727	
	3	13	4.3077	1.859 .139
	4	4	3.5	
	Total	150	3.98	
q25	1	100	3.75	
	2	33	3.9697	
	3	13	4.3846	1.765 .156
	4	4	4.25	
	Total	150	3.8667	
q26	1	100	3.74	
	2	33	3.9091	
	3	13	4.4615	1.626 .186
	4	4	3.75	
	Total	150	3.84	
q27	1	100	3.63	
	2	33	3.9091	
	3	13	4.2308	1.774 .155
	4	4	3.25	
	Total	150	3.7333	
q28	1	100	3.8	
	2	33	4	
	3	13	3.9231	.547 .651
	4	4	4.25	
	Total	150	3.8667	
q29	1	100	3.64	
	2	33	3.9697	
	3	13	4.0769	1.150 .331
	4	4	3.5	
	Total	150	3.7467	
q30	1	100	2.98	
	2	33	3.4545	
	3	13	4.3846	7.719 .000
	4	4	3.75	
	Total	150	3.2267	
q31	1	100	3.39	
	2	33	3.6061	
	3	13	4.3077	3.844 .011
	4	4	3.75	
	Total	150	3.5267	
q32	1	100	3.3	
	2	33	3.697	
	3	13	4.3846	5.625 .001
	4	4	3.75	
	Total	150	3.4933	
q33	1	100	3.19	
	2	33	3.3333	
	3	13	3.9231	1.827 .145
	4	4	3	
	Total	150	3.28	

Finally, to ensure that the variables used in this study provide the necessary loading factors, I use exploratory factor analysis, which is a statistical technique applied to reduce the data into a smaller group of summary variables and to explore the underlining theoretical structure of the phenomena. Table 7 demonstrates the loading factors of each survey question. The table showed necessary loading factors based on the cut-off point of 0.4 (Stevens, 1992); thus, I did not drop any question from the analyses conducted in this study.

Table 7. Exploratory factor analysis

Questions	Loading Factor
q1	0.57
q2	0.601
q3	0.553
q4	0.539
q5	0.539
q6	0.489
q7	0.598
q8	0.725
q9	0.478
q10	0.668
q11	0.631
q12	0.648
q13	0.697
q14	0.668
q15	0.627
q16	0.674
q17	0.586
q18	0.445
q19	0.511
q20	0.534
q21	0.584
q22	0.707
q23	0.70
q24	0.713
q25	0.781
q26	0.746
q27	0.721
q28	0.579
q29	0.673
q30	0.611
q31	0.723
q32	0.627
q33	0.778

Chapter 6

DISCUSSION AND CONCLUSION

6.1 Main Findings

The findings indicate that four out of seven indicators identified by Lau et al. (2006) have significant and positive impacts on brand image. From the perspective of the customer, brand image is significantly influenced by the price of cosmetic products. This is similar to the findings of (Taylor, V. A., & Bearden, W. O, 2002) and (Dodds, W. B., Monroe, K. B., & Grewal, D, 1991) that price plays a key role in formulating brand image. Promotion, service quality, and store environment did not have a significant impact on brand image. Brand name enhances the brand image of cosmetic products. The effect of brand name on brand image has been reported by (Phillips, B. J., McQuarrie, E. F., & Griffin, W. G., 2014) in identifying how to shape consumers' response.

The design of cosmetics improves brand image. (Schielke, 2015) found that design enhances the brand image of products. Similarly, product quality has a significant and positive impact on brand image. The link between product quality and brand image has been examined by (Severi, E., & Ling, K. C., 2013), confirming the results of this study.

The results of this thesis revealed that brand image is significantly and positively associated with customers' purchase intention. This means that customers prefer to

purchase cosmetic brands with a better image. (Wu, P. C., Yeh, G. Y. Y., & Hsiao, C. R, 2011) reported similar findings regarding the direct effect of brand image on customers' purchase intention.

6.2 Conclusion

In sum, price, brand name, design, and product quality appear to be the main indicators of brand image in the cosmetics industry. A reasonable price boosts the image of cosmetic products from customers' perspective. The brand name positively intensifies the brand image, and name of a cosmetic brand improves image of that brand. The design and appearance of cosmetic products are very important in shaping and enhancing the brand image. Naturally, the quality of a cosmetic product plays a key role in raising the image of the brand. The image of the cosmetic brand increases customers' purchase intention.

The results of this thesis confirm the precepts of the theory of reasoned action. Thus, the behavior/action of customers (purchase intention) is influenced by reasonable factors of brand image (e.g., price, design, product quality, and brand name).

6.2.1 Implications

This thesis provides practical implications for the marketing of cosmetics in Northern Cyprus. The main indicators of brand image that positively influence brand name have been introduced. To increase the brand image of cosmetic products, managers in this industry in Northern Cyprus should focus on the price, brand name, design, and quality of products.

It is important to determine factors of brand image because, as aforementioned, many indicators increases the brand image of cosmetics like product quality and design,

which affects the purchase intention of customers. Managers in the cosmetics industry can design their marketing strategy based on the findings of this study.

6.2.2 Limitations and suggestion for future studies

The fact that data were collected from a single location at one specific period of time is one of main limitations of this study. It is recommended as a pathway for further studies to obtain a sample from various locations at different periods of time. This thesis focused on indicators of brand image on purchase intention of customers in the cosmetics industry. The impact of indicators of brand image on customer satisfaction as well as the effects of customer satisfaction on purchase intention should be investigated further.

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APPENDIX

Appendix: Questionnaire

Dear Participant

I ask you to participate in our survey that is designed for the effect of brand image and Intention Purchase on Cosmetic Products (Avon) in North Cyprus. Within this survey, I want examine factors of brand image on the customers.

Please answer the questions correctly and as accurately as possible. The survey will take you at most 15 or 20 minutes. Questionnaire form, have a five-point Likert Scale ranging from 1 to 5, are conducted for overall evaluation. Your correct and full responses will help us to understand the topic abovementioned. No information about yourself is released.

I would like to thank you for your time spent.

I. STAGE Please answer the following questions by marking the best response.

- (1) Strongly disagree
- (2) Disagree
- (3) Undecided
- (4) Agree
- (5) Strongly agree

Purchase intention

1	I would buy this product/brand rather than any other brands available	1	2	3	4	5
2	I am willing to recommend others to buy this product/brand	1	2	3	4	5
3	I intend to purchase this product/brand in the future	1	2	3	4	5

Brand image

4	In comparison to other products/brand, this product/brand has high quality	1	2	3	4	5
5	This product/brand has a rich history	1	2	3	4	5
6	Customers (we) can reliably predict how this product/brand will perform	1	2	3	4	5

Product Quality

7	The brand last longer than other brands	1	2	3	4	5
8	The materials used by the brand are natural	1	2	3	4	5
9	The brand has sufficient color	1	2	3	4	5
10	The brand has good functional quality	1	2	3	4	5

Design

11	The brand provides wide variety of designs	1	2	3	4	5
12	Designs of the brand are suitable for me	1	2	3	4	5
13	Designs of the brand have distinctive features	1	2	3	4	5
14	Designs of the brand are trendy and fashionable	1	2	3	4	5

Brand name

15	The brand is reputable	1	2	3	4	5
16	Brand Name and Image attract me to purchase	1	2	3	4	5
17	Brand Name is selected regardless of price	1	2	3	4	5
18	Brand reflects my own personality	1	2	3	4	5

Store Environment

19	The brand has good store location	1	2	3	4	5
20	The brand has sufficient outlets	1	2	3	4	5
21	The interior display is attractive	1	2	3	4	5
22	Color and music inside the store are attractive	1	2	3	4	5

Service Quality

23	Salesperson of the store is well-trained	1	2	3	4	5
24	Salesperson of the stores willing to help	1	2	3	4	5
25	Salesperson of the store friendly and courteous	1	2	3	4	5
26	Salespersons of the stores have neat appearance	1	2	3	4	5

Promotion

27	Q1 Ads of the brand is attractive	1	2	3	4	5
28	Q2. Ads of the brand attract me to purchase	1	2	3	4	5
29	Q3. Window displays are attractive	1	2	3	4	5

Price

30	Increases of price not hamper me to purchase	1	2	3	4	5
31	The brand provides goods rate for money	1	2	3	4	5
32	The brand we use, charge fear prices.	1	2	3	4	5
33	Comparatively the brand we use charge low price	1	2	3	4	5

II. STAGE**Ages**

18-27 ()

28-37 ()

38-47 ()

48-57 ()

Education Level

Primary School ()

Secondary/high School ()

2 year technical school ()

University and over ()

Gender

Female () Male()

Job status

Full-time ()

Part-time ()

Unemployed ()

Work Experience

1 - 4 years ()

4 - 7 years ()

7 - 10 years ()

More than 10 years ()

How much is your disposable income after paying your bills?

Less than \$1000 per month () \$1001-\$2000 per month () \$2001-\$3000 per month () over \$3001 per month ()

Source: *Gillani, Yousuf and Khan (2013)*, Hamza Salim Khraim (2011)