

**THE RELATIONSHIP BETWEEN BRAND IMAGE,  
SATISFACTION AND LOYALTY INTENTION  
"AN EMPIRICAL STUDY ON COSMETIC SECTOR"**

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**NOVEMBER, 2017**

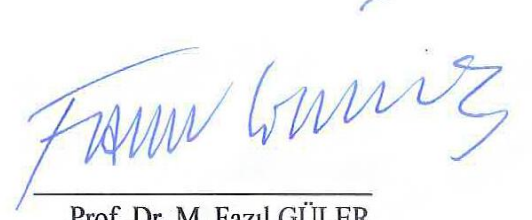
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SATISFACTION AND LOYALTY INTENTION  
"AN EMPIRICAL STUDY ON COSMETIC SECTOR"

BY  
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DISSERTATION SUBMITTED IN PARTIAL FULLFILLMENT  
OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS  
ADMINISTRATION IN MARKETING

YEDITEPE UNIVERSITY  
NOVEMBER, 2017

Approval of the Institute of Social Sciences



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I certify that this thesis satisfies all the requirements as a thesis for the degree of Master



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This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Business Administration.



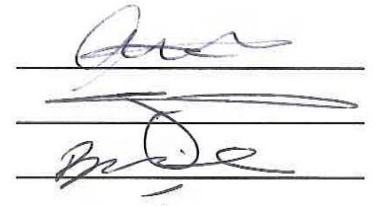
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**I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.**

20/11/2017

Mehtap US TERZİ



**ABSTRACT**

The aim of the study is to understand the impact of brand image on cosmetic consumers in Turkey. The study examines the effects of brand image, satisfaction and brand loyalty on consumers. Previous studies had covered multiple cosmetic brands. This study focuses on one cosmetic high quality brand (M.A.C) and contributes to the literature by examining Turkish people's preferences and buying behaviour in color cosmetics. The results of the survey carried out in Turkey with 150 responses imply that three brand image benefits, namely appearance enhancements, functional and experiential image benefits, significantly influence customers' loyalty intention for using M.A.C products. The other brand image benefits of symbolic and social benefits are found not to affect loyalty intention significantly. Three image benefits which are "appearance enhancement, functional and experiential benefits" have a positive and significant impact, whereas "social benefit" has a negative impact on customer satisfaction. The findings indicate that there is a positive relation between satisfaction and loyalty. The research outcomes also lead to the conclusion that appearance enhances image benefit affect loyalty directly and indirectly through overall customer satisfaction. Overall satisfaction has been found as the partial mediating factor between functional image benefits and loyalty. The outcomes of the study indicate that marketers have to concentrate on image benefits mentioned above to gain satisfied and loyal customers.

**Key Words:** *Brand Image, Overall Satisfaction, Brand Loyalty, Cosmetics.*

## ÖZET

Çalışmanın amacı; marka imajının, Türkiye'deki kozmetik tüketicileri üzerine etkisini anlamaktır. Çalışma, marka imajı, müşteri memnuniyeti ve marka sadakatinin tüketiciler üzerindeki etkilerini inceler. Literatürdeki çalışmalar tüm kozmetik markalarını kapsamaktadır. Bu çalışma ise, yüksek kaliteli bir marka olan M.A.C kozmetik üzerine yapılmıştır ve kozmetikte Türk halkının tercih ve satın alma davranışları incelenerek literatüre katkı sağlar. Türkiye'de 150 kişiye uygulanmış olan anketin sonuçları, dış görünümü iyileştirme, fonksiyonel olma ve deneyim kaynaklı olarak üç marka imajı faydasının, M.A.C ürünleri kullananlarda müşteri sadakatini anlamlı şekilde etkilediğini ortaya çıkarmıştır. Diğer marka imajı faydalarından sembolik ve sosyal olanların ise müşteri sadakatine etkisi önemli görülmemiştir. Üç marka imajı faydasının , "deneyimsel, fonksiyonel ve görünüm iyileştirici faydaların" müşteri memnuniyeti üzerine pozitif ve anlamlı etkisi varken "sosyal" faydanın negatif etkisi vardır. Sonuçlar, genel müşteri memnuniyeti ve sadakat yönelimi arasında anlamlı bir ilişki olduğunu gösterir. Aynı şekilde araştırma sonuçları, "görünüm iyileştirme" ve imaj etkisinin marka sadakatine direkt, genel müşteri memnuniyeti üzerinden indirekt etki gösterdiği sonucuna ulaşmıştır. Genel müşteri memnuniyeti; fonksiyonel marka imajı faydası ve sadakat eğilimi arasında kısmi bir etki gösterir. Çalışmanın sonuçları, pazarlamacıların memnun ve sadakatli müşteriler kazanmak adına yukarıda bahsi geçen marka imajı faydaları üzerine konsantre olmaları gerekliliğini ortaya koyar.

Anahtar Kelimeler : *Marka İmajı, Genel Müşteri Memnuniyeti, Marka Sadakati, Kozmetik*

To my daughter Melissa.

## **ACKNOWLEDGEMENTS**

I would like to thank my supervisor Assist. Prof. Dr. Aslı Kuşçu for her support and guidance during the process of writing my study.

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## 1. INTRODUCTION

A brand includes a name, phrase, logo, emblems that symbolize some benefits a company can offer to customers through a product / service bring with culture, features, and value (Kotler, 1997). According to Keller (2008), a brand makes it possible for customers to recognize a company's products/services and can segregate them from other companies or in other words competitors. Companies offer more and more products on the market. Product diversification in the market confuses consumers' minds in the course of decision making for a specific product. According to circumstances, brands can be perceived as emblems or logos to position the product in people's mind (Erdem & Swait, 2004; Wernerfelt, 1988).

In the last decades, marketers introduced new sales tactics to sell their products and attract consumers by practices whereas they used to operate by selling and advertising in the past (Joy & Sherry, 2003). This new approach caused a huge product diversity from which customers could prefer one product over another and could be more involved in the decision-making process while purchasing various products (Ekstrom, 2010). Reimann et al. (2010) claimed that consumers' satisfaction for their realized wants and needs leads to consideration of requirement which has an effect on consumers' minds throughout their buying process.

The brand awareness (when and whether customers have knowledge about the brand) and the belief about the brand image (what are the connections customers have about the brand) are the key elements of brand knowledge (Keller, 1993). These are

the crucial indicators linked to customers' perception of the brand and moreover to the understanding of the purchasing process.

Marketers give priority to brand image management in order to compete with other brands. Linking up with a plainly described brand image allows customers to indicate the needs and wants contented by the brand (Park, Jaworski, & Mac Innis, 1986) and distinguish the brand from its rivals (Di Mingo, 1988; Reynolds and Gutman, 1984). This has been specified by marketers (Ogilvy, 1963) and analysts (Gardner & Levy, 1955) for success of goods delivered. Actually, brand equity covers some elements and fundamental one is "image". It is stated that "brand value" in customer's perception. (Keller 1993).

Oliver (1997) described satisfaction as "the customer's feedback for their contentment". According to Oliver (1997) customer satisfaction can be about not only the characteristics of goods or services, but also the tangible and intangible attributes of goods or services. Customers' usage of goods or services generally leads to under- or over-fulfillment of needs.

The marketer's decision of brand extension is directly related to customer loyalty. In case of high customer loyalty for a brand with a well-developed image, it is easier to make an investment on brand extension instead of launching a new product. The risk would be minimum using existing familiar name for all of the product range (Rundle-Thiele & Mackay, 2001).

In addition to the studies described above, more recent studies express the value of confidence and dedication in creating long-term consumer-brand association (Hess & Story, 2005; Wakefield, Stocks & Wilder, 2004). The following research studies point out that a trustable brand can create great value for customers by decreasing the unpredictability and complications of transactions, on the other hand, makes them confident for the substantial utility of a brand in the short-term (Lin & Lee, 2012). As it is illustrated in the model, brand loyalty is the last link of the chain which may transform consumer-brand interactions into value of a company as intangible assets (Lin & Lee, 2012). One possible explanation for brand loyalty is to influence clients' preferences cognitively and emotionally, make them committed to a brand consistently, and encourage them to repurchase.

The review of literature found that the primary targets of creating and boosting brand communities, fans and advocates is to generate brand loyalty (McAlexander & Schouten, 1998; McAlexander, Schouten, John & Koenig, 2002; Muniz & O'Guinn, 2001; Schau, Muniz & Arnould, 2009; Zhou, Zhang, Su & Zhou, 2011).

Brand's not only a name representing the product in the marketing mix; it is also connected with the whole business, marketing activities and advertising. Companies conduct strategies, give messages and create a long-lasting impression to markets and customers through brand names. Marketers should consider how to exploit the brand by searching the literature review on brand-related studies and analyzing findings of the researchers.

### **1.1. The Purpose of the Study**

This is an empirical study to search the relation among image, satisfaction and loyalty within Turkey's cosmetics market. The results of this study may guide many marketers to carry the brand to a higher level in the competitive market so it may reflect the position of the brand in the market.

### **1.2. The Importance of the Study**

Theoretically, the importance of the study is that previous studies had covered all cosmetic brands and this might have an impact on the results. The study focuses on one high quality cosmetic brand called M.A.C and contributes to the literature by examining Turkish people's preferences and buying behavior in cosmetics.

Although Turkey's share in the cosmetics market is only 3.9 billion US dollars and is 5% of the global cosmetics market, it grew by an estimated 12 percent compared to the global cosmetics market which was 4% in 2014.

Female customers in Turkey mostly prefer high quality brands and the brand's image is important for buying preferences. Customers' brand image has an effect on loyalty intention and satisfaction from buying cosmetic products.

It will be started with a survey to compile a large amount of data which will be analyzed with various research techniques.

### 1.3. Scope of the Study

In this master thesis, in the introduction some of the marketing concepts including brand, branding, brand awareness, brand image, satisfaction and loyalty have been interpreted in the context of marketing. It has been given some suggestions to the marketers to gain customer loyalty by branding strategies.

In the second section of the study which is called Theoretical Framework; based on the model Brand Image, Satisfaction, Loyalty and the association between each other have been defined with reference to the literature.

In section three, sample has been described methodologically, the model has been illustrated and the hypotheses based on the model have been developed and discussed. In addition, it has been answered that which data collection method will be used to measure for each of the variables and who developed the scales. In the findings section, proposed hypotheses have been tested by different types of analyzing methods. The results of the study have been shown on the tables.

Finally, the result of the research has been discussed and made comparison with the other researchers' studies. It has been outlined the limits plus made recommendations to the academicians for their further studies. It has been concluded by outlining the image benefits which effect upon satisfaction and loyalty. Based on theory and the results of the research, it has been suggested to the marketers that focusing on brand image is crucial for customer satisfaction and loyalty intention

## 2. THEORETICAL FRAMEWORK

Examining theory and review of literature, variables have been defined in this section and found relationships between Brand Image, Satisfaction & Loyalty Intention to draw a research model than to develop hypotheses.

### 2.1. Definition of Brand Image

Hsieh, Pan and Setiono (2004) assert that image of brand is an essential factor for consumers in spotting the characteristics of the brand which are relevant in meeting their needs and comparing the brand with its competitors. If the brand image is successful, this is possible and the tendency of consumers to finalize the purchase is thus higher. The concept of “benefit segmentation” is described as a research tool and researches argue that the benefits consumers desire to achieve from a product or service determine which product and service they choose to purchase (Haley, 1968; Gutman, 1982; Reynolds & Gutman, 1984). Park, Jaworski and MacInnis (1986) declared that if a company, or the products or services offers a consistently successful brand image, then the company is sure to enjoy a higher market share and better performance due to higher competitive advantage vis-a-vis its competitors. Likewise, many research have validated that if the image of a brand or store or retail is positive, it will directly result in four desirable outcomes. Firstly, it will create customer loyalty (Koo, 2003; Kandampully & Suhartanto, 2000; Nguyen & LeBlanc, 1998). Secondly it will ensure brand equity (Faircloth, Capella & Alford, 2001; Biel, 1992; Aaker, 1991; Keller, 1993). Thirdly, it will result in the finalization of the

purchase (Hsieh et al., 2004). Finally, it will positively affect the performance of the brand (Roth, 1995).

Keller (1993) described image such a group of impression on a specific brand created connotations in user's mind while Kotler (2001) declared image a group of notions, feelings & thoughts, and perception which is held by someone concerning a good. Similarly, Aaker (1991) made a definition that is brand image as a group of connections arranged in somehow logically whereas Biel's (1992) definition was a group of features and connections which consumers relate to the brand name.

Previously, Reynolds (1965) had provided a more comprehensive description than his colleagues and stated that by choosing, detailing, enhancing and ranking some of the plentiful impressions some product/service leaves on consumer, then it is formed as cognitive image.

According to Bennett and Rundle-Thiele (2005), Aaker (1991) and Barich and Kotler (1991), building a strong image of brand in their eyes of consumers is very important for companies. According to Reynolds and Gutman (1984), Faircloth et al. (2001) the conceptualization & operationalization of image is occurred in several ways. Some academicians measured it in terms of features (Koo, 2003; Kandampully & Suhartanto, 2000) and benefits / values offered by the brand (Hsieh et al., 2004; Roth, 1995; Bhat & Reddy, 1998). Beatty et al. (1996) investigated client relationships with sales assistants at a department store mainly visited by high-income individuals. The researchers concluded that the benefits which clients reported about their interactions with sales assistants could be categorized as either functional or social benefits. Faircloth et al.(2001) utilized Malhotra's (1981) brand image scale. In

order to determine the strong and weak points of the brand and to understand customers' perceptions, many marketers choose to measure image using the above definition.

Researches conducted some studies on the effects of brand image in the hotel and tourism industry. Jamal and Goode (2001) stated that it is crucial that sizable budgets spent on creating and maintaining hotel brand images should be in line with customer expectations and this can be accomplished by researching brand images from different perspectives. This is especially important as it is less costly to keep existing customers by creating customer loyalty rather than looking for new customers. Kandampully and Hu (2007) argued that monitoring their brand image helps hotel managers to know more about their customers and to understand factors leading to gain satisfied and loyal customer base. Park et al. (1986) pointed out measuring brand image itself is really important for determining a hotel's market position. Therefore, as indicated by Keller (1993) and Palacio et al. (2002), image is a vital construct which is discussed in review of literature on marketing.

Day by day companies which are involved in service marketing have been emphasizing 3P's stands for "physical layout, process and people" in addition to the conventional 4 P's also represents "product, place, price and promotion" (Kotler et al., 1999). That is why brand image has started to occupy a much more important share in marketing strategies of many companies as an important organizational asset (Kotler, 2001). Keller (1993) conceptualizes brand image by associating it with reflections in consumers' memory. He refers to "brand attributes, brand benefits, and overall brand attitudes" in explaining "brand association".

Brand attributes are the brand characteristics that the consumer perceives and that leads him to buy or consume the product or service. These are directly associated with product functions or service itself, meanwhile indirectly related like price, packaging and information and visuals on the package. Zeithaml and Bitner (1996) drew attention to another significant characteristic of image, its ability to affect customer perceptions, which determines customer decision to buy the goods and services offered by a company.

Normann (2000) indicated that different activities and attributes such as advertising, public relation, word-of-mouth and physical image are important in forming the brand image which together with customers' actual experiences has an important impact on customers' decision to buy the goods or services offered by a company.

Brand benefits are more subjective and may change from customer to customer. These are utility derived from the brand and the value given to the brand by the consumer. Benefits are categorized as "functional, experiential and symbolic benefits, which was originally derived from the work of Park et al. (1986). First of all, benefits of functionality are mostly product or service related. The second type or experiential benefits are again product or service related, but this time correspond to the experience or feelings associated with using a particular product or service. The last type or symbolic benefits are non product or service related in nature and mainly answer the customer's indirect and sometimes seemingly irrelevant social and esteem needs for using the product or service, instead of his direct needs for functionality.

As pointed out by a more recent study by Park (2009), the functional perspective discusses meeting utilitarian needs; the symbolic perspective addresses the importance of identification; the experiential perspective refers to cognitive stimulation. Further definitions of brand image were given by Levy and Glick (1973) and Martineau (1958) which enabled its usage in advertising research. Levy and Glick (1973) made a definition on image by giving a summary concept, arguing that it is a combination of physical qualities, functions and any symbolic meanings as well as the brand perception which affects a customer's buying decision.

As far as brand attitude is concerned, Keller (1993) adopted Wilkie's (1986) definition of "consumers' overall evaluations of a brand"(p.4). Ajzen and Fishbein (1980) argued that previous experiences related to using a product or service leads the customer to reflect and evaluate the characteristics and benefits (which can be categorized as functional, symbolic and experiential benefits) and in this way can influence customer satisfaction.

Brand image management is invaluable in marketing activities and plans of a company. It starts with creating a solid brand image and continues with sustaining this strong and successful brand image that has been established in customers' minds. If a company succeeds in doing this, it means the company has satisfied the customers' needs and wants and thus secured their loyalty to their brand. Having done that, the company can rest assured as it does not have to spend a lot on advertising or other types of promotion as the customers are the ones actively processing and comparing the brand image in their brains and hearts, and automatically making the decision to buy the brand every time as they see it.

## 2.2. Definition of Satisfaction

Satisfaction defined as the fulfillment of a consumer's wants and needs by a product or service (Oliver, 1997). In their study about retail bank customers, Levesque and McDougall (1996) described satisfaction like a general "customer attitude" towards a service provider. Churchill and Surprenant (1982) defined client satisfaction the sum of satisfactions regarding various properties of a product or service, which can be in essence considered an attitude.

Customer satisfaction is a marketing concept which has been named as a elementary form by Morgan et al., (1996) and McQuitty et al., (2000) and as one of the basic targets by Erevelles and Leavitt, (1992). McQuitty et al. (2000) discuss the significance of satisfaction as a determinant factor in all types of purchase behaviour ranging from intention to purchase and brand choice to repurchase and switching purchase behaviour.

Oliver (1980) stated that there was a number of theoretical work developed to explain consumer satisfaction such as expectancy-disconfirmation paradigm and the perceived performance model (Churchill & Suprenant, 1982) in addition to attribution (Folkes, 1984), affective (Westbrook, 1987) and equity models (Oliver & DeSarbo, 1988).

Expectation-disconfirmation model was used to determine the factors behind customer satisfaction (Yi, 1990, 1993). Yi (1990) claimed that a customer's expectations and his/her subsequent experience impacted his/her level of ultimate

satisfaction with the service. “The expectancy disconfirmation paradigm” compares consumer satisfaction against the performance of a product. According to Oliver (1980), Churchill and Surprenant (1982), Oliver and Sarbo (1988) and , Bearden and Teel (1983) consumers are said to be satisfied when the performance of the product is better than their expectations ( positive disconfirmation ). They are said to be dissatisfied if their expectations are greater than the performance ( negative disconfirmation ) and neutral if the performance is in line with their expectations ( zero disconfirmation / confirmation ). As can be seen, expectations of consumers before they purchase or use the product or service affect significantly their satisfaction or dissatisfaction level with their purchase or usage.

Thus, consumers’ expectations from the product or service can be regarded as yardsticks to which product or service “performance” is compared in order to measure ultimate customer satisfaction. Olson and Dover (1979) view client's expectancy as “pre-trial beliefs about a product that function as comparison standards or reference points against which product performance is judged” (Oliver, 1980; Bearden & Teel, 1983). They are deemed to have important effects on customer satisfaction (Churchill & Surprenant, 1982; Oliver, 1980; Tse & Wilton, 1988). According to Szymanski and Henard (2001), “consumer satisfaction focused primarily on the effects of expectations, disconfirmation of expectations, performance, affect, and equity on satisfaction”. Consequently, disconfirmation expectations can result in describing satisfaction as evaluative. Non-rational processes, on the other hand, can lead to describing satisfaction as “emotion-laden” (Cronin, Brady & Hult, 2000).

Other research focused on the possibility of alternatives to customer

expectations for explaining satisfaction or dissatisfaction. Woodruff, Cadotte and Jenkins (1983), Cadotte, Woodruff and Jenkins (1987) studied experience-based norms while Oliver and Swan (1989), Tse and Wilton (1988) developed equity theory and Spreng and Olshavsky (1993) advocated desires, and Tse and Wilton (1988) ideal performance. A group of criteria called experience based norms which “reflect desired performance in meeting needs or wants” (p. 306) was employed by Cadotte et al. (1987). In practice, these standards performed better than disconfirmation based on expectations in explaining satisfaction in the service industry. Swan and Martin (1980) investigated a form namely “desired expectations” which they defined as “the consumer’s preusage specification of the level of product performance that would be necessary in order to satisfy or please the consumer”. Swan et al. (1981) explored the effect of expectations and desires in the service sector in a similar research. According to Spreng and Olshavsky (1993) these studies were not sufficient and a more comprehensive theory was required for determining the conditions by which disconfirmation affected satisfaction. Therefore, more research was carried out in this respect to explore the interaction of satisfaction and expectations disconfirmation. Churchill and Surprenant (1982) showed the idea that product type is essential factor for determining the magnitude of the impact of disconfirmation on satisfaction. Zeithaml, Berry and Parasuraman (1996) discovered that highly satisfied consumers have a higher probability of making significant purchases.

A number of researchers identified possible indicators of satisfaction. These were:

- product or service quality (Chiou & Droge, 2002; Hanvani & Chi, 2002; Sivadas & Baker-Prewitt, 2000; Bei & Chiao, 2001),
- perceived value (Yang & Peterson, 2004),

- service hospitality experiences design (Pullman & Gross, 2004),
- consumer relationship benefits (Reynolds & Beatty, 1999),
- retail/store image (Koo, 2003; Bloemer & Ruyter, 1998), and
- affection (Jacoby & Chestnut, 1978; Oliver, 1997, 1999).

Giese and Cote (2000) identified no consensus among researchers between the years 1969 and 1997 about the definition of customer satisfaction. Yi (1990) and Giese and Cote (2000) stated that this was because of a lack of consensus on the quality of satisfaction as cognitive or emotional evaluation form, and as a process or outcome.

Examining review of literature and series of consumer interviews, Giese and Cote (2000) adopted detailed definition for satisfaction as an abstract sensational respond of differing sensibility with a particular phase of designation and certain period aimed for the main characteristics of acquisition and consumption process. Tse and Wilton (1988) used the cognitive evaluation construct and process-oriented approach to define satisfaction likewise the customer's respond to the judgement of the emotional conflict between prior expectations and the actual performance users are affected after consumption of properties. As far as Westbrook and Reilly (1983) are concerned, they defined this term as "an emotional response to the experiences provided by and associated with particular products or services purchased, retail outlets, or even molar patterns of behavior such as shopping and buyer behavior, as well as the overall marketplace (p. 256)."

A client's satisfaction is viewed as the sum of his/her purchase and

consumption experiences by Andreessen and Lindestad (1998). For Oliver (1997,1999) the term defined as “the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or overfulfillment”. Oliver (1996) on the other hand defines satisfaction as “an emotional post-consumption response that may occur as the result of comparing expected and actual performance or it can be an outcome that occurs without comparing expectations”. Oliver (1999) concluded that by continuously using and consistently having a satisfactory experience by using a product, consumers develop affection towards the product. Measurement of satisfaction is performed mainly by the overall satisfaction and transaction-specific approaches. The first describes term as a total evaluation respond, while the second describes it as an emotional respond to the nearest purchase practice (Oliver, 1993). The satisfaction of a customer derives from the goods&services he/she gets is going to be used to measure customer satisfaction constructs in this thesis.

### **2.3. Definition of Loyalty Intention**

As stated by Oliver (1999) brand loyalty is presumably a result of customer satisfaction and behaviour. Dick and Basu (1994) explained customer loyalty as a behavioral reaction which is conveyed over a certain extend of time of decision making where customer devises the other available alternatives. Other researchers have also included attitudinal or conative aspects in their research on loyalty (Chaudhuri & Holbrook, 2001).

Jacoby and Chestnut (1978) made some definitions for loyalty that fall under

three categories as “behavioral, attitudinal and the composite approach”, more than 58% of definitions categorized under behavioral. Behavioral loyalty relates to frequency of purchasing goods (Brown, 1952) and quantity of purchase (Cunningham, 1956), while attitudinal one relates to "stated preferences, commitment or purchase intentions of the customers" (Mellens, Dekimpe & Steenkamp, 1996: p. 513). The definitions can be summarized as "they recorded what customer did, and none tapped into the psychological meaning of loyalty" (p. 34). The third encompassing definition of loyalty, advocated by Day (1969), Jacoby and Chestnut (1978), Dick and Basu,(1994) and Oliver (1997) incorporates both behavioral and attitudinal approaches.

According to Oliver (1999), none of the definitions of customer loyalty referred to its psychological aspect as they just focused on the actual behaviour. The composite definition of loyalty, on the other hand, focused on both the behavioral and attitudinal attributes when defining loyalty.

As long as loyalty is concerned, research (Kandampully & Suharto, 2000; Johnson, Herrmann & Huber, 2006; Chiou et al., 2002; Lau & Lee, 1999) mainly focused on the attitude or the behavioral intention concept, basically the intention of customers to advise the brand to other consumers and their tendency to repurchase intention the brand. Jacoby and Chestnut (1978) proposed the cognitive loyalty definition which can be categorised as: biased, expressed in time, attitudinal response, decision-making, in compliant with brands, so a series of process that affect consumers psychologically.

Loyalty as inner obedience to purchase things again and again or used service coherently in time, by that bringing the similar brand recurrently, though some effects and promotions activities of the competitors can easily result in switch the goods with the others (Oliver, 1997). Howell (2004) argued that consumers have become more open to try new brands (DSN Retailing Today, October), supporting the findings that customers are not loyal to a particular brand anymore (Dekimpe, Steenkamp, Mellens, & Abeelee, 1997; Bennett & Rundle-Thiele, 2005; Kapferer, 2005). However, Howell (2004) and Dekimpe et al. (1997) believe some national brands are exceptions.

There is higher competition and companies introduce new products and services almost every day in order to sustain their market shares. Thus, current market conditions offer customers a wide range to choose from, which however negatively affects brand loyalty patterns (Ballantyne et al., 2006). Therefore, companies have to differentiate their goods&services and make them unique to be successful.

Jacoby and Chestnut (1978) believed the idea of the behavioral measures just deal with the stable end result (actual behavior) of a dynamic decision making process, without trying to understand brand loyalty purchases and causes behind the reason of loyalty defined and redesigned (Jacoby & Chestnut, 1978). The attitudinal ones deal with “consumer feelings toward the brand and stated intention such as likelihood to recommend and likelihood to repurchase the product” (Schiffman & Kanuk, 2004; Jacoby & Chestnut, 1978).

The term emphasizes that tendency to rebuy a product/service can be searched by making survey with consumers on their future intentions to repurchase, and that

information provides firms their customers' future behavior (Jones & Sasser, 1995). Moreover, Jones and Sasser (1995) advised as firms could measure and interpret this continuously with customer satisfaction, also at any time particularly for products or services with a longitudinal rebuy cycle.

Amine (1988) claims that it is imperative to "extend the attitudinal loyalty over the action behavior" in order to decide about brand loyalty. East, Gendall, Harmond and Wendy (2005) believed the relationship between attitude and behavior approach was weak as far as loyalty is concerned.

Hennig-Thurau and Khee (1997) declared that "those studies that used actual behavior outcomes showed weak associations or negative relationships with satisfaction." Accordingly, the attitudinal approach of Rundle -Thiele and Bennett (2001) was preferred in gestating the topic. Rundle -Thiele and Bennett (2001) approach asserts "attitudinal loyalty measures should be appropriate to predict future brand loyalty under these circumstances: (i) where the market is not stable , (ii) where there is a propensity towards sole brands, and (iii) where there is a high involvement and high perceived risk."

In short, operationalisation and measurement of brand loyalty is a controversial subject. Of these approaches to evaluate brand loyalty mentioned above, majority of researchers preferred to measure brand loyalty regarding "intention to repurchase" & "intention to recommend". They thus use attitudinal approach ( Lau & Lee, 1999; Kandampully & Suhartanto, 2000; Sivadas & Baker-Prewitt, 2000; Chiou et al., 2002).

## 2.4. The Relationship Between Satisfaction and Loyalty Intention

According to Fornell et al., (1996) and Jones and Saaer (1995) customer satisfaction is convenient or a signal of loyalty. Evidently, it is indicated that if consumers are content, they finally show loyalty to that specific brand they use. The financial outcomes are highly identified by the relationship between loyalty and satisfaction that helps firms make profitable sales (Anderson & Mittal, 2000; Fornell, 1992; Gruca & Rego, 2005; Gupta & Zeithaml, 2006). Researchers are investigating this case over many years (Anderson et al., 1994, 2004; Bolton & Lemon, 1999; Fornell, 1992; Reichheld & Sasser, 1990).

It has been proved in many studies (Bodet, 2008; Suh & Yi, 2006; Chiou & Droge, 2006; Yang & Peterson, 2004) that brand loyalty is influenced by customer satisfaction positively. Ismail, Hasnah, Ibrahim and Isa (2006) concluded that customer satisfaction relates to loyalty positively in their studies like other many researchers.

There is a direct relationship with the stage of satisfaction and the loyalty based on some researches (Fornell, 1992; Fornell & Wernerfelt, 1987; Parasuraman, Berry & Zethaml, 1991; Reichheld & Sasser, 1990). Customer satisfaction is a prerequisite for loyalty for many academicians (Bitner, 1990; Dick & Basu, 1994; Fornell et al., 1996; Oliva, Oliver & MacMillan, 1992). On the other hand, Bennett and Rundle-Thiele (2004) mentioned on their research, customer satisfaction will most likely result in repurchase intention.

The concept of satisfaction is regarded as a behaviour summarizing a client's personal experience of using definite goods or services in literature, (Anderson & Salisbury, 2003). On the other hand, satisfaction can be specified as a driver influential loyalty (Dick & Basu, 1994). It is the fundamental factor influencing consumer loyalty that is a measure of behavior and intention to repurchase (Reinartz & Kumar, 2003). Alternatively, Parasuraman, Zeithaml and Berry (1988), Naeem and Saif (2009) maintained that satisfaction is the result of service quality specifically in service sector. Kumar, Kee and Manshor (2009) inferred that if the service quality is high then it causes great level of consumer satisfaction that increases customer loyalty.

Many research explored the effect of customer satisfaction in establishing customer loyalty in different sectors such as service & retail (Suh & Yi, 2006; Chiou & Droge, 2006; Kandampully & Hu, 2007; Caruana, Money & Berthon, 2000; Kandampully, Juwaheer & Hu, 2011; Chi & Qu, 2008). Another research investigated the image of an organization as an important factor affecting satisfaction and loyalty (Caruana, Money & Berthon, 2000; Kandampully & Hu, 2007; Kandampully et al., 2011; Chi & Qu, 2008).

Customer satisfaction is a measure commonly resorted to such a measure of the firm's marketing performance (Bennett & Rundle-Thiele, 2004). As the common belief is that customer satisfaction will be manifested in customer behavior in the form of repeat purchases and favorable suggestions by telling their positive experiences to the others (Taylor, 1998; Bennett & Rundle -Thiele, 2004; Schultz, 2005). Nevertheless, Taylor (1998) questions this statement by saying "companies

began to notice that they often were losing customers despite high satisfaction" (p. 41).

Reichheld (1994) mentioned this phenomenon by asserting fulfilled consumers are not required to be loyal. Additionally, Reichheld and Markey (2000) supported this view by adding that 60 to 80% of consumer who replied a survey as "satisfied" or "very satisfied" will not really behave accordingly. Jones and Sasser (1995) and Reichheld (1994) pointed out the lack of customer satisfaction surveys in estimating brand loyalty, while marketing should focus more on consumer loyalty than on consumer satisfaction offered by Oliver (1999) and saying this paradigm shift that is seems to be a valuable improvement in strategy for many companies as business digested the advantage of gaining loyal clients base. Other researchers as Reichheld (1994) argued that measuring customer satisfaction would not be sufficient and also Taylor (1998) added to the argument by declaring that by measuring brand loyalty, one can have a better insight into customer retention, which causes customer loyalty to repeat sales and thus profits.

Further studies show the idea that direct connection among satisfaction and loyalty can exist (Anderson, 1996; Fornell, 1992; Fornell et al., 1996). On the contrary, the relationship may not be true according to some researchers because it cannot be generalized as supported under some cases (Deming, 1986; Jones & Sasser, 1995; Kamakura et al., 2002; Oliver, 1999; Seiders et al., 2005). Bloemer et al. (1998) and Palacio et al. (2002) also mentioned that the relationship between image, customer satisfaction and loyalty may not hold true in all conditions.

Customer satisfaction is regarded as an evaluative summary of past consumption experience with future implications on purchase or repurchase intentions. However, Jones and Sasser (1995) contend that there is little empirical evidence that customer satisfaction actually leads to loyalty. Oliver (1997) maintained that customer loyalty can be subject to different situations (like a competitor's favorable promotions) and therefore customer satisfaction cannot be the only factor to explain customer loyalty (Reichheld, 1996). Oliver (1999) later asserted that there is a curvilinear relation among customer satisfaction and customer loyalty determined also by lots of conditional and psychological aspects. Mittal and Kamakura (2001) proposed that average satisfaction ratings affect customer decision and results in repurchase behavior if consumers' demographic characteristics such as age or employment status also support this decision.

Based on the study of Yang and Peterson (2004), the resistance of the relation among satisfaction and customer loyalty is powerfully affected by consumer' attributes for example variety seeking, age range and income level. Demographic features of clients for instance education level or age range are good antecedens of the client satisfaction degree founded by Tsiotsou and Vasioti (2006).

Bolton and Lemon (1999) reached the results if the customer is satisfied they want to use services offered more than people who are unsatisfied. Satisfaction also leads to stronger repurchase intention and recommendations to the others (Zeithaml et al., 1996). Reichheld and Teal (1996) suggested that there is a meaningful relation among satisfaction and repurchase tendency. Mittal, Kumar and Tsiros (1999) drew

attention to the finding that both product and service satisfaction determine repurchase intentions in customers.

Vazquez-Carrasco and Foxall (2006) maintains that benefits comes from relation such as confidence benefits, social benefits, and special treatment derived from social affiliation with service encounters or the other customers positively affects loyalty tendency. When a consumer receives social benefit highly with sales assistant, afterthat he/she becomes loyal to that person and the service served (Reynolds & Beatty, 1999).

Another research carried out the topic of corporate image in retail and service sectors supplied empirical studies discovering that satisfaction strongly impacts different types of loyalty intention. These are called as recommending, repuchasing, revisiting the store and travel destination loyalty (Nguyen & LeBlanc, 1998; Kandampully & Suhartanto, 2000; Bloemer & de Ruyter, 1998; Chi & Qu, 2008).

For the brand loyalty which Kapferer (2005) named a "marketers' Holy Grail" was a strong sign of "the health of the company" (Bennett & Rundle -Thiele, 2005). Based on these works conducted by Reichheld and Detrick (2003), Reichheld and Sasser (1990), there is a 6% increase in customer retention and that can result in an enormous profit up to 96 % in many industries, for example in automobile service, tourism, insurance and coffee shop chains. Schultz (2005) with further study take the attention to the positive effect of favorable word of mouth of loyal customers.

## **2.5. The Relationship Between Brand Image and Satisfaction & Loyalty**

### **Intention**

Research which focused on a store and retail image (Bloemer & de Ruyter 1998; Koo 2003) was instrumental in validating the relationship between image and satisfaction. Reynolds and Beatty (1999) argued about a customer's satisfaction level with the sales assistant when he/she obtains a lot of social and functional benefits in interacting with the sales assistant.

In their study recently conducted for the tourism sector, Chi and Qu (2008) resulted that overall customer satisfaction was affected by the image of a travel destination in a client's mind directly. Similarly, Sondoh, Omar, Wahid, Ismail and Harun (2007) researched customer satisfaction with respect to usage of colored cosmetic products and found that satisfaction is positively related to the brand image benefits relating to products' functional, social, experiential and appearance enhances on the customer.

Based on the Brand Power Model of Na, Marshall, and Keller's (1999) the image cannot be measured by "attribute measurement" or typical "attitudinal measurement", as the all-encompassing measurement of customer perception of the value and benefits must be included. Additionally, the multi-attribute model to measuring brand equity emphasizes the precious of image on satisfaction and customer loyalty.

Despite all the benefits, Dekimpe, Steenkamp, Mellens and Abeele (1997),

Bennett and Rundle - Thiele (2005), Kapferer (2005) concluded that loyalty seems to be a factor results in scarce among consumers. Thus brand loyalty seems to be losing ground to some major national brands. Howell (2004), Dekimpe et al. (1997) found that day by day consumers tend to react to private label brands more favorably in the light of higher competition and more product and service launches into the market providing a wider and sometimes better range to choose from (Ballantyne et al., 2006).

Based on market realities, brand differentiation can be the only solution for a company to pursue market position, market shares, sales volume and profits, thus making different branding than competitors (Bennett & Rundle - Thiele, 2005). Rosenberg and Czepiel (1983) mentioned consumer loyalty decreased if a extended brand of similar domestic goods and sellers exist. In other words, there are some reasons for the decrease in customer loyalty. The quality is not anymore a differentiating factor in the competing brands due to the comprehensive improvement in quality of all brands in general (Bennett & Rundle –Thiele, 2005). The intencity of companies to impress on quality over other product and service features, the enhancement in quality and diverse brands to choose among, consumers perceive alternative brands as safe to change from the brands they have been accustomed to, therefore changing their purchasing habits. The purchasing decision does not solely depend on considerations of quality, so companies have to take this into account in their brand management strategies.

Likewise, Malaysia External Trade Development Corporation (MATRADE) recommended small and medium sized entrepreneur with a powerful image is an

entity for the firm to launch nonreplicable goods. Nowadays in the market place, the brand turned into the fundamental and the most important differentiating factor in a variety of competing products and services and it can easily be inspired by other companies which can become standard. As competition in terms of quality and price has become a prerequisite for the sustainability of a product or service, brand has become the crucial factor by which customers identify, select and buy the specific product or service among its competitors. Accordingly, businesses which succeed in brand creation and management are the ones to thrive.

It is stated that if the brand emphasizes the image more it can create significant amount of loyal customers (Bennett & Rundle –Thiele, 2005; Nandan, 2005).

Outcomes of a study conducted by Bloemer and Ruyter (1998), it is concluded that brand image affected both satisfaction and loyalty of customers in retail sales. The relationship between those is studied and there are some conflicting outcomes (Palacio, Meneses & Perez, 2002).

Likewise, the another relationship was opposed by the outcomes of research by Bloemer, De Ruyter, and Peeters (1998). There is inadequate studies on the relation among product-based image & brand image against satisfaction & loyalty. This requires more studies and researches for detecting the brand loyalty and brand image.

The critical factor of satisfaction in brand loyalty, as pointed by Nandan (2005) and mentioned by Bennett and Rundle -Thiele (2005) that if brands transfer good image to the people it can gain a higher customer loyalty.

### **2.5.1. Overall satisfaction as a mediating variable**

Studies undertaken by various researchers about retail image and service support the assertions that satisfaction acts as a mediating variable between a number of other constructs and customer loyalty. These are store image (Bloemer & de Ruyter, 1998), perceived quality from the goods or services (Caruana, 2002; Bei & Chiao, 2001; Chiou & Droge, 2006) and perceived value (Caruana & Fenech, 2005; Yang & Peterson, 2004).

Caruana (2002) conducted the research on banking sector by examining the service quality and concluded that customers' satisfaction about the service quality determined their service loyalty. Chiou and Droge (2006), on the other hand, conducted a research on a premium cosmetics company and concluded that service quality and attribute satisfaction which impact overall satisfaction indirectly determines attitudinal and behavioral loyalty. As a result of exploring colored cosmetic products, Sondoh (2009) drew attention to another factor and reported that "overall customer satisfaction fully mediates the relationships between the brand's country of origin image and loyalty intention and between symbolic benefits and loyalty intention." Park's study (2009) revealed that brand image did not affect attitudinal brand loyalty directly, while the mediation of customer satisfaction and brand trust showed an indirect effect of brand image to attitudinal brand loyalty.

The target of this thesis is to find the relationship between brand image benefits which are illustrated in the research model, satisfaction and loyalty when cosmetic products are concerned.

## 2.6. Cosmetic Market in the World and Turkey

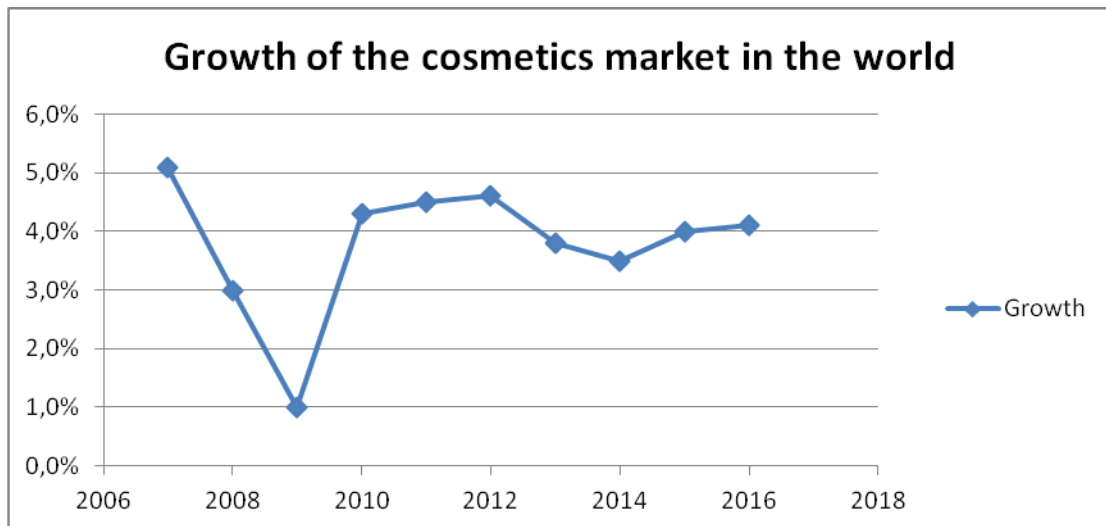
Ever since Ancient Egyptians used eye paints to be spiritually close to their Gods, cosmetics have always been used to enhance attractiveness and gain social benefits throughout history.

Studies show a link between the use of cosmetic products and a higher sense of attractiveness, which provides social validation and enables women to have increased amounts of self-esteem and experience a positive mood.

The cosmetics market in the world is predicted at about \$250 billion in 2016 with an estimated growth of approximately 4,0 % between 2016-2022 and is expected to reach \$430 billion by 2022.

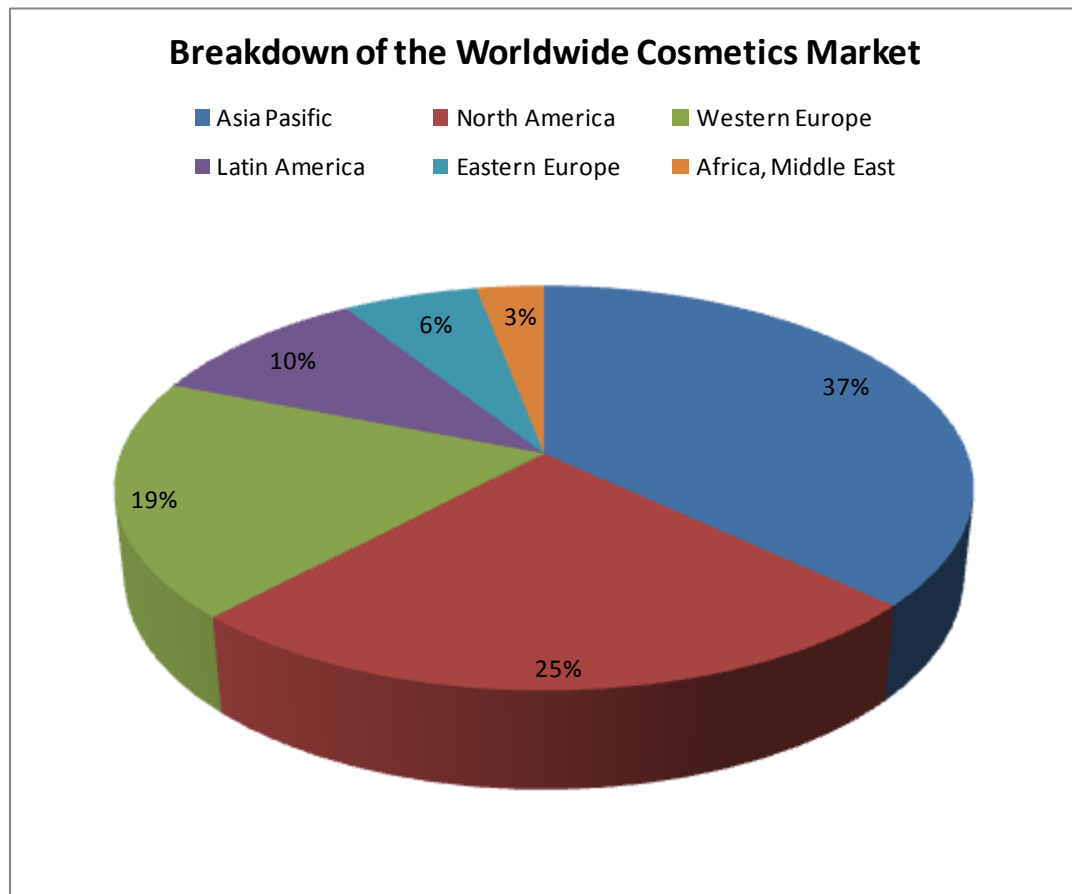
It is categorized the market by product types as defined below:

- Skin care products
- Haircare products
- Make-up& Color cosmetics
- Fragrances
- Hygiene products



*Figure 2.6.1.* Growth of the cosmetics market in the world. *Source.* Cosmetics Market The world of beauty in 2016. [www.loreal.com](http://www.loreal.com). Retrieved on September 15, 2017 from <http://www.loreal-finance.com/en/annual-report-2016/cosmetics-market>

The Asia Pacific region is the most remunerative market share, followed by North America at 25% and Western Europe (19%). North America and Western Europe are the pre-eminent manufacturers in the global cosmetics market and they make up about 45% of the market combined. Asia-Pacific is the most profitable market and is, therefore, the focus of manufacturers because of growth factors such as increasing discretionary income and awareness of public image. The BRIC countries (Brasil, Russia, India, China) are new forces in the cosmetics market, accounting for 20% of the global cosmetics industry. The emergence of these markets in the industry invite leading cosmetics and personal care companies to invest in them, thus contributing directly to the growth of the global market. Other emerging markets include Argentina, Mexico, Indonesia, Thailand and Turkey (Walker, 2012).



*Figure 2.6.2. Breakdown of the Worldwide Cosmetics Market. Source. Cosmetics Market The world of beauty in 2016. www.loreal.com. Retrieved on September 15, 2017 from <http://www.loreal-finance.com/en/annual-report-2016/cosmetics-market>*

Skin care products comprise 36% of all cosmetics products, making it the leading segment with the biggest growth potential. Color cosmetics or Make-up (19%) is the third most lucrative segment after hair care which stands at 23%.

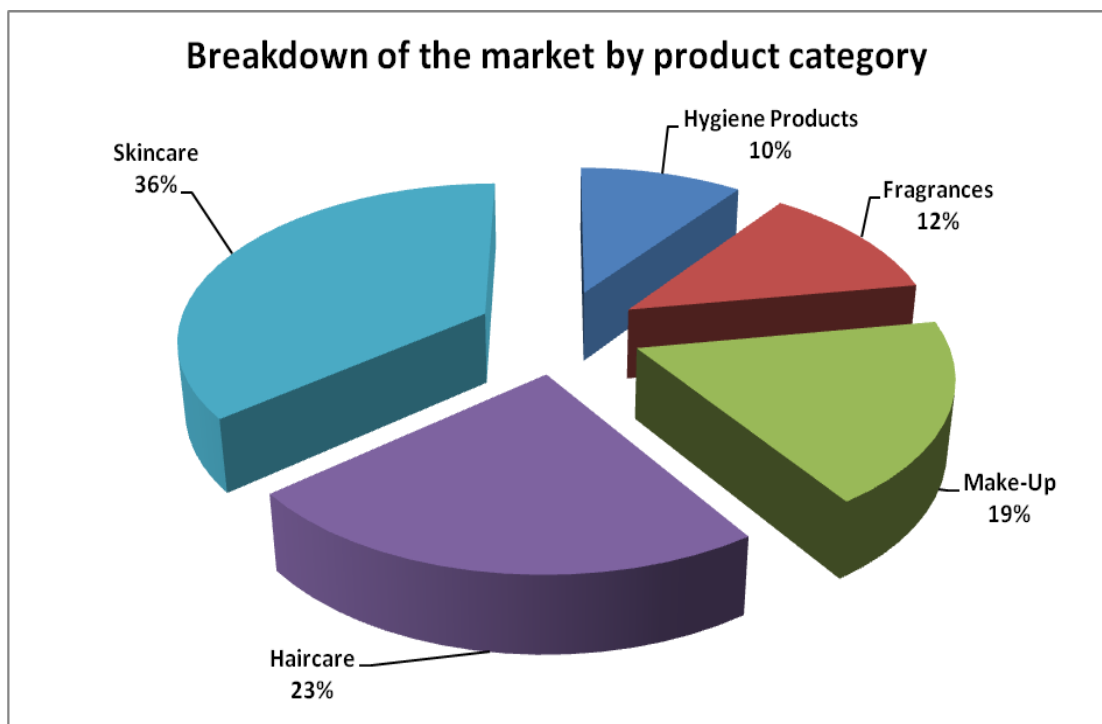
The global color cosmetic market is worth \$50 billion in 2017 and is predicted to reach \$85 billion with a compound annual growth rate of 5%.

Table 2.6.1. *Brand Shares of Premium Color Cosmetics: % Value 2010-2012*

% retail value rsp	Company	2010	2011	2012
M.A.C.	Estee Lauder Cosmetics Ltd	12,1	12,4	13,0
Clinique	Estee Lauder Cosmetics Ltd	11,3	11,4	11,5
Estee Lauder	Estee Lauder Cosmetics Ltd	11,3	11,2	11,4
Lancome	Lancome Ltd	11,6	11,4	11,3
Benefit	Benefit Cosmetics Ltd	10,4	10,4	10,8
Elizabeth Arden	Elizabeth Arden UK Ltd	5,1	5,0	5,2
Bobbi Brown	Estee Lauder Cosmetics Ltd	3,6	3,6	3,8
Chanel	Chanel Ltd	3,4	3,4	3,6
Christian Dior	Christian Dior (UK) Ltd, Parfumes	2,6	2,6	2,7
Givenchy	Givenchy Ltd, Parfumes	1,5	1,5	1,6
OPI	OPI Products Inc	0,9	0,9	1,0
Nails Inc	Nails Inc	0,7	0,9	1,0
Clarins	Clarins UK Ltd	0,6	0,6	0,7
Yves Sain Laurent	YSL Beaute Ltd	0,5	0,5	0,7
Others	Others	24,6	24,1	21,7
	Total	100,0	100,0	100,0

*Source.* Brand Shares of Premium Color Cosmetics. [www.euromonitor.com](http://www.euromonitor.com). Retrieved on September 15, 2017 from <http://www.euromonitor.com/colour-cosmetics>

Major distribution channels are retail stores, outlets, special stores, convenience stores, supermarkets, drug stores and online channels visited by individuals. In the last decades, e-commerce is getting more popular for male and female consumers.

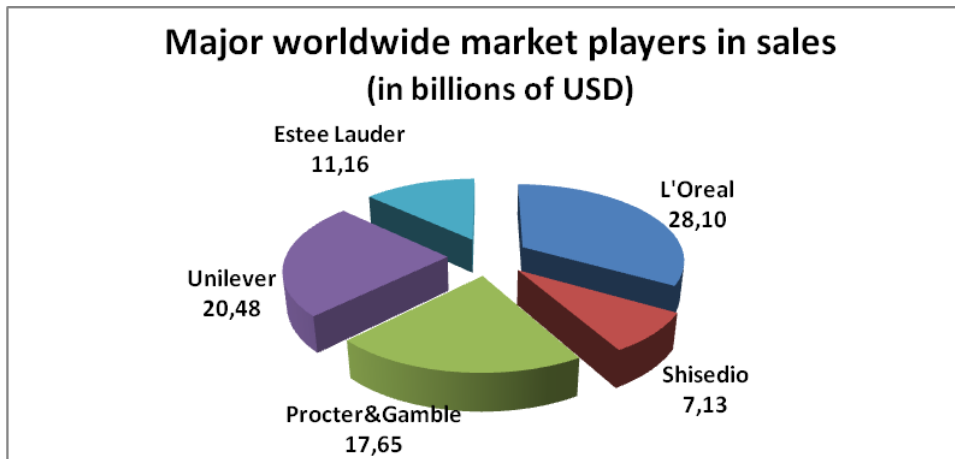


*Figure 2.6.3.* Breakdown of the market by product category. *Source.* Cosmetics Market The world of beauty in 2016. [www.loreal.com](http://www.loreal.com). Retrieved on September 15, 2017 from <http://www.loreal-finance.com/en/annual-report-2016/cosmetics-market>

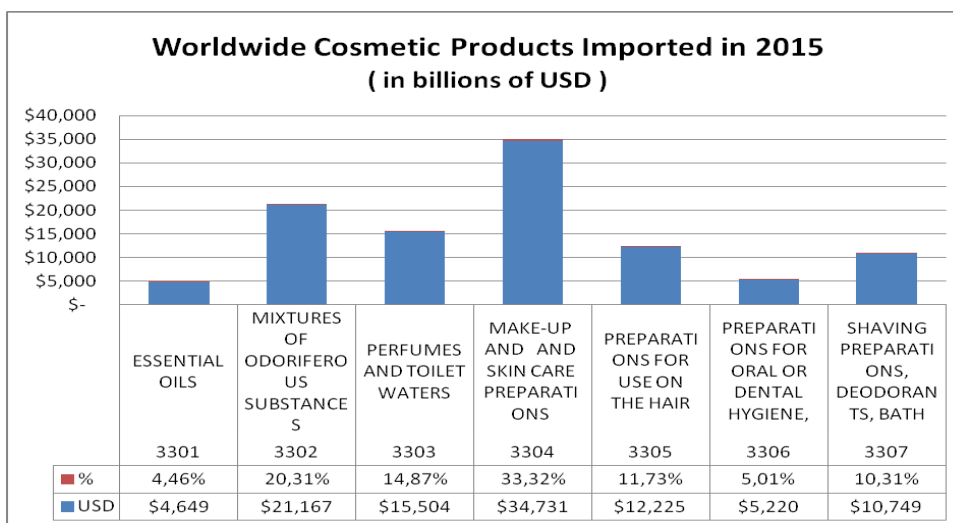
The market can also be divided into two, as mass and premium production, based on brand image, product cost and distribution channels used. The mass production segment constitutes approximately 70% and the premium production segment makes up 30% of the global beauty market.

Main drivers in the cosmetics industry are multinational organizations which are operated worldwide.

L'Oreal is the market leader of cosmetics market and Estee Lauder is the fifth player with 11,16 billion US dollars. M.A.C is a renowned branch of the Estee Lauder Company.

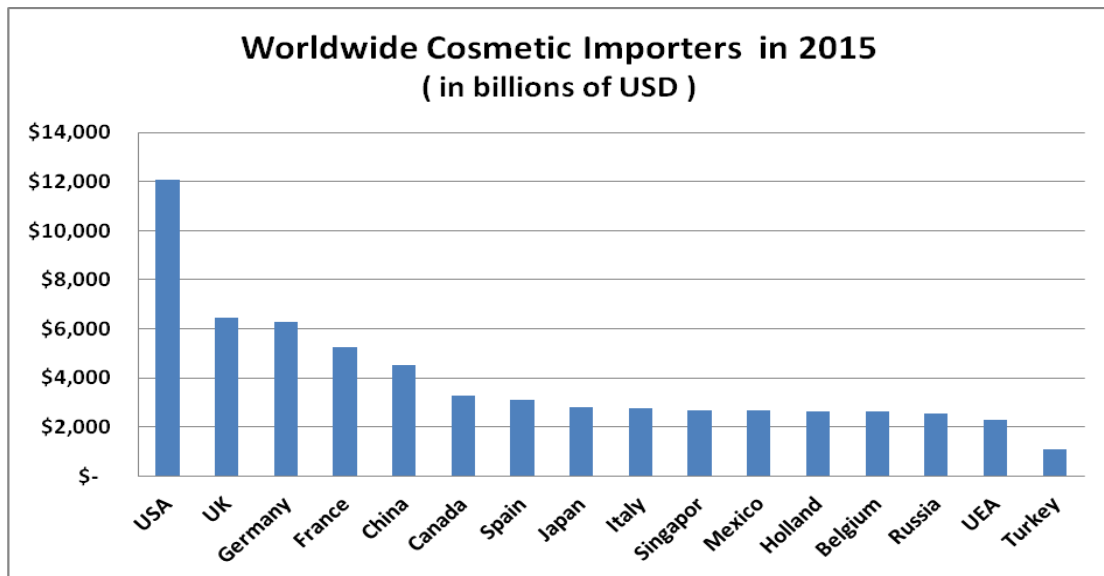


*Figure 2.6.4.* Major worldwide market players in sales. *Source.* Cosmetics Market The world of beauty in 2016. [www.loreal.com](http://www.loreal.com). Retrieved on September 15,2017 from <http://www.loreal-finance.com/en/annual-report-2016/cosmetics-market>



*Figure 2.6.5.* Worldwide Cosmetic Products Imported in 2015. *Source.* Kozmetik Sektörü Raporları. Retrieved on September 20,2017 from [www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207](http://www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207)

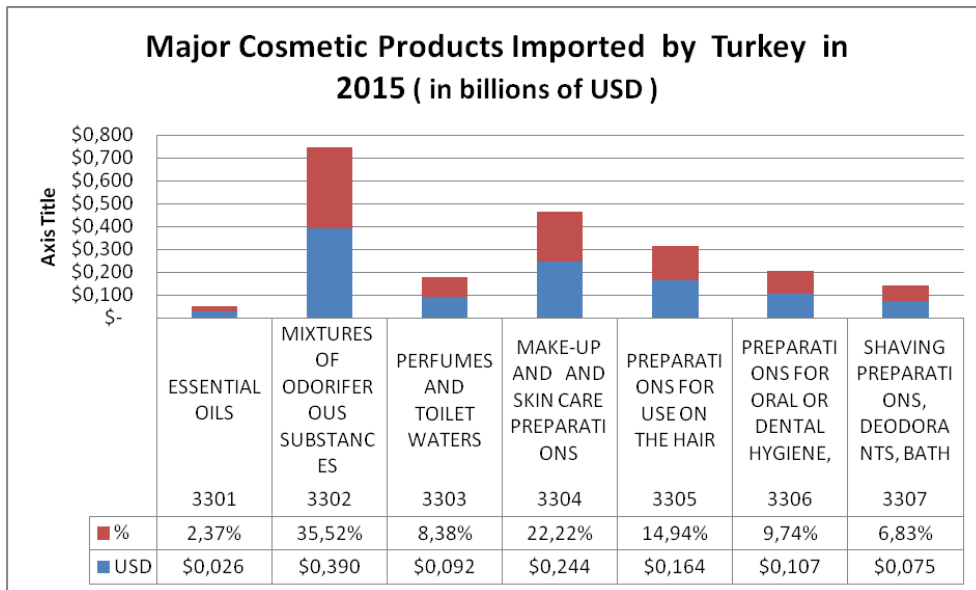
Imported Cosmetics products are mostly color cosmetics, facial make-up and skin care with the ratio of 33,32% in total cosmetics industry in the world. USA is the leading importer with 12 Billion Dollars in 2015.



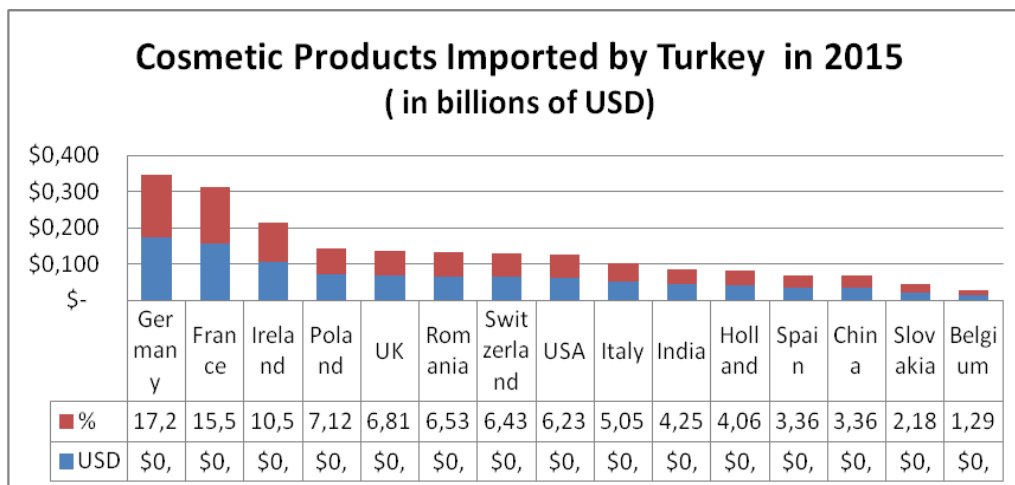
*Figure 2.6.6. Worldwide Cosmetic Importers in 2015. Source. Kozmetik Sektörü Raporları. Retrieved on September 20,2017 from [www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207](http://www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207)*

USA is a developed country with a high population therefore it has a high rate of import, followed by European countries such as UK, Germany and France. China, comes next with 4.2 billion dollars due to it's high population and strong economy but is lower on the list because the country exports more.

In Turkey's cosmetics market, the major segments of cosmetics products are mixtures of odoriferous substances(35,52%) , make-up&skin care preparations and shampoo's.

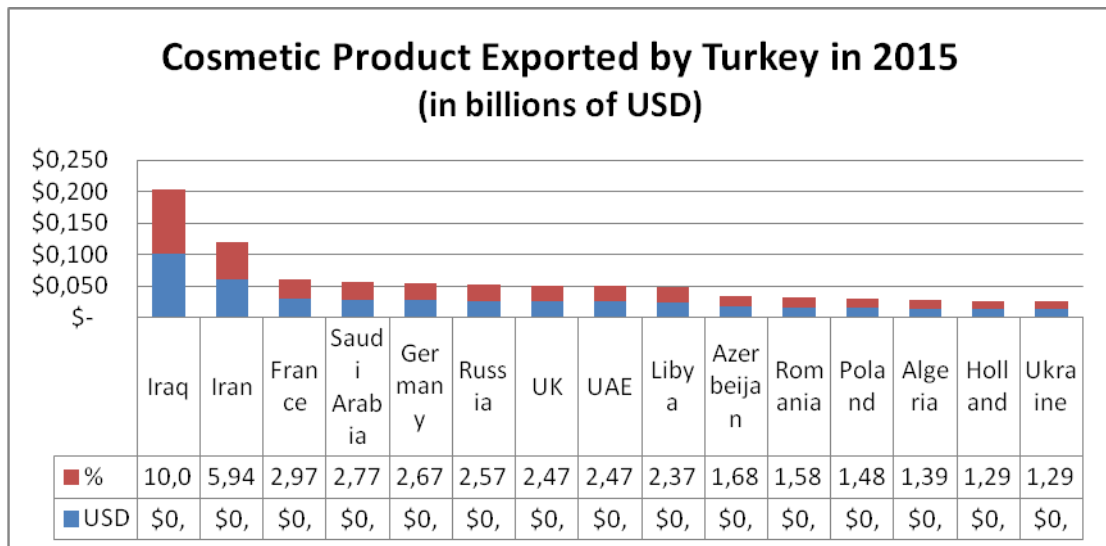


*Figure 2.6.7. Major cosmetic products imported by Turkey in 2015. Source. Kozmetik Sektörü Raporları. Retrieved on September 20,2017 from [www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207](http://www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207)*



*Figure 2.6.8. Cosmetic Products Imported by Turkey in 2015. Source. Kozmetik Sektörü Raporları. Retrieved on September 20,2017 from [www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207](http://www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207)*

Germany, France and Ireland are leading import countries in Turkey. Germany is the top exporter to Turkey in the cosmetics market. Iraq and Iran are the top importers in the Turkish cosmetics market, composing about 16% of the market.



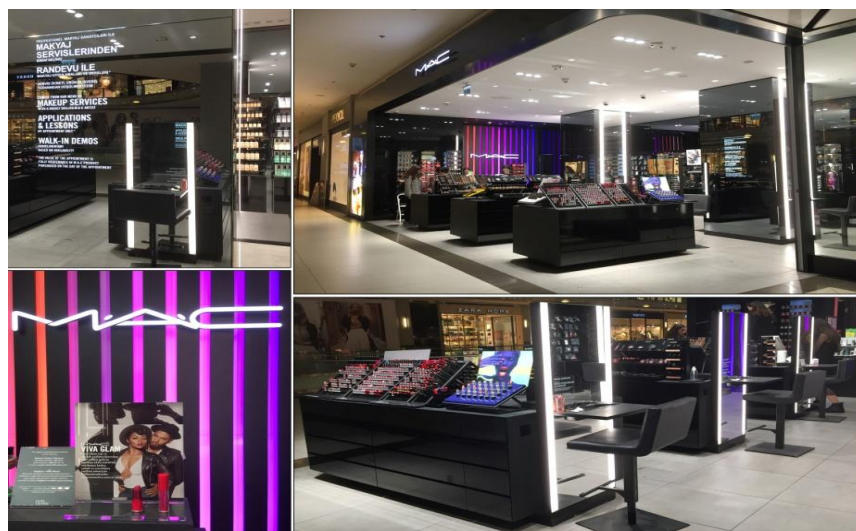
*Figure 2.6.9. Cosmetic Product Exported by Turkey in 2015. Source. Kozmetik Sektörü Raporları. Retrieved on September 20,2017 from [www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207](http://www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207)*

Foreign investors are increasingly interested in Turkey's cosmetics market. The cosmetics market saw a growth of approximately 10 to 20 percent between the years 2005 and 2010. The cosmetics market size is estimated to be around 2.5 billion as of 2011. Imported products compose 80% of the market and domestic products make up the remaining 20%. 35% of the imported products are make-up and skin care products, followed by 27% of hair care products. Some international companies permit businesses to manufacture their products in Turkey.

With a population of 75 Million with youngest age average of Europe, Turkey is an emerging market which attracts international countries to invest in. Multinational companies, such as Unilever, Procter&Gamble, Henkel, Colgate, Palmolive and foreign brands like Elizabeth Arden, Estee Lauder, L'Oreal, Clarins, Christian Dior, Lancome etc. constitute a significant portion of the cosmetics market.

### 2.6.1. M.A.C

The brand name of M.A.C stands for Makeup Art Cosmetics that shows the artistic skills of the makeup artists and the quality of the products as well. The founder of the company is Frank Toskan worked as a make-up artist and a photographer before 1984 in Canada. His target was to offer more cosmetics colors for his photographs.



*Figure 2.6.1.1. M.A.C Store, Palladium Mall, Atasehir*

M.A.C targeted to reach make-up artists, models and professional photographers at first and foster its products for their wants. Since then, it has become a global brand. The company's goal is to present high quality cosmetics for all races, ages and sexes. Their products are sold at a value-based price and range from best sellers colorful lipsticks to the accessories.

It's owned by Estee Lauder which is one of the main players in the cosmetic market with \$ 11,3 billion net sales revenue in 2016. They acquired diverse portfolio of more than 25 exceptional brands including Bobbi Brown, Clinique, and M.A.C.

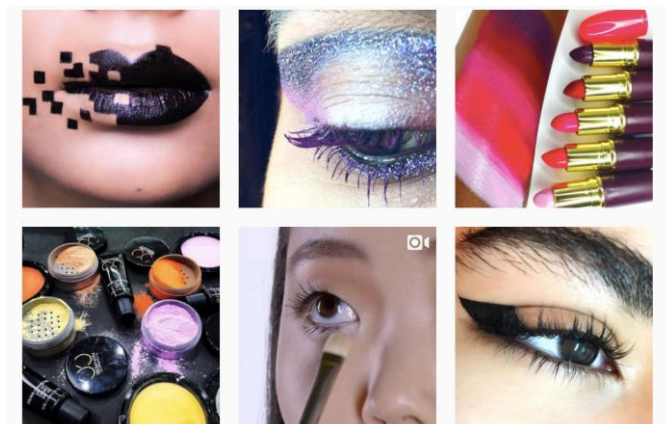
Their products are distributed in 150 countries with 1,230 freestanding stores worldwide. Their key regions are America (Latin & North America), Asia /Pasific, Europe and Middle East & Africa. M.A.C is one of best selling brands of the parent company which has \$169,5 million net cosmetic sales (with 10% increase per year) in 2012. The company is headquartered in New York City and become subsidiary of the Estee Lauder Companies in 1998.

Nowadays, M.A.C cosmetics is one of the top three global make-up brands in the world. The brand is available to purchase in 79 countries. Their products are sold in both department stores, freestanding retail stores, and online. It is about 20,000 make-up artists are working for the company around the world. It has 46,000 international employees worldwide and 54 stores with 400 employees in Turkey.

ELCA cosmetics (<http://www.elcompanies.com> ) Turkey was established in 2006 to offer M.A.C products (make-up, skin-care, hair-care, perfumes & fragrances and accesories) to the consumers by importing from the EMEA supplier in France. There are lots of domestic and international brands in the competitive Turkish market. M.A.C eventually became the market leader in selective brands. It has 50 collections and more than 9000 different products available in stores to fullfill customers' needs. The stores are decorated with black to be able to focus on colorful products. The products' packaging is based on black or white which symbolizes elegance and pureness. Make-up artists are ready to serve the customers and trainers shares their knowledge with them as well.

The artistic brand is reached to customers with its website visited by millions ([www.maccosmetics.com](http://www.maccosmetics.com)), digital and social media platforms and online channels

and "Mac pro program" which rewards the loyal consumers. There are also television ads, billboards, brochures, posters, color ads in magazines & newspapers, online banner ads, and color prints in the stores to attract females in the age of 18-50. Yet, their key marketing success is based on word-of-mouth endorsement from make-up artists. M.A.C also uses celebrities including Lady Gaga, Nicki Minaj, Ariana Grande, Rihanna, Mary J.Blige, Nicole Richie and more to create a unique and wellknown brand image. They collect consumer feedbacks via cookies and web server logs on customer devices and use Google analytics services. The other marketing activity to boost brand loyalty is M.A.C return program also called as "Back to M.A.C" (to get a free lipstick customers have to return six packaging containers) and M.A.C Aids Fund (\$415 million has been donated to the fund with the sales of Viva Glam Lipstick) for the company. They are tested their products with artificial testing methods(in Vitro), not allowed animal testing except China. They also do eventmarketing, sponsorships, direct mailing and experiential marketing to increase brand awareness as well.



*Figure 2.6.1.2. M.A.C Instagram examples. Sources. Retrieved on May 21,2017 from <https://www.instagram.com/maccosmeticsmiddleeast>*

### 3. METHODOLOGY

The following section ensures the examination on the methodology that underlying research and hypothesis testing. In this section of the study, sample characteristics, research design and model, hypotheses, and measurement instruments will be explained.

#### 3.1. Sample

The sample in this study consists of female consumers who have experienced in high-quality cosmetic products of MAC. Individual customers who were between 18 and 51 years of age and over and who had different income levels and qualifications were selected for this study. Convenience sampling was employed. Data was collected by administering 150 questionnaires in Atasehir-Istanbul, Turkey.

#### 3.2. Research Design

Explanatory (hypothesis testing) and quantitative analysis have been used in this research.

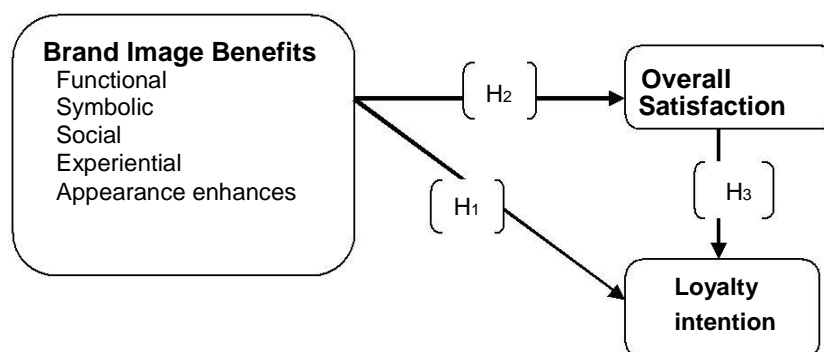


Figure 3.2.1. The research model

### 3.2.1. Hypotheses

There are different types of brand image benefits - namely functional, social, symbolic, experiential and appearance enhances - which may affect satisfaction and loyalty of customers. The model illustrated above, produced results similar to the traditional attitude structure developed by Oliver (1999).

*H1: There is a positive relationship between brand image benefits and loyalty intention.*

*H2: There is a positive relationship between brand image benefits and overall satisfaction.*

*H3: There is a positive relationship between overall satisfaction and loyalty intention.*

In academic literature, the subject of “retail image and service” is mainly covered under two topics. The first is “customer satisfaction as a mediator between store image and customer loyalty” by Bloemer and Ruyter (1998) and the secondly “customer satisfaction as a mediator between perceived product or service quality and customer loyalty” by Bei and Chiao (2001). After investigating the review of literature, it was drawn two hypotheses as:

*H4: Customers' overall satisfaction mediates the relationship between brand image benefits (i.e. appearance enhances) and loyalty intention.*

*H5: Customers' overall satisfaction mediates the relationship between brand image benefits (i.e. functional benefits) and loyalty intention.*

In this section, findings of the the theoretical framework which was obtained from the review of literature and the development of hypotheses will be discussed.

### **3.3. Measuring Instruments**

Data collection of this cross sectional study was based on administration of a structured questionnaire. Data obtained from the survey and analyzed by SPSS V13.0 and frequency, reliability and regression analyses were drawn in the statistical tables.

#### **3.3.1. Brand image benefits**

As can be seen in the research model, dimensions of brand image benefits ranked as experiential, symbolic, social, functional and appearance enhances. Sweeney and Soutar's (2001) and Tsai's (2005) scales were used to measure the experiential and social benefits, and symbolic benefits, respectively. Questions 1 and 3 were taken from Del Rio, Vazquez, and Iglesias (2001) and modified as to match color cosmetics in order to measure functional benefits. Likewise, to further measure functional benefits, item 2 was formed to fit the definition "those that motivate consumers to search for products that solve consumption-related problems" formulated by Park et al. (1986). In order to measure appearance enhances, item 2 was taken from Sweeney and Soutar (2001) and items 1 and 3 were self formed (see Appendix A).

### **3.3.2. Overall satisfaction**

The questionnaire includes 15 questions on brand image benefits and also a scale that arranged as 1 for "strongly disagree" and 5 for "strongly agree" taken from (Hair et al. 2006) was ranked to enroll responses (see Appendix A). Conducted by five researchers named Oliver (1980), Grace and O'Cass (2005), and Taylor and Baker (1994) the five-item scale used to gauge customer satisfaction as another variable. Question 1 was taken from Grace and O'Cass (2005), question 2 was taken from Taylor and Baker (1994) and questions 3, 4 and 5 were taken from Oliver (1980). The respondents indicated whether they agreed or disagreed with the statement given, marking their answer on a Likert scale ranked as 1 for "strongly disagree" and 5 for "strongly agree" similarly.

### **3.3.3. Loyalty intention**

To measure loyalty intention, 4 items adapted from Zeithaml, Berry and Parasuraman (1996) were used: consumers' tendency to rebuy the M.A.C. products and their intention to suggest them, using a Likert scale with five-point ranged as 1 for "very unlikely" and 5 for "very likely".

## 4. FINDINGS

This is the main section of the report with presented data and the findings. The results show that whether hypothesis is supported or not supported. It also contributes the literature with the results can be used for comparison in the future.

### 4.1. Statistical Analysis

The data were collected by administering 150 questionnaires and analyzed by using frequency analysis, reliability analysis and regression analysis with SPSS (Statistical Package for Social Sciences) V13.0.

### 4.2. Descriptive Analysis

The sample size of the research is 150. The questionnaire was administered to a total of 150 women, 72.7% of whom were not married. More than half (58.7%) of the sample were between 18 to 28 years old. Approximately 46% of the respondents have university (bachelor) degrees while 35.3% are primary school graduates. Only about 17% have masters degree. About 60% of the respondents are working and the remaining 40% are either students, housewives or retired women, classified as “not-working”. 74 working women out of 89 (83%) work in the private sector while only 4 of them (4.5%) work in the public sector. On the other hand, earnings of 33% of respondents are less than 1500 TL/month whereas another 32% of respondents earn between 1501-3000 TL/month. (Table 4.2.1.)

Table 4.2.1. Demographic Analysis of Respondents

Variable	Frequency	%
<u>Marital Status</u>		
Married	41	27,3
Single	109	72,7
<u>Age (Years)</u>		
18-28	88	58,7
29-39	41	27,3
40-50	14	9,3
51+	7	4,7
<u>Education</u>		
Primary School	3	2
High School	53	35,3
Bachelor	69	46
Master	25	16,7
<u>Employment status</u>		
Working	89	59,3
Not working	61	40,7
<u>Occupation</u>		
Public Sector (Civil servant)	4	2,7
Private Sector	74	49,3
Self Employed	11	7,3
Other/Not working (Housewife, Student, Retired, etc)	61	40,7
<u>Net Income (including tips and scholarships)</u>		
<1500 TL	49	32,7
1501-3000 TL	48	32
3001-4500 TL	25	16,7
4501-6000 TL	15	10,7
>6000 TL	13	8,7

Almost all of the respondents (96.7%) have used one of the M.A.C products at least once. 58% of respondents spend up to 150 TL/month for cosmetic products. 45% of respondents mentioned that they have spent very little amount of money for M.A.C products out of their total spending for cosmetics. (Table 4.2.1.)

Table 4.2.2. Spending patterns of respondents for cosmetic products

Variable	Frequency	%
<u>Have you ever used any M.A.C Product?</u>		
Yes	145	96,7
No	5	3,3
<u>Average monthly spendings for cosmetics</u>		
0-150 TL	87	58,0
151-300	44	29,3
300-500	16	10,7
>500 TL	3	2,0
<u>% of M.A.C products in total cosmetics spendings</u>		
None/Very little	30	20,0
Little	67	44,7
50%	39	26,0
High	14	9,3

The top three most owned cosmetic brands other than M.A.C among the respondents are L'oreal, Maybelline and Flormar. Total of 70 different cosmetic brands were mentioned as answer to this question in the survey. About 31% of respondents prefer to use L'oreal products other than M.A.C. (Figure 4.2.1.)

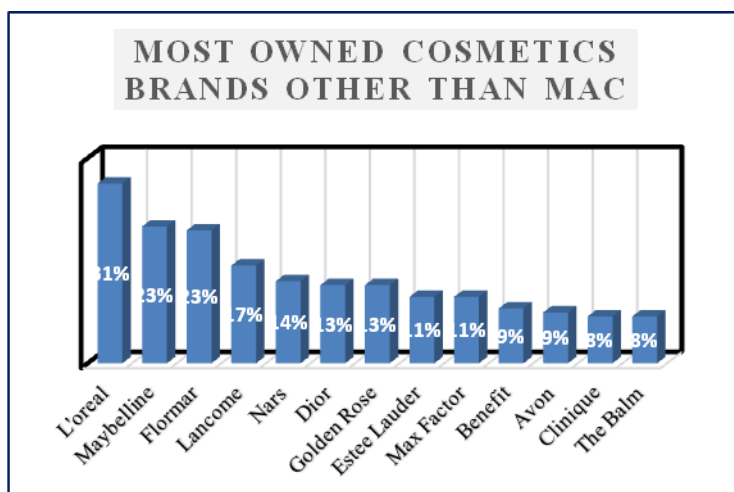


Figure 4.2.1. Most owned cosmetic brands other than M.A.C

In the reliability analysis, all variables were found to be reliable and Cronbach Alpha values between 0.649 and 0.928 (Table 4.2.3.) was satisfactory. Moreover, the mean value for the five benefits of brand image vary from 2.49 to 3.67. The standard deviation values for them range from 0.81 to 1.17. Satisfaction ' mean value is 3.70 and standard deviation is 0.83. In the other hand, loyalty has a mean of 3.52 and standard deviation is 0.82.

Table 4.2.3. Reliability Analysis, Means and Standard Deviations of the Study Variables

Variable	Number of items	Cronbach Alpha	Mean	Std. Dev.
Experiential image	4	0.875	3.670	0.868
Symbolic image	3	0.806	2.691	1.026
Social image	2	0.853	2.490	1.174
Functional image	3	0.694	3.493	0.889
Appearance image	3	0.649	3.424	0.813
Satisfaction	5	0.928	3.707	0.830
Loyalty intention	4	0.843	3.528	0.820

*Note.* 5-point Likert scale used for all items (1 = strongly disagree and 5 = strongly agree)

### 4.3. Hypothesis Testing

All of the hypotheses of this research were tested using the multiple regression method with stepwise approach. The results reported refer to the best model specified. There seems to be a positive relationship between brand image benefits and loyalty for the first hypothesis H1. Results in Table 4.3.1. show that 63.1 % of the total variance in loyalty can be expressed by image benefits ( $R^2 = 63.1$ ,  $p$ -value  $< 0.05$ ). Only three brand image benefits, namely appearance enhances ( $\beta = 0.347$ ,  $p$ -value  $< 0.05$ ), functional image ( $\beta = 0.207$ ,  $p$ -value  $< 0.05$ ) and experiential image benefits ( $\beta = 0.371$ ,  $p$ -value  $< 0.05$ ) have a significant effect on loyalty. Symbolic image and

social image do not have a significant influence on loyalty. Therefore, H1 can only be partially accepted.

Table 4.3.1. Regression Analysis of Experiential, Symbolic, Social, Functional and Appearance Enhances Brand Image Benefits with Loyalty Intention

	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std.error estimate	Sig. F
	0,799	0,638	0,631	0,498	0,000
<u>Unstandardized coefficients</u>					
	Beta	Std.error	Std. coef.beta	t	Sig.
Experiential image	0,350	0,059	0,371	5,970	0,000
Functional image	0,191	0,074	0,207	2,596	0,010
Appearance enhances	0,350	0,078	0,347	4,465	0,000

*Note.* Dependent variable: Loyalty

The second hypothesis (H2) aims to test the existence of a positive relationship between brand image benefits and overall satisfaction. Data in Table 4.3.2. shows 69.9 % of the total variance of satisfaction can be showed by brand image benefits ( $R^2 = 69.9$ ,  $p$ -value  $< 0.05$ ). Here again, three benefits which have a positive impact on satisfaction, namely experiential brand image ( $\beta = 0.286$ ,  $p$ -value  $< 0.05$ ), functional brand image ( $\beta = 0.356$ ,  $p$ -value  $< 0.05$ ) and appearance enhances ( $\beta = 0.395$ ,  $p$ -value  $< 0.05$ ). Only social brand image ( $\beta = - 0.149$ ,  $p$ -value  $< 0.05$ ) has a negative influence on satisfaction. It shows that H2 can also be only partially accepted.

Table 4.3.2. Regression Analysis of Experiential, Symbolic, Social, Functional and Appearance Enhances Brand Image Benefits with Satisfaction

	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std.error estimate	Sig. F
	0,841	0,707	0,699	0,455	0,000
<u>Unstandardized coefficients</u>					
	Beta	Std.error	Std. coef.beta	t	Sig.
Experiential image	0,273	0,054	0,286	5,042	0,000
Functional image	0,332	0,068	0,356	4,892	0,000
Appearance enhances	0,404	0,077	0,395	5,256	0,000
Social image	-0,106	0,039	-0,149	-2,741	0,007

*Note.* Dependent variable: Satisfaction

The third hypothesis (H3) aims to evaluate whether there is a positive relationship between satisfaction and loyalty. The outcomes in Table 4.3.3. indicate 64.9% of the total variance in loyalty is showed by satisfaction ( $R^2 = 64.9$ ,  $\beta=0.806$ ,  $p$ -value  $< 0.05$ ). That's why, the third hypothesis (H3) is accepted.

Table 4.3.3. Regression Analysis of Satisfaction with Loyalty Intention

	R	R <sup>2</sup>	Std.error estimate	Sig. F
	0,806	0,649	0,487	0,000
<u>Unstandardized coefficients</u>				
	Beta	Std.error	Std. coef.beta	t
Satisfaction	0,796	0,048	0,806	16,560

*Note.* Dependent variable: Loyalty

The fourth hypothesis (H4) aims to evaluate whether customers' satisfaction has a mediating effect on the relationship between brand image benefit (appearance enhances) and loyalty intention. The results in Table 4.3.4. show that for H4, satisfaction has partially mediating effect on the relation among appearance enhances benefit and loyalty. They depict appearance enhances image benefit has a direct impact on loyalty ( $\beta = 0.705$ ,

p-value < 0.01), an indirect impact ( $\beta = 0.242$ , p-value < 0.05) as satisfaction was a mediator as well. Table 4.3.4. also shows that 67.6% of the total variance in loyalty can be explained by appearance enhances image through overall satisfaction while only 49.7% of the total variance in loyalty can be explained by appearance enhances image itself. ( $R^2$  change = 0.179)

Table 4.3.4. Mediating Effect of Satisfaction on the Relationship between Brand Image benefits ( i.e.appearance enhances) and Loyalty Intention

Dependent variable	Independent variables	Std. beta Step 1	Std. beta Step 2
Loyalty intention	Appearance enhances image	0.705**	0.242*
	Mediator: Overall satisfaction		0.627**
$R^2$		0.497	0.676
Adj. $R^2$		0.494	0.672
$R^2$ change			0.179
F change			81.227

Note. Significant levels: \*\* p < 0.01, \* p < 0.05

The fifth hypothesis (H5) aims to evaluate whether customers' satisfaction has mediating effect on the relation among image benefits (i.e. functional benefits) and loyalty. The results given in Table 4.3.5. below reveal that the satisfaction partially mediates the relation among functional image and loyalty for H5. The results emphasise that functional benefit has a direct effect on loyalty ( $\beta = 0.684$ , p-value < 0.01)and an indirect effect ( $\beta = 0.180$ , p-value < 0.05) through overall satisfaction. Table 4.3.5. also depicts that 66.4% of the total variance in loyalty can be explained by functional image through overall satisfaction while only 46.7% of the total variance in loyalty can be explained by functional image itself. ( $R^2$  change = 0.196)

Table 4.3.5. Mediating Effect of Satisfaction on the Relationship between Brand Image benefits ( i.e.functional) and Loyalty Intention

Dependent variable	Independent variables	Std. beta Step 1	Std. beta Step 2
Loyalty intention	Functional image	0.684**	0.180*
	Mediator: Overall satisfaction		0.671**
R <sup>2</sup>		0.467	0.664
Adj. R <sup>2</sup>		0.464	0.659
R <sup>2</sup> change			0.196
F change			85.858

*Note.* Significant levels: \*\*  $p < 0.01$ , \*  $p < 0.05$

## 5. DISCUSSION

The objective of the empirical thesis is to examine the relationship between brand image, customer satisfaction and loyalty intention among Turkish female consumers towards using M.A.C branded make-up products. The outcomes obtained from statistics reveal that three image benefits, namely appearance enhances, functional & experiential image benefits, significantly influence customers' loyalty intention for using M.A.C products. The other brand image benefits of symbolic and social benefits are found to affect loyalty intention insignificantly. The results of this study contradict some of the previous studies carried out in other ways. For example, the results of the study contradict Reynolds and Beatty's (1999) one which of salesperson relationship benefits that showed social benefits were important factors in determining loyalty to the salesperson more than functional benefits. Similarly, Vazquez-Carrasco and Foxall (2006) explored that social, confident and special brand image affect loyalty positively.

Another result of the study that symbolic benefit affect satisfaction and loyalty insignificantly is also contradictory to the afore-mentioned study. Tsai's (2005) study concluded that symbolic, affective and trade off value are related to rebuy tendency of clients positively in the coffee shop chains, retailers that sell computer and jeans products. The outcomes of this thesis contradict with the findings of previous studies, maybe the reason is sample characteristics targeted. More than 40% of the respondents in this research sample are not working as they are mostly students and housewives. Clearly, this shows that the group mentioned above does not have enough

income to buy make up products that provide symbolic and social benefits related with high quality products. Mostly, they use low-and-middle-range color cosmetic brands like L'oreal, Maybelline, Flormar or Golden Rose which do not really provide the status in the society like luxury cosmetics such as Estee Lauder, Dior and Clinique.

In addition to the studies described above, Thakur and Singh (2012) conducted a study to female cosmetics customers in India and found that three brand image benefits categorized as functional, social and appearance has related to both satisfaction and loyalty positively, in contrast two benefits called experiential and symbolic has no significant effect on satisfaction and loyalty.

The following research studies on Malaysian female cosmetics users indicate that two of the brand benefits consisting of functional and appearance enhances positively influence loyalty intention yet the rest of the brand benefits namely symbolic, experiential and social negatively influence loyalty intention ( Sondoh, Ishak, Omar & Vahid, 2007).

It can be deduced from the analysis results provided by SPSS that H2 can be partially accepted. Similar to the effects on brand loyalty, three image benefits (i.e.experiential, functional and appearance enhances benefits) have a positive and significant effect on customer satisfaction. Only social benefit has a negative and significant effect on satisfaction. The outcomes are partly in line with other findings for example by Reynolds and Beatty (1999) which discover that just social and functional benefits are related to satisfaction positively. Likewise, Carpenter and

Fairhurst (2005) showed that both utilitarian and hedonic shopping benefits have a significant effect on satisfaction. Additionally, four of the image benefits including functional, experiential, social and appearance enhances influence satisfaction in a positive way (Sondoh et. al, 2007). According to Upamannyu and Bhakar (2014) conducted a study for a cosmetic brand (Fair Lovely) in India found that there is a relation among image and satisfaction. The conclusion is that make up product clients are very satisfied when they perceive highly experiential, appearance and functional benefits from the brand.

Findings points to the result that satisfaction is crucial to enhance loyalty intention. M.A.C-branded cosmetic product users are expected to be more loyal to M.A.C when they are satisfied, meaning that H3 is fully accepted. The results is thus parallel with the previous studies in stores and tourism(Da Silva & Syed Alwi, 2006; Bloemer & Ruyter, 1998; Nguyen & LeBlanc, 1998; Kandampully & Suhartanto, 2000). It is important to recognize that many studies found that customer satisfaction has a significant role to gain loyalty intention (Sondoh et.al.,2007). Regarding the following study of Upamannyu and Bhakar (2014) showed that the hypothesis as "There is no causal and effect relationship between brand image and customer satisfaction" was rejected. Thakur and Singh (2012) parallels the idea with their findings that there is a positive relation among satisfaction and loyalty. In contrast, based on the study of Upamannyu and Bhakar (2014), there is no direct relationship between satisfaction and loyalty in color cosmetic industry. The results of the study conflicts with the findings of previous literature, maybe due to the using of both sex(female and male) as sample.

The research outcomes also lead to the conclusion that appearance enhances image has both direct and indirect effects on brand loyalty through satisfaction, plus hinting at just partially mediating effect of satisfaction for H4. This emphasises the critical role of appearance enhances benefit as a base element of loyalty and satisfaction for branded cosmetic product users. Similarly, the previous research studies indicate that appearance enhance image benefit affect loyalty intention through overall satisfaction as a mediating variable (Sondoh et.al.,2007). For this reason, according to the study results, branded cosmetic marketers have to enhance the brand attractiveness to improve overall customer satisfaction and loyalty to meet customer expectations and to reveal good impression and effectiveness associated with using their brand.

Overall customer satisfaction has been found to be only partially mediating the relation among functional image benefits and loyalty for H5. It points out the importance of functional image benefits as a crucial element of loyalty and satisfaction for users of a branded cosmetic product. Therefore, based on the results, it can be proposed that functional image benefits, or intrinsic advantages of a product, should become very evident to M.A.C product users in order to create and maintain loyal customer base and through overall satisfaction. In contrast, functional benefits fully influence loyalty intention through customer satisfaction (Sondoh et.al., 2007). Another study of Upamannyu and Bhakar (2014) showed that customer satisfaction significantly mediates on brand image and loyalty intention. Interestingly, based on the study of Bloemer and Ruyter (1997), image of a store can only affect store loyalty through store satisfaction.

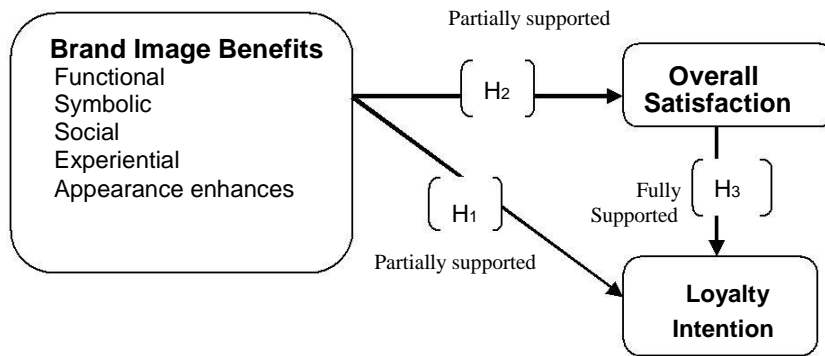


Figure 5.1. The updated research model

Table 5.1. Hypothesis Testing Results

HYPOTHESES	Hypothesis Testing
<i>H1: There is a positive relationship between brand image benefits and loyalty intention.</i>	<i>Partially Supported</i>
<i>H2: There is a positive relationship between brand image benefits and overall satisfaction.</i>	<i>Partially Supported</i>
<i>H3: There is a positive relationship between overall satisfaction and loyalty intention.</i>	<i>Fully Supported</i>
<i>H4: Customers' overall satisfaction mediates the relationship between brand image benefits (i.e. appearance enhances) and loyalty intention.</i>	<i>Partially Supported</i>
<i>H5: Customers' overall satisfaction mediates the relationship between brand image benefits (i.e. functional benefits) and loyalty intention.</i>	<i>Partially Supported</i>

This thesis proposes that brand image benefits are important to find the customer satisfaction level, which in turn determines the existence or level of loyalty.

The findings implies that the outcomes are feasible and can be used by cosmetic product marketing executives.

## 6. CONCLUSION

In the conclusion section, the limitations of the study and recommendations for future research will be discussed.

### 6.1. Limitations

Notwithstanding the results discussed above, there are some limitations in this study apart from limitations arising due to common method biases. First of all, a relatively small sample size was used and it is not possible to apply the outcomes to the whole population and generalize the statistics results to the whole color cosmetics sector. Researchers have to target a comparably larger sample size in the future. Secondly, the study was conducted in Istanbul. It is suggested that further survey is conducted at least in three big cities in Turkey in order to understand more clearly which benefits of a selected brand affects overall customer satisfaction and loyalty.

### 6.2. Future Research

Besides using a larger sample size and conducting the survey in at least three cities there is more recommendations for the future researchers.

Although respondents have been categorized as working and not-working, not-working respondents can be questioned whether they are the end users or not. This causes a misleading impact on the results . Thus, choosing a sample consisting only of working individuals such as white collars is also recommendable for later research. In

addition, more studies would need to be done to focus on high-end color cosmetics brands or low-range cosmetics brands. Further investigation should be conducted in order to make comparison with the results. Finally, it might be better if future studies examine just one type of color cosmetic product, like concealer or foundation stick. Concentrating on a specific product can really reveal the brand attributes and advantages of this particular good.

### **6.3. Implications**

This study has revealed the worth of brand image benefits, especially appearance enhances, functional and experiential image benefits in determining satisfaction and loyalty in Turkish cosmetic market. Marketing executives of Turkish cosmetics companies which aim to develop and implement effective strategies can benefit from knowing brand image benefits of their branded products. They can also benefit from learning what their clients expect and need from using their products and how the clients perceive the brand image and product meaning. The marketing executives can thus check if these are in line with image dimensions.

Marketing executives can further monitor how the image of their branded products perform and therefore can forecast clients' satisfaction and loyalty. This will give them an insight into future customer behaviour such as recommending the product to others and their intention to purchase. Based on the study on hotel image of Kandampully and Suhartanto (2000), it is clear that image and satisfaction are the most important factors to determine customer loyalty.

Focusing on creating and maintaining successful brand image and values is crucial in marketing strategies. In this way the company can positively position the product in the perceptions of the customer base, and this ensures achievement which brings overall customer satisfaction and product brand loyalty. Finally, the three key aspects relating to brand management, i.e. brand image, satisfaction and loyalty are instrumental in consolidating a firm's brand attractiveness.

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## APPENDIX A: Survey

Sayın Cevaplayıcı,

MAC ürünleri üzerine yapmış olduğumuz bu akademik çalışmada aşağıda yeralan soruları cevaplayarak çalışmamıza sağlayacağınız katkı için şimdiden teşekkür ederiz.

1. Hayatınızda herhangi bir MAC Markalı ürün kullandınız mı?  
 Evet  Hayır
2. Yaşınız:  
 18-28  
 29-39  
 40-50  
 51 ve üzeri
3. Medeni Durumunuz:  Evli  Bekar
4. En son bitirdiğiniz okul:  
 İlk Öğretim  
 Lise  
 Üniversite  
 Yüksek Lisans  
 Doktora
5. Çalışma durumunuz:  Çalışıyorum  
 Çalışmıyorum
6. Çalıştığınız sektör:  
 Memur  
 Özel sektör  
 Firma sahibi  
 Diğer  
(ev hanımı, öğrenci, emekli vs.)

7. Aylık net kişisel geliriniz (burs/harçlık dahildir) nedir?
- < 1500 TL
- 1501-3000 TL
- 3001- 4500 TL
- 4501- 6000 TL
- >6000 TL
8. Kozmetik ürünleri için ayda ortalama kaç TL alışveriş yaparsınız?
- 0-150 TL
- 151-300 TL
- 300-500 TL
- >500 TL
9. MAC dışında hangi markalara ait ürüne/ürünlere sahipsiniz?
- 1) .....
- 2) .....
- 3) .....
- 4) .....
10. MAC kozmetik harcamalarınız içinde ne kadar yer tutar?
- Çok az
- Az
- Yarı Yarıya
- Çok
- Hepsi

<p><i>Aşağıdaki ifadeleri dikkatlice okuyunuz ve bu ifadelere ilgili görüşünüzü “Kesinlikle Katılmıyorum”dan “Kesinlikle Katılıyorum” a doğru uzanan değerlendirme aralığında cevap seçeneklerinden birine X işareti koyarak <b>M.A.C</b> <b>Markasını</b> düşünerek cevap veriniz.</i></p>	<p><i>Kesinlikle katılmıyorum</i></p>	<p><i>Katılmıyorum</i></p>	<p><i>Ne katılıyorum,</i></p>	<p><i>Katılıyorum</i></p>	<p><i>Kesinlikle katılıyorum</i></p>
1. M.A.C markası bana kendimi iyi hissettirir.					
2. M.A.C markası kullanmaktan çok memnunum.					
3. M.A.C markası kozmetik kullanma sıklığımı arttırır.					
4. M.A.C markası kullanmaktan zevk alırım.					
5. M.A.C markasını kullanmak, benim kalitesiz görünmemi engeller.					
6. M.A.C markası imrenilen bir hayat tarzına sahip olduğum algısını yaratır.					
7. M.A.C markası benim sosyal gruplara daha iyi adapte olmamı sağlar.					
8. M.A.C markası bana kabullenildiğim hissini verir.					
9. M.A.C markası başkalarınca farkedilmemi olumlu yönde geliştirir.					
10. M.A.C markası bana vaadettiğini gerçekleştirir.					
11. M.A.C markası beni daha çekici kılar.					
12. M.A.C markası kullanımı güvenlidir.					
13. M.A.C markası beklentilerimi karşılar.					
14. M.A.C markası diğer insanlar üzerinde iyi bir etki yaratmamı sağlar.					
15. M.A.C markası kullanmak diğer markalara göre ihtiyaçlarımı karşılama konusunda daha etkilidir.					

<b>16.</b> M.A.C markasını kullanmakla doğru şeyi yaptığımı düşünüyorum.					
<b>17.</b> M.A.C markasını kullanmanın genellikle tatmin edici bir deneyim olduğunu düşünüyorum.					
<b>18.</b> M.A.C markasını kullanma kararımdan ötürü çok memnunum.					
<b>19.</b> M.A.C markasını kullanmak akıllıca bir karardır.					
<b>20.</b> M.A.C markası benim ihtiyaçlarımı karşılama konusunda başarılıdır.					
<b>21.</b> M.A.C markası benim için her zaman ilk tercihtir.					
<b>22.</b> Gelecekte M.A.C markalı ürünleri kullanmaya devam etmeye niyetliyim.					
<b>23.</b> Gelecekte M.A.C marka ürünleri satın alma niyetim vardır.					
<b>24.</b> Arkadaşlarımı ve yakınlarımı M.A.C marka ürünleri kullanmaya teşvik edeceğim.					

*Note.* Question 1-4 : Experiential benefit

Question 5-7 : Symbolic benefit

Question 8-9 : Social benefit

Question 10-12 : Functional benefit

Question 13-15 : Appearance enhances

Question 16-20 : Overall satisfaction

Question 21-24 : Loyalty intention

## APPENDIX B: CV (Curriculum Vitae)

**PERSONAL DETAILS:**

- **Name:** Mehtap Us Terzi
- **Place of Birth:** Bursa
- **Date of Birth:** May 7th, 1971
- **Nationality:** Turkish
- **Marital Status:** Married, has one girl.
- **Home Address:** Uphill Court A4 D:18, Batı Atasehir, Istanbul
- **e-mail:** mehtapus1971@gmail.com
- **Mobile:** 0533 389 88 54
- **Driver's License:** B
- **Language Skills:** English (advanced), French (beginner)

**OBJECTIVES:** *Sales manager position in IT industry directly related with sales support and project management duties.*

**EDUCATION:**

- **October 2013 - June 2017:** Yeditepe University Master of Business Administration (CGPA-Cumulative Grade Point Average: 3.50)
  - Already taken courses in: Marketing Management, Contemporary Management, Microeconomics, Business Statistics, Financial Accounting, Business Research, International Business, Integrated Marketing Communication, Corporate Finance, Consumer Behavior, Sales Management, Research Methodology and Data Analysis, Business Policy and Strategic Management, Seminar in Business.
  - Taken courses in University of North Carolina Wilmington: Cross Cultural Management, Current Issues in Marketing Management, Business English
- **October 03 - December 2006:** Marmara University Master Degree on Photography
  - Master Thesis Title: Reading and Criticizing Photographs
- **October 99 - July 2003:** Yıldız Teknik University Photography and Video (completed at the top of her class)
- **October 97 - June 1998:** Marmara University, The Language School
  - English Preparatory Course

- **October 89-March 1996:** Istanbul University, The Faculty of Engineering, Chemical Engineering
- **September 86- June 1988:** Besiktaş Girls High School

**COURSES ATTENDED:**

- Professional Selling Skills (FED Training), 2000
- Life Size Certified Sales Professional, 2013
- Polycom Certified Sales Professional, 2014
- Huawei Certified Sales Professional, 2014
- Graphic and Web Design (Bilge Adam), 2013
- Microsoft Office App. (Bilge Adam), 2013
- Interview Techniques (Bilge Adam), 2014
- Work Safety Certification (Marmara University), 2014
- Future Day (Yeditepe University), 2015
- Certificate in International Management (University of North Carolina Wilmington), 2015

**COMPUTER SKILLS:**

- Windows 8
- Microsoft Office Programs
- Adobe Photoshop CS5, InDesign, Dreamweaver CS5, Flash Professional CS5

**EMPLOYMENT HISTORY:**

- January 2013 - present: Sales Manager; DBS Teknoloji San.ve Dış Tic.Ltd.Şti.
- January 2004 - December 2012: Freelance Photographer, and Studio Owner
- January 1999 - February 2000: Presales Expert; Veritek Bilgisayar Ltd.

**ACHIEVEMENTS & AWARDS:**

- Photography exhibitions: Eight solo photography gallery performances
- Published photo albums, winning prizes in contests.
- Club Membership: Istanbul Photography and Cinema Amateurs Club

**HOBBIES and INTERESTS:**

- Travelling, photography, cinema, classical music and Turkish Cuisine Cooking.

## APPENDIX C: Abbreviations

- M.A.C -- makeup art cosmetics
- SPSS--statistical package for social sciences
- USA--United States of America
- UAE--United Arab Emirates
- USD--United States Dollar
- BRIC--Brasil, Russia, India, China
- UK--United Kingdom
- EMEA--Europe, Middle East, Africa
- ITC--international trade center
- MATRADE-- Malaysia external trade development corporation
- Ltd--limited
- Inc--incorporation
- rsp-- retail service provider
- i.e-- id est and means "that is"
- et al.-- et alii means "and others"
- p.--page
- etc--et cetera means "other things"
- $R^2$ -- coefficient of multiple determination for multiple regression
- p-value--probability value
- $\beta$ --beta coefficient

## APPENDIX D: List of Tables

Table 2.6.1. Brand Shares of Premium Color Cosmetics: % Value 2010-2012

% retail value rsp	Company	2010	2011	2012
M.A.C.	Estee Lauder Cosmetics Ltd	12,1	12,4	13,0
Clinique	Estee Lauder Cosmetics Ltd	11,3	11,4	11,5
Estee Lauder	Estee Lauder Cosmetics Ltd	11,3	11,2	11,4
Lancome	Lancome Ltd	11,6	11,4	11,3
Benefit	Benefit Cosmetics Ltd	10,4	10,4	10,8
Elizabeth Arden	Elizabeth Arden UK Ltd	5,1	5,0	5,2
Bobbi Brown	Estee Lauder Cosmetics Ltd	3,6	3,6	3,8
Chanel	Chanel Ltd	3,4	3,4	3,6
Christian Dior	Christian Dior (UK) Ltd, Parfumes	2,6	2,6	2,7
Givenchy	Givenchy Ltd, Parfumes	1,5	1,5	1,6
OPI	OPI Products Inc	0,9	0,9	1,0
Nails Inc	Nails Inc	0,7	0,9	1,0
Clarins	Clarins UK Ltd	0,6	0,6	0,7
Yves Sain Laurent	YSL Beaute Ltd	0,5	0,5	0,7
Others	Others	24,6	24,1	21,7
	Total	100,0	100,0	100,0

*Note.* Euromonitor International from official statistics adapted from Euromonitor International

Table 4.2.1. Demographic Analysis of Respondents

Variable	Frequency	%
<u>Marital Status</u>		
Married	41	27,3
Single	109	72,7
<u>Age (Years)</u>		
18-28	88	58,7
29-39	41	27,3
40-50	14	9,3
51+	7	4,7
<u>Education</u>		
Primary School	3	2
High School	53	35,3
Bachelor	69	46
Master	25	16,7
<u>Employment status</u>		
Working	89	59,3
Not working	61	40,7
<u>Occupation</u>		
Public Sector (Civil servant)	4	2,7
Private Sector	74	49,3
Self Employed	11	7,3
Other/Not working (Housewife, Student, Retired, etc)	61	40,7
<u>Net Income (including tips and scholarships)</u>		
<1500 TL	49	32,7
1501-3000 TL	48	32
3001-4500 TL	25	16,7
4501-6000 TL	15	10,7
>6000 TL	13	8,7

Table 4.2.2. Spending patterns of respondents for cosmetic products

Variable	Frequency	%
<u>Have you ever used any M.A.C Product?</u>		
Yes	145	96,7
No	5	3,3
<u>Average monthly spendings for cosmetics</u>		
0-150 TL	87	58,0
151-300	44	29,3
300-500	16	10,7
>500 TL	3	2,0
<u>% of M.A.C products in total cosmetics spendings</u>		
None/Very little	30	20,0
Little	67	44,7
50%	39	26,0
High	14	9,3

Table 4.2.3. Reliability Analysis, Means and Standard Deviations of the Study Variables

Variable	Number of items	Cronbach Alpha	Mean	Std. Dev.
Experiential image	4	0.875	3.670	0.868
Symbolic image	3	0.806	2.691	1.026
Social image	2	0.853	2.490	1.174
Functional image	3	0.694	3.493	0.889
Appearance image	3	0.649	3.424	0.813
Satisfaction	5	0.928	3.707	0.830
Loyalty intention	4	0.843	3.528	0.820

Table 4.3.1. Regression Analysis of Experiential, Symbolic, Social, Functional and Appearance Enhances Brand Image Benefits with Loyalty Intention

	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std.error estimate	Sig. F
	0,799	0,638	0,631	0,498	0,000
<u>Unstandardized coefficients</u>					
	Beta	Std.error	Std. coef.beta	t	Sig.
Experiential image	0,350	0,059	0,371	5,970	0,000
Functional image	0,191	0,074	0,207	2,596	0,010
Appearance enhances	0,350	0,078	0,347	4,465	0,000

*Note.* Dependent variable: Loyalty

Table 4.3.2. Regression Analysis of Experiential, Symbolic, Social, Functional and Appearance Enhances Brand Image Benefits with Satisfaction

	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std.error estimate	Sig. F
	0,841	0,707	0,699	0,455	0,000
<u>Unstandardized coefficients</u>					
	Beta	Std.error	Std. coef.beta	t	Sig.
Experiential image	0,273	0,054	0,286	5,042	0,000
Functional image	0,332	0,068	0,356	4,892	0,000
Appearance enhances	0,404	0,077	0,395	5,256	0,000
Social image	-0,106	0,039	-0,149	-2,741	0,007

*Note.* Dependent variable: Satisfaction

Table 4.3.3. Regression Analysis of Satisfaction with Loyalty Intention

	R	R <sup>2</sup>	Std.error estimate	Sig. F
	0,806	0,649	0,487	0,000
<u>Unstandardized coefficients</u>				
	Beta	Std.error	Std. coef.beta	t
Satisfaction	0,796	0,048	0,806	16,560

*Note.* Dependent variable: Loyalty

Table 4.3.4. Mediating Effect of Satisfaction on the Relationship between Brand Image benefits ( i.e.appearance enhances) and Loyalty Intention

Dependent variable	Independent variables	Std. beta Step 1	Std. beta Step 2
Loyalty intention	Appearance enhances image	0.705**	0.242*
	Mediator: Overall satisfaction		0.627**
R <sup>2</sup>		0.497	0.676
Adj. R <sup>2</sup>		0.494	0.672
R <sup>2</sup> change			0.179
F change			81.227

*Note.* Significant levels: \*\*  $p < 0.01$ , \*  $p < 0.05$

Table 4.3.5. Mediating Effect of Satisfaction on the Relationship between Brand Image benefits ( i.e.functional) and Loyalty Intention

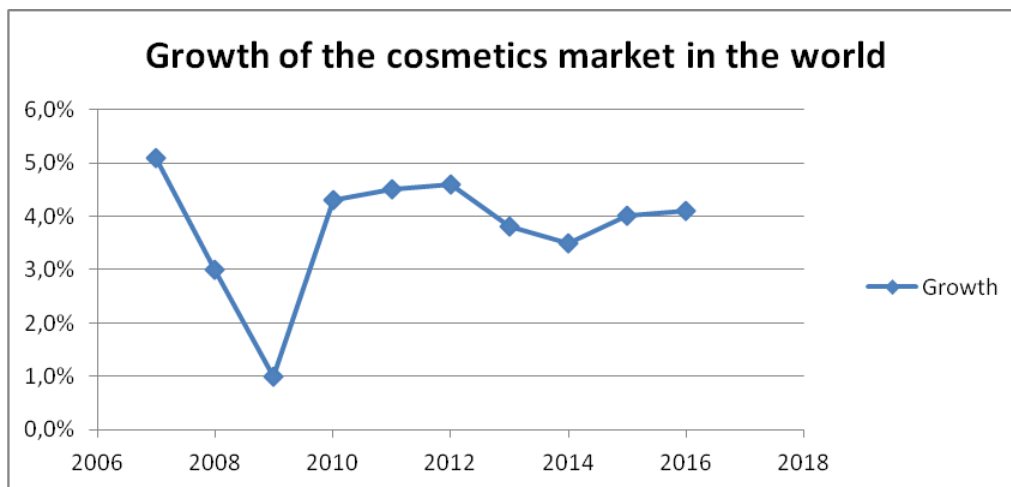
Dependent variable	Independent variables	Std. beta Step 1	Std. beta Step 2
Loyalty intention	Functional image	0.684**	0.180*
	Mediator: Overall satisfaction		0.671**
R <sup>2</sup>		0.467	0.664
Adj. R <sup>2</sup>		0.464	0.659
R <sup>2</sup> change			0.196
F change			85.858

*Note.* Significant levels: \*\*  $p < 0.01$ , \*  $p < 0.05$

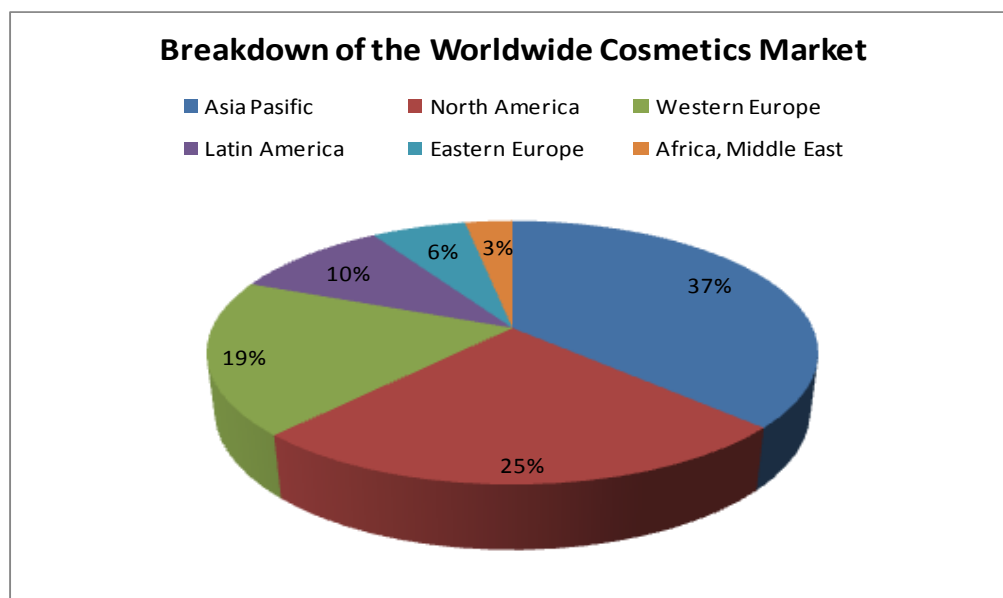
Table 5.1. Hypothesis Testing Results

HYPOTHESES	Hypothesis Testing
<i>H1: There is a positive relationship between brand image benefits and loyalty intention.</i>	<i>Partially Supported</i>
<i>H2: There is a positive relationship between brand image benefits and overall satisfaction.</i>	<i>Partially Supported</i>
<i>H3: There is a positive relationship between overall satisfaction and loyalty intention.</i>	<i>Fully Supported</i>
<i>H4: Customers' overall satisfaction mediates the relationship between brand image benefits (i.e. appearance enhances) and loyalty intention.</i>	<i>Partially Supported</i>
<i>H5: Customers' overall satisfaction mediates the relationship between brand image benefits (i.e. functional benefits) and loyalty intention.</i>	<i>Partially Supported</i>

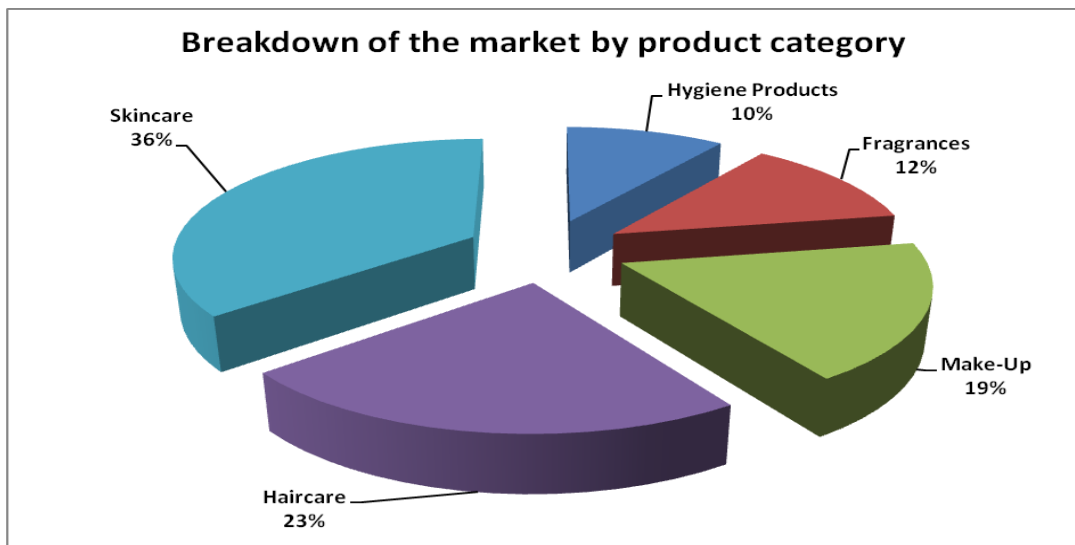
## APPENDIX E: List of Figures



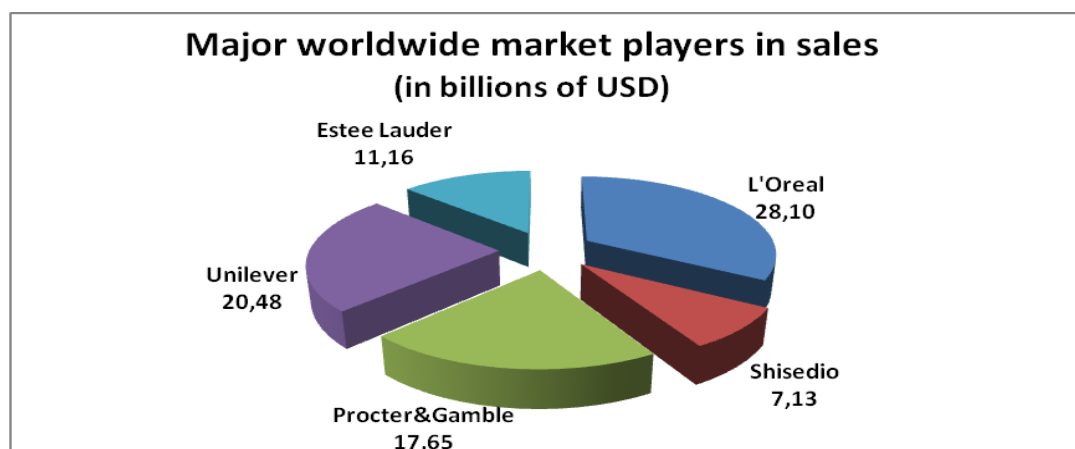
*Figure 2.6.1.* Growth of the cosmetics market in the world. *Source.* Cosmetics Market The world of beauty in 2016. [www.loreal.com](http://www.loreal.com). Retrieved on September 15,2017 from <http://www.loreal-finance.com/en/annual-report-2016/cosmetics-market>



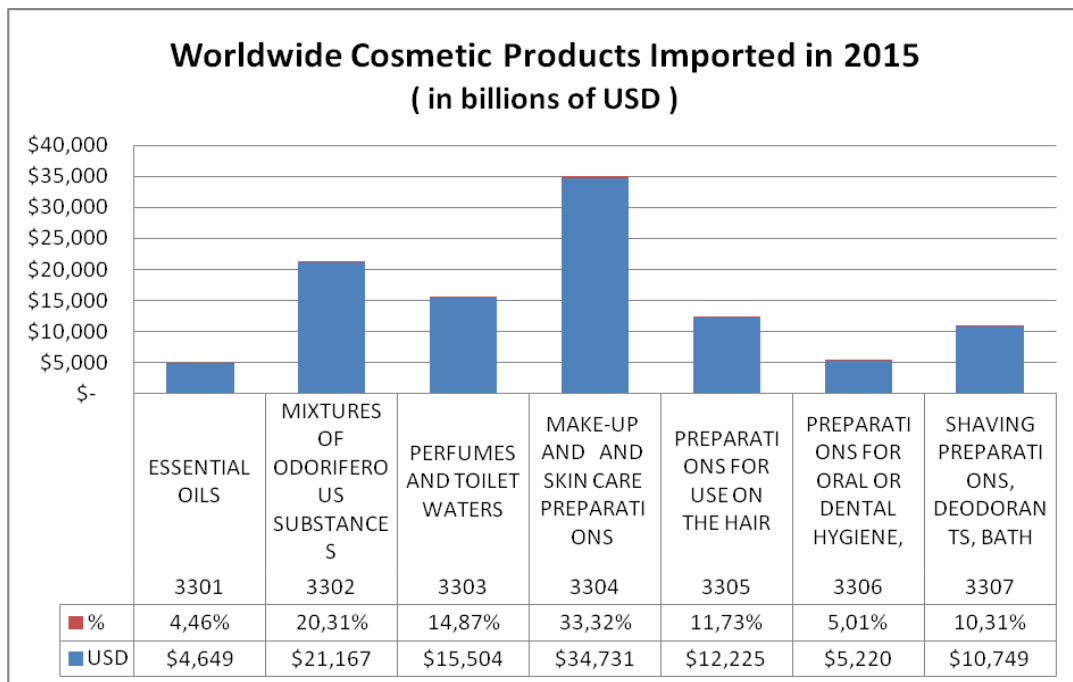
*Figure 2.6.2.* Breakdown of the Worldwide Cosmetics Market. *Source.* Cosmetics Market The world of beauty in 2016. [www.loreal.com](http://www.loreal.com). Retrieved on September 15,2017 from <http://www.loreal-finance.com/en/annual-report-2016/cosmetics-market>



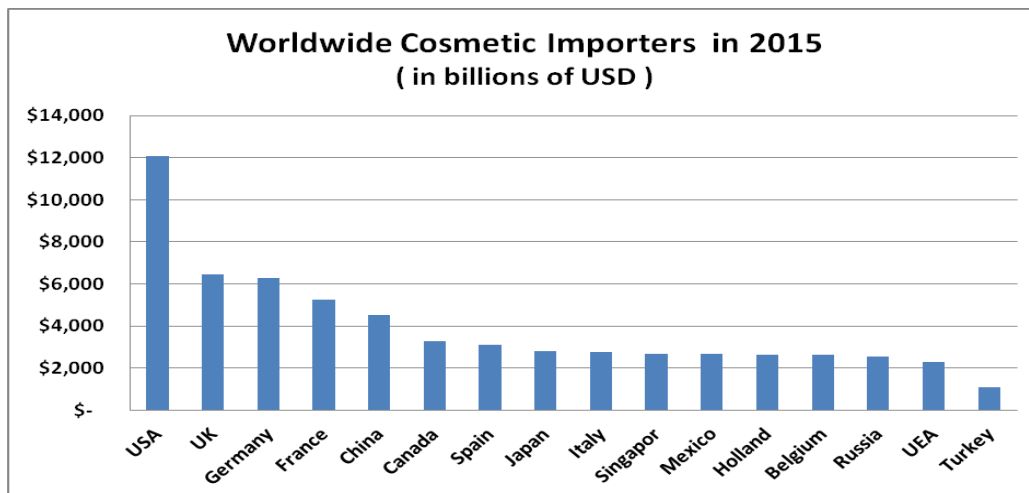
*Figure 2.6.3.* Breakdown of the market by product category. *Source.* Cosmetics Market The world of beauty in 2016. [www.loreal.com](http://www.loreal.com). Retrieved on September 15, 2017 from <http://www.loreal-finance.com/en/annual-report-2016/cosmetics-market>



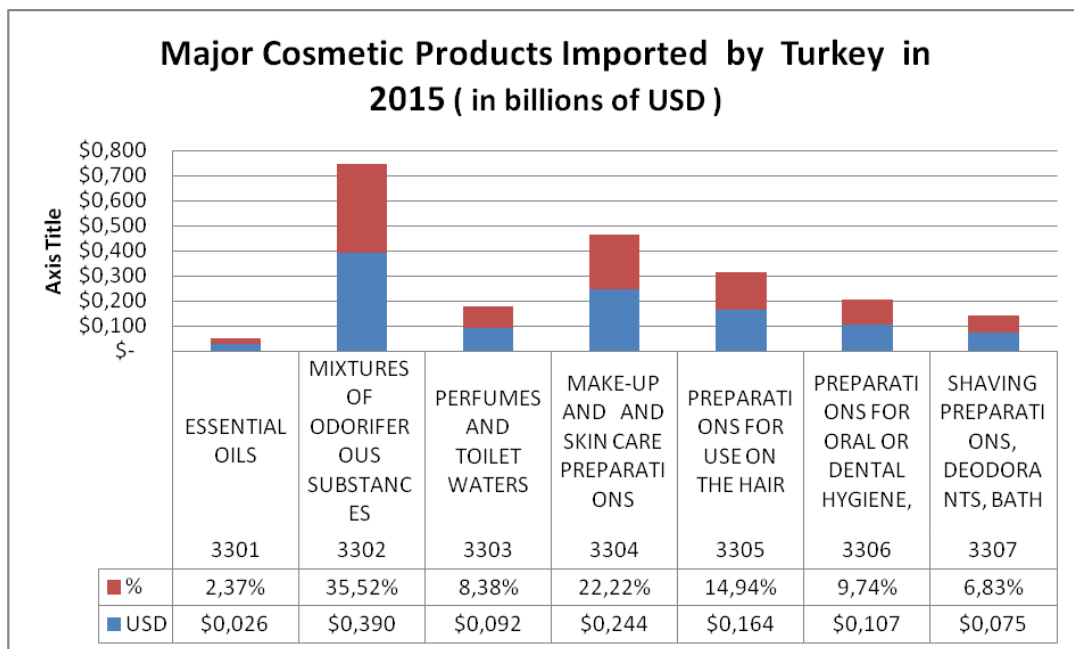
*Figure 2.6.4.* Major worldwide market players in sales. *Source.* Cosmetics Market The world of beauty in 2016. [www.loreal.com](http://www.loreal.com). Retrieved on September 15, 2017 from <http://www.loreal-finance.com/en/annual-report-2016/cosmetics-market>



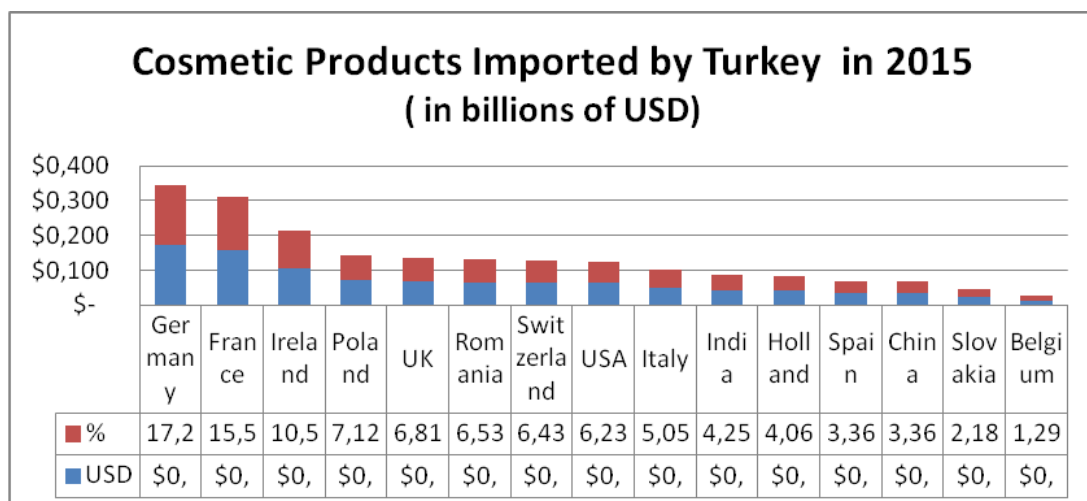
*Figure 2.6.5. Worldwide Cosmetic Products Imported in 2015. Source. Kozmetik Sektörü Raporları. Retrieved on September 20,2017 from [www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207](http://www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207)*



*Figure 2.6.6. Worldwide Cosmetic Importers in 2015. Source. Kozmetik Sektörü Raporları. Retrieved on September 20,2017 from [www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207](http://www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207)*



*Figure 2.6.7. Major cosmetic products imported by Turkey in 2015. Source. Kozmetik Sektörü Raporları. Retrieved on September 20,2017 from [www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207](http://www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207)*



*Figure 2.6.8. Cosmetic Products Imported by Turkey in 2015. Source. Kozmetik Sektörü Raporları. Retrieved on September 20,2017 from [www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207](http://www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207)*

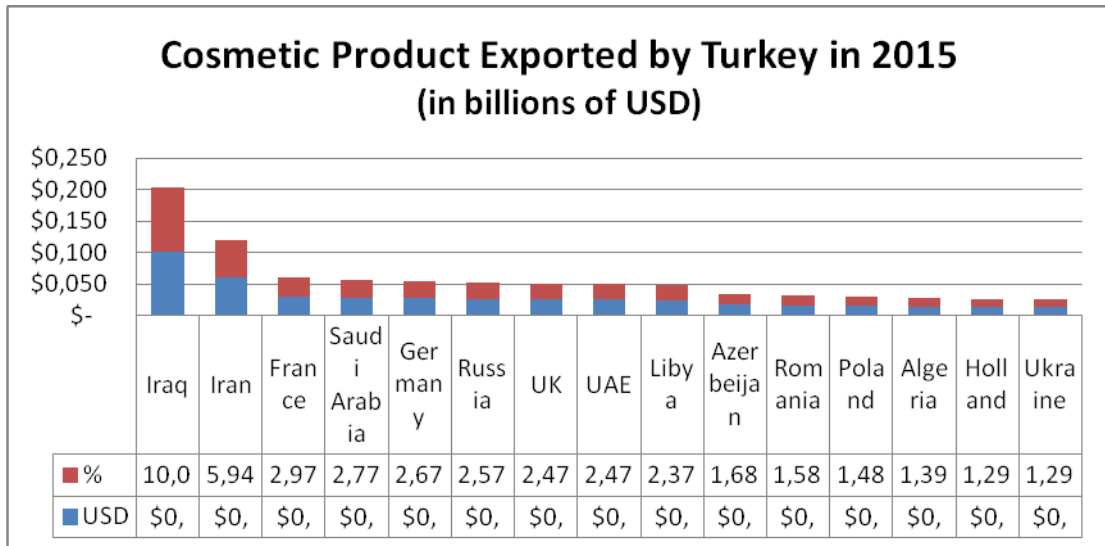


Figure 2.6.9. Cosmetic Product Exported by Turkey in 2015. *Source.* Kozmetik Sektörü Raporları. Retrieved on September 20,2017 from [www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207](http://www.ekonomi.gov.tr/portal/content/conn/ucm/uuid/dDocName:EK-226207)

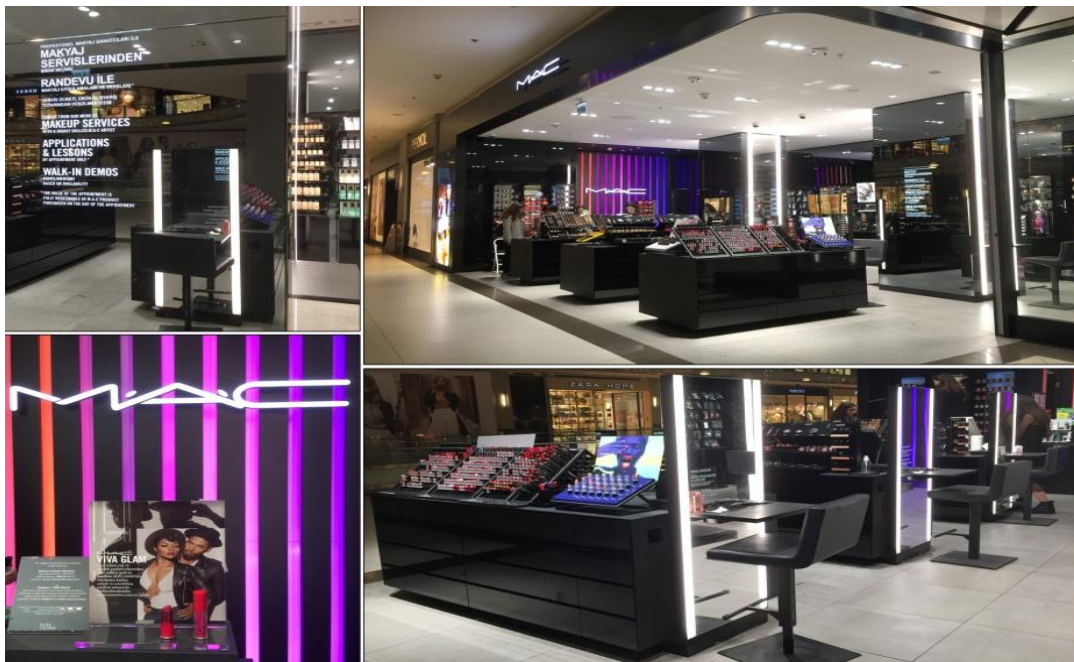


Figure 2.6.1.1. M.A.C Store, Palladium Mall, Atasehir

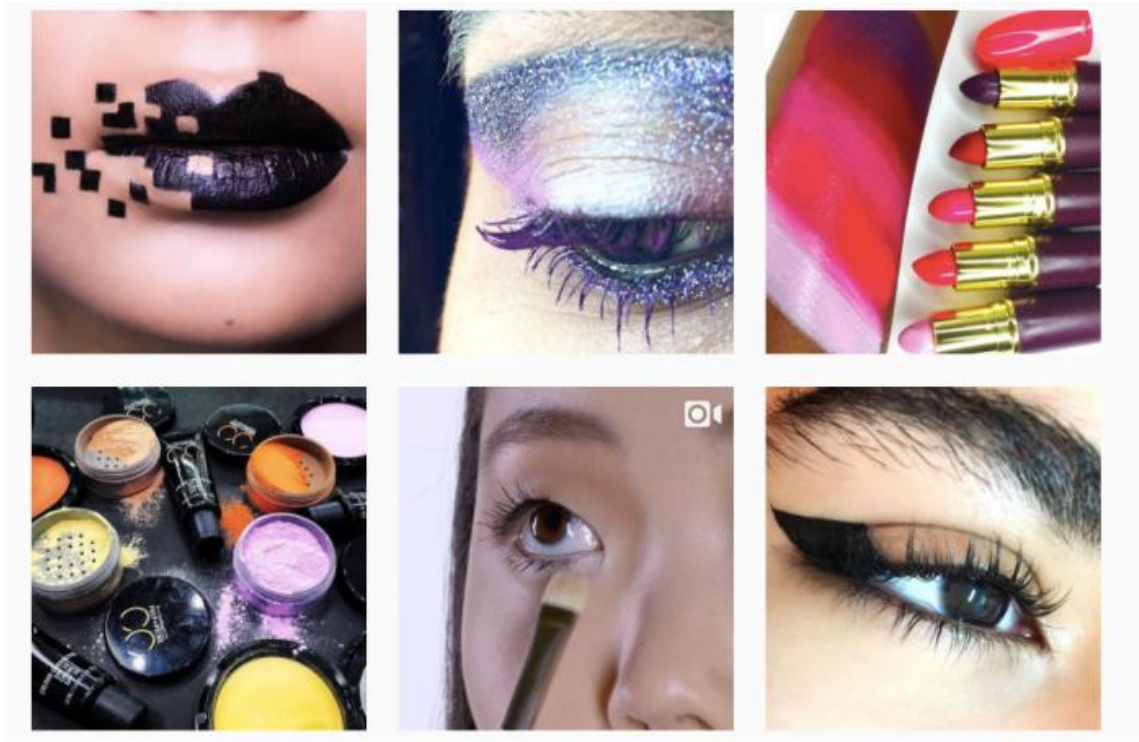


Figure 2.6.1.2. Mac Instagram examples. Sources. Retrieved on May 21, 2017 from <https://www.instagram.com/maccosmeticsmiddleeast/>

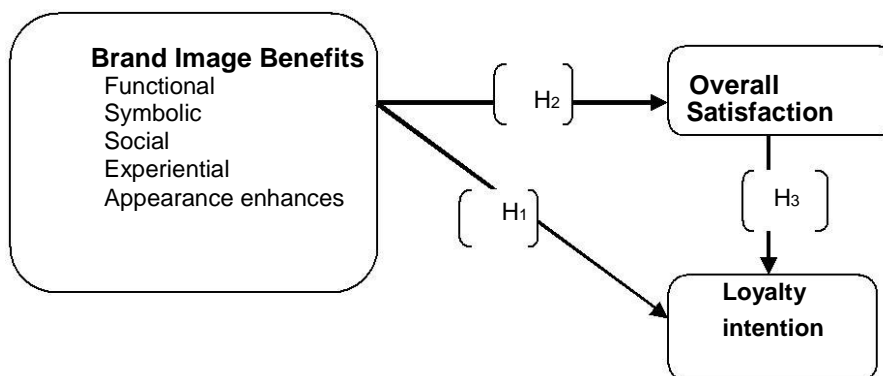


Figure 3.2.1. The research model

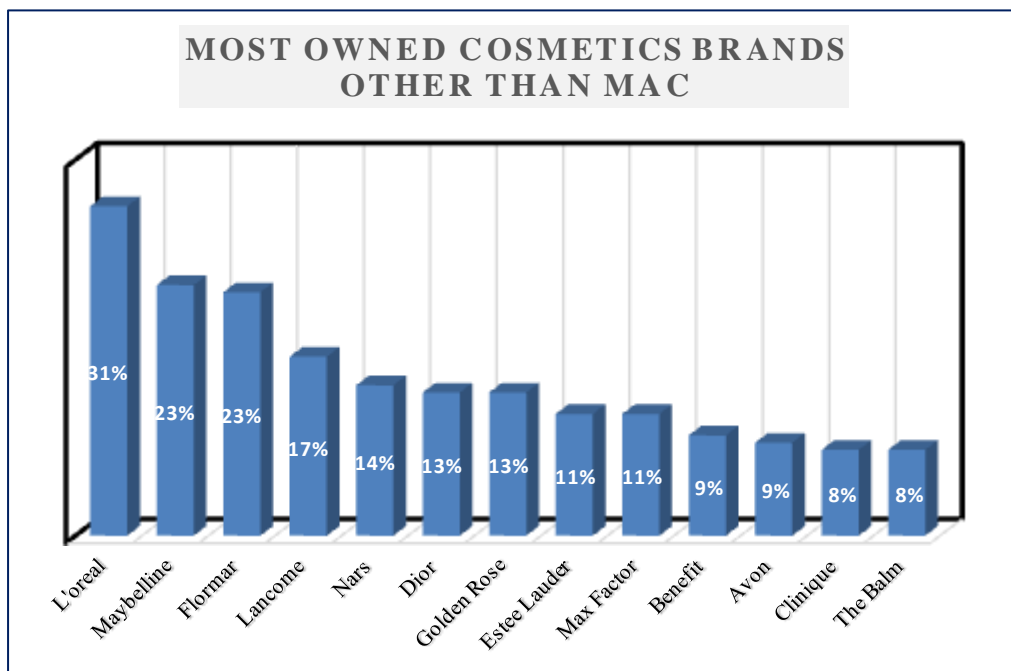


Figure 4.2.1. Most owned cosmetic brands other than M.A.C

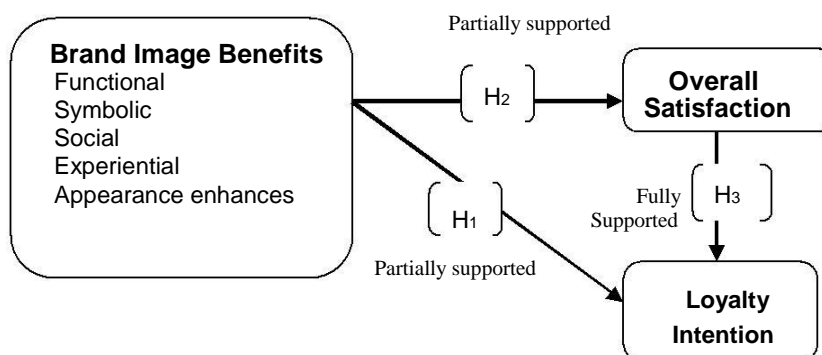


Figure 5.1. The updated research model