

**INTI INTERNATIONAL UNIVERSITY**

**MASTER OF BUSINESS ADMINISTRATION**

Factors Affecting Repurchase Intention of Korean Cosmetics Product  
in Malaysia

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## **Declaration**

I hereby declare that this thesis is my own work and effort and that it has not been submitted anywhere for any award. Where other sources of information have been used, they have been duly acknowledged.

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## **Abstract**

Korean cosmetics product is getting popular in Malaysia due to Korean Culture influence. Research found that the Malaysia has been one of the exporting countries for Korean cosmetics product from Korea along with Thailand and Vietnam. Due to increasing import from Korea, there are many Korean cosmetic brand exist in Malaysia causing the worry of the sustainability of these brand as the competition among the firms are fierce. Moreover, article has also mention that some brand has the high return rate from the customer compare to other. This has create the phenomena of want to know the factors affecting the repurchase intention of the Korean cosmetics brand. Nevertheless, it is also important to have research on repurchase intention as it will have affect the marketing strategies of the company by getting to know the information behind the repurchase intention. As this study are also serve the purpose of fill in the gaps of the literature review, therefore 3 independent variable has been identify to fill in the gaps of this particular context which is corporate image , brand innovation and customer commitment.

**Key words:** Cosmetics Products, Repurchase Intention, Corporate Image, Brand Innovation, Customer Commitment

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## **CHAPTER 1: INTRODUCTION**

### **1.0 Chapter Review**

This chapter provides the overview of repurchase intention of the Korean Brand Cosmetics in Malaysia. In this chapter, it consists of background of study, problem statement, research questions, research objectives and contribution of study. Definitions of the key terms will be present in this chapter with definitions of each key terms. The main objectives of providing definitions of key terms is to enable reader to have better understanding of this research. Organisational proposal is the last component to be present in this chapter which defined each chapter in this report.

### **1.1 Background of Study**

According to Pham et al (2018), repurchase intention is considered as one of the important behavioural for marketing as it is relevant to the willingness of the customer to buy again or experience the same product or service again. The concept of repurchase intentions is defined as a commitment of repeat purchases from a service or product supplier (Su et al , 2016). Repurchase intentions are also regards as the likelihood of using the brand again in the future (Ekaputri, Rahayu and Wibowo, 2016). Customer who has good purchase intention has high possibility of purchase again in the future (Moslehpour et al, 2017).

According to Dewi and Wibisono (2018) , it is important to ensure that the customer are satisfy with the product and it directly result to the loyalty and trust while eventually lead to repurchase the product. Furthermore, the cost of obtain new customer are increasingly every years due to fierce competition in the industry and the cost are relatively higher than retaining the customer with the company (Goh, Jiang and Tee, 2016). Therefore, it is important to identify the factors which will affect the repurchase intention of the product. According to Moslehpour et al (2017),customer tend to use the same product especially for the beauty products, therefore study about repurchase intention are the context of this study.



## 1.2 Problem Statement

According to the Mintel Research (2017), Korea is among the top 10 global beauty markets estimated at just over US\$13 billion in 2017. In year 2015, South Korea has been the 2<sup>nd</sup> exporter for beauty / make-up and skin care product for Malaysia (International Trade Administration: the U.S. Commercial Service and Industry & Analysis, 2016). With the gaining popularity and success of the Korea cosmetic product in Malaysia, Malaysia Investment Development Authority (MIDA) collaborate with ASEAN-Korea Centre to organise event to provide business training to small and medium cosmetics company so that the company can gain further access to the Korean Market in 2017 (Lee,2017).

Korean beauty companies are gaining popularity in overseas markets whereby influencing fashion and lifestyle trends in Asia (Mintel Group, 2015). Referring to a newspaper article in New Straits Times, the article mention that Amorepacific's has the return rate for most of its brands has 30% but there are one brand has the 50 % of return rate (Murugesan, 2018). Therefore, it come into discussion on why some of the brand has higher return rate? By conducting this study, it unable us to understand further on the repurchase intention in the Korean cosmetics context.

Exporter for Beauty/Make up and Skin Product in 2015 for Malaysia	
Countries	Market Share
United States	13.12
South Korea	12.68
France	10.10

Table 1.1: Exporter for Beauty /Make-up and Skin-Care Product in 2015 for Malaysia (Source: Asia Personal Care & Cosmetics Market Guide, 2016)

### **1.3 Research Objectives and Research Question**

Below are the research objectives for this study.

RO1: To determine the relationship between corporate image and repurchase intention of Korean cosmetics brand in Malaysia.

RO2: To determine the relationship between brand innovation and repurchase intention of Korean cosmetics brand in Malaysia.

RO3: To determine the relationship between customer commitment and repurchase intention of Korean cosmetics brand in Malaysia.

Below are the research question for this study.

RQ 1: Does corporate image influence the repurchase intention of Korean cosmetics brand in Malaysia?

RQ2: Does brand innovation influence the repurchase intention of Korean cosmetics brand in Malaysia?

RQ3: Does customer commitment influence the repurchase intention of Korean cosmetics brand in Malaysia?

### **1.4 Contribution of Study**

The contribution of the study towards the academic field is to fill in the literature gap of the repurchase intention especially in the Korean cosmetics product context. Furthermore, details of research will be conducted and present in this study including theory of the research and definition of the variable will be clearly defined. This study could also provide vital knowledge on the repurchase intention for the future researches to enhance the knowledge in the marketing field.

In addition, the main objectives of this research is to know what are the factors influencing the repurchase intention especially in the Korean cosmetics product. In the same time, it is also provide a guidelines for the company to understand the customer's repurchase intention behavior and improve their business strategy. This research enable the managerial to take into account of factors that will potential influence the repurchase intention behavior and also a way to save cost as research proven that it is higher cost the gain new customer compare to retaining the customer (Goh et al., 2016).

## 1.5 Definition of Key Terms

No	Terminology	Operational Definition
1	Cosmetics Product	A cosmetic product defined “any substance or preparation intended to be placed in contact with various external parts of the human body that aim to protecting them or keeping them in good condition” (National Pharmaceutical Regulatory Agency, 2017).
2	Corporate Image	Corporate image is explained as overall impression either it is negative or positive plant inside the customer minds as the result of feelings, attitudes and past experience with the company (Setiawan and Sayuti ,2017)
3	Brand Innovation	Brand innovation is defined as how consumer perceive brand to provide new and useful solutions for the needs and wants ( Pappu and Quester , 2016)
4	Customer Commitment	Customer commitment is defined as exchange of partner’s willingness to maintain valuable and long-lasting relationship with others partners (Chen, Cheng,Wu and Yen ,2016) .
5	Repurchase Intention	A commitment of repeat purchases from a service or product supplier (Su et al., 2016). Potential of using the brand again in the future (Ekaputri, Rahayu and Wibowo, 2016).

Table 1.2 Definition of Key Terms

## **1.6 Organisation of Proposal**

### Chapter 1 – Introduction

This chapter contain the overview of repurchase intention of the Korean Cosmetics brand in Malaysia. In this chapter, the background of the study, problem statement, research questions and research objective are clearly stated in order to provide better understanding of this research.

### Chapter 2 – Literature Review

This chapter discuss about the current literature review of the repurchase intention and in the same time analyses the previous study which conducted by others researcher. In this chapter, repurchase intention will be discussed and defined in term of Malaysia context and also in the global context. Moreover, the conceptual framework and the research gap of current literature are clearly defined in this chapter.

### Chapter 3 – Research Methodology

This chapter provides the details of research methodology including the research design, sampling design and the data collection. In this chapter, it provide better understanding on how data will be analyse by providing rule of thumb and justification. Furthermore, it also include the definition of each measurement used for data analyses and the important of having the data measurement.

### Chapter 4 – Research Finding

This chapter explain all the results obtained from the data that has been analysed based on the research methodology listed in Chapter 3. In this research, SEM-PLS 3.0 is used as the software to analyse the data collected via self-administered questionnaire.

### Chapter 5 – Conclusion

Chapter 5 is the last chapter and it summarize the whole research report. In this chapter recommendations and suggestions will be listed for the future research.

## CHAPTER 2: LITERATURE REVIEW

### 2.0 Chapter Review

This chapter reviews all the important literature review on the repurchase intention in Malaysia. In this chapter, the independent variables and dependent variable are well-defined. Repurchase intention behaviour will be deliberated first, followed by the independent variables which is factors affecting repurchase intention of Korean cosmetics product in Malaysia. Furthermore, hypotheses, supporting theory and research framework will be reviewed in this chapter in order to have better understanding of this research study in overall.

### 2.1 Repurchase Intention

According Pham et al (2018), repurchase intention is defined as willingness of consumer to repurchase products /service and it is regards as crucial behavioural for marketing. Research has found that the cost of retaining the current consumers are lesser compare to obtain the new customer in the marketing and consumer behaviour discipline (Han, Hwang and Lee, 2018). Therefore, it is important to have research on the topic of repurchase intention.

According to Cheong et al (2016), cosmetics industry is regards as one of the fastest growing industry in the world while it has over 3 billion potential customers in the Asian cosmetics market. With the increasing popularity of the Korean Wave in Asian countries, the Korean cosmetics export to the countries are also increase proportionally, Malaysia are one of the countries that has high import for the Korean cosmetics product along with Thailand and Singapore (Park, 2016).

According to the Moslehpour et al (2017), customer has the tendency to use the same products for many times and repurchase the products from time to time in the cosmetics industry. In the same time, e-commerce and technology are also affecting the competition landscape in the cosmetics industry which will affect the repurchase intention of the specific products (Dewi and Wibisono, 2018). Therefore, it is important to conduct research on the repurchase intention of Korean cosmetics product in Malaysia.

### 2.1.1 Global Perspective on Repurchase Intention

According to Izbán, Balarabe and Jakada (2016), repurchase is defined as the real movement of the customer to buy or using the product again. It also meaning that customer repeatedly purchase the similar services or product from the same sellers (Ngoc et al, 2018). Repurchase intention has been discussed in different context. For example, Dewi and Wibisono (2018) has conducted research on the repurchase intention using the context of repurchasing Garnier's Micellar Water in Indonesia.

Furthermore, there are several researches on the repurchase intention on the e-commerce context (Lee, 2016 ; Safa et al., 2011). According to Elbeltagi and Agag (2016), it research is focus on the e-commerce but it is to study the e-retailing ethics and customer satisfaction as the factors influencing the repurchase intention in the Egypt due to the popularity of the online purchasing and being ethical would affect the consumer repurchase intention. There are study also focus on the customer repurchase intention of the riding service provided by the m-commerce company using smartphone in Vietnam (Ngoc et al, 2018).

There are many research on the repurchase intention that using different factors as the independent variables such as satisfaction , brand loyalty , branding , perceived price, country of origin and word of mouth (Moslehpour et al, 2017; Chang et al, 2016). These are the study that using marketing factors to study about the repurchase intention and to find out the relationship among the factors. However, it also have research on the repurchase intention using personality as the independent variable. For example, research on the repurchase intention using 5 big personality in Indonesia (Haeruddin et al , 2016).

Some research are using different context to study about the repurchase intention. According to the Kim (2016), it research on the relationship between the satisfaction level of the protein supplements and repurchase intention while words of mouth intention acts as the mediation variables. As mention above, repurchase intention are not only for products and it has impact towards the services. Therefore, it has researches on the repurchase intention of Airbnb in Canada and the United States using perceived authenticity, electronic word-of-mouth, and price sensitivity as the independent variables (Choi, Joppe and Liang, 2017).

Moreover, it also have the repurchase intention study on the luxury travel item such as cruise product in United States and Hot Springs industry in China ( (Wu et al, 2015 ; Han et al, 2018).

Taiwan has also conducted research on discussing on the relationship between the role of the customer participation and repurchase intention (Chen and Chen, 2017).

Overall, it found that there are many different global perspective towards repurchase intention while using different factors as the independent variables. Research on the repurchase intention was conducted in term of different context such as luxury products, services and many more. Research on this topic are not just limited to offline and also towards the online due to increasing usage of the online purchasing. It is a common research topic in the global perspective.

### **2.1.2 Malaysia Perspective on Repurchase Intention**

According to Goh et al (2016), company are getting more concern about determining the best way to retain their customer in the same time of competition among the industry are getting competitive and higher cost needed to acquire new customer. Therefore, study about repurchase intention is conducted in Malaysia.

In Malaysia perspectives, some of the research regarding repurchase intention is related to online purchase (Karami et al ,2014; Lee et al , 2016; Amin,Tavana and Rezaei,2015) due to popularity of using online purchase by the consumer. However, there are some other research which using different independent variables to study about repurchase intention , for example study the effect of the website quality towards repurchase intention in the context of travel agency's website (Syafiah et al , 2007) and also focus on the relationship between the gender difference , brand attachment and the repurchase intention (Hew et al , 2016).In this research , it found that women are focus more on perceived usefulness while men are highly affected with brand attachment in repurchase intention of any particular product or service.

Research on finding the relationship between mediation influences of service failure explanation and customer repurchase intention via customers satisfaction has been conducted in Malaysia (Azam,Haque,Nikhashemi,Selvantharan and Taoder ,2014).The main reason for conducting this study is to understand the relationship of the explanation dimensions on customer satisfactory and would it affect the customer repurchase intention. Referring to the Ninth Economic Plan 2006-2010, government has identified the health travel industry as one of the potential strategic under the Healthcare New Key Economic Area. Therefore, research

on the medical tourism has been conducted and in the research, it has identify that customer satisfaction has significant relationship with the revisit / repurchase intention to Malaysia's health care tourism(Alavi,Dahari,Hussin,Kassim and Manaf,2015).Moreover, research has also be conducted towards repurchase intention of the green products on emotional value ,environment conscious and perceived quality as the independent variable (Ariffin et al , 2016).

Overall, it can found that they are many research on repurchase intention conducted in Malaysia perspective. Research in Malaysia perspective has been conducted in many context such as healthcare tourism, website quality and gender difference. It shows that it is a common topic for discuss and research in Malaysia.



## **2.2 Factors Influencing Repurchase Intention**

In this research study, it will be discussed on 3 independent variables which are Corporate Image, Brand Innovation and Customer Commitment.

### **2.2.1 Corporate Image**

According to Setiawan and Sayuti (2017), corporate image is explained as overall impression either it is negative or positive planted inside the customer's mind as the result of feelings, attitudes and past experience with the company. Corporate image is associated with the switching cost whereby switching cost will lead to higher brand leadership cost and breaking the relationship formed between the customer and seller (Giovanis, Athanasopoulou and Tsoukatos, 2016).

According to Mulatsih, Andriyansah and Soesanto (2017), it was found that corporate image has a positive impact on customer satisfaction, customer trust and customer loyalty which indirectly affect the customer's decision to repurchase the product or service and even the tendency to recommend to other people. According to Wu et al (2015), research (Bagozzi, Gopinath and Nyer, 1999) suggests that customer satisfaction, customer intention, information processing, mediate outcome responses and enacted goals are influenced by emotions. Therefore, several researches have found that corporate image are the main factors that influence purchasing behaviour (Ratnasingham, 1998; Rexha et al., 2003; Lehu, 2001; Ba, 2001).

Furthermore, the corporate image acts as the communication process which helps to create or send specific messages such as mission, vision, core values and purpose to the public (Setiawan et al, 2017). This is because it helps to differentiate themselves among the corporate and improve their competitive advantage (Liat et al, 2017). However, corporate image can change frequently based on the company's decision while the formation of the corporate reputation is based on the company's image (Manukian, 2015).

Overall, having a strong and explicit corporate image could help to improve the confidence level and customer's reliability towards the products and directly affect the repurchase intention of buying specific products (Choi, Jeong, Kim and Su, 2015).

### **2.2.2 Brand Innovation**

According to Pappu and Quester (2016), brand innovation is defined as how consumer perceive brand to provide new and useful solutions for the needs and wants. While brand innovativeness is defined as the degree of consumers thinks about the brand to be innovative (Barone and Jewell, 2014).

According to Hanaysha and Hilman (2015), image of the corporate can be improve via producing innovative products to increase brand awareness and improve consumer positive perception towards the company. Therefore, it could say that innovative brand idea has contribute to the company competitiveness and also become incentive when they introduce innovative idea in the marketing practises (Gupta et al, 2016).Firms like General Motors and 3M are regards as innovative company from the customer perceptive as the organisational innovation has help to produce products which is innovative in the target market (Pappu and Quester , 2016).In other words , it means that brand innovation can help the organisation to be successful.

According to Hanaysha and Hilman (2015),consumer evaluate brand innovation based on the product design and quality due to product design and quality is the element that deliver strategic messages on the performance of the brand. It could setting the consumer behaviour in purchase the product. Innovative customer are more likely to be risk-taker whereby the customer will buy innovative product and brand extensions product which are not related to current markets ( Chrysochou , Milenkova and Nørskov, 2015).

In conclusion, organisation that has brand innovation has better growth and improve superior performance in the meanwhile improve brand awareness and attract large number of customer to repurchase (Hanaysha and Hilman, 2015).

### 2.2.3 Customer Commitment

According to Chen, Cheng, Wu and Yen (2016), customer commitment is defined as exchange of partner's willingness to maintain valuable and long-lasting relationship with others partners. This definition has also supported by several studies (Garbarino and Johnson, 1999; Hennig-Thurau et al., 2002). According to Banerjee, Shukla and Singh (2016), there are 3 customer commitment listed in this study which is affective commitment, calculative commitment and normative commitment. These 3 component model are originated from Allen and Meyer studies in 1990 (Keiningham et al, 2015).

Affective commitment is reflects customer's emotional and psychological commitment which mean if the customer has the positive experience, it could build strong relationship with another parties (Keiningham et al, 2015). Calculative commitment could be explained in terms of weighing the pros and cons of the relationship with another parties or more towards rational reasoning, it is also can be consider as negative motivation (Bügel, Buunk and Verhoef, 2010). Normative commitment is defined as relationship which based on subjective norms and can be influenced by the social environment (Keh and Xie, 2009). Thus, these are the 3 customer commitment that could affect the customer behaviour.

Several research has shown the positive relationship between customer commitment and customer repurchase intention, in the meanwhile it also the show positive correlation relationship between customer commitment and customer loyalty (Bügel et.al., 2010). Therefore, customer commitment is listed as the independent variable to influence the repurchase intention for Korean cosmetic product in Malaysia.

### 2.3 Literature Gaps

According to the Goh et al, (2016), research proven that higher cost needed to acquire the new customer compare to retaining the customer. In order to retain the customer to repurchase product and service with the company, research on the repurchase intention has been conducted over the years.

In the global prospective, many research has been conducted to understand the relationship with repurchase intention using different independent variables for example research on the repurchase intention of micellar water in Indonesia is focus on perceived quality and customer satisfaction (Dewi et al, 2018), repurchase intention on the riding service in Vietnam focus on service quality and system quality (Ngoc et al, 2018).Furthermore , there are other research that using personality as the variables to understand the relationship with the repurchase intention in Indonesia (Haeruddin et al, 2016).

In the Malaysia perspective, there are some research on the repurchase intention are related to online purchase (Karami et al 2014; Lee et al, 2016; Amin, Tavana and Rezaei, 2015). Research on the repurchase intention of Korean cosmetic product is focus on the perceived price, country of origin and word of mouth (Moslehpour et al, 2017). Furthermore, there also study on the repurchase intention with the gender difference, brand attachment and customer satisfaction (Hew et. al., 2016; Azam et al, 2014).

Overall, there are limited research on the understanding the relationship between Corporate Image, Brand Image and Customer Commitment with repurchase intention. Moreover, it has limited studies in the repurchase intention of Korean cosmetics product. Therefore, this study is aim to fill in the gap by conducting research on repurchase intention by using corporate image, brand image and customer commitment as the independent variable in the context of Korean cosmetic product.

## 2.4 Theory of Planned Behaviour

According to Ham, Jeger and Ivković (2015), theory of planned behaviour is based on the assumptions of an individual's intention to perform a specific behaviour and ability to make conscious decision about volitional aspect. Theory of Planned Behaviour is developed based on the Theory of Reasoned Action by Ajzen in year 1991 and aimed for predicting behavioural intentions (Lyu and Mao, 2017). According to Lortie and Castogiovanni (2015), theory of planned behaviour (TPB) has been used in explaining and predicting intentions and behaviour in all research fields such as Leisure Studies (Hagger et al. 2003), psychology (Austin and Vancouver 1996), Marketing (Pavlou and Fygenson, 2006) and Health Sciences (Godin and Kok 1996).

A person's perceived behavioural control will be increase if the person has significant resources and opportunities (Lyu and Mao, 2017). According to the Smith et al. (2007), theory of planned behaviour can assist in translate the positive attitude into purchase intentions and purchase behaviour. There are 3 factors that listed in the Theory of Planned Behaviour that will affect behavioural action which is attitude towards behaviour, subjective norm and perceived behavioural control.

According to Yadav and Pathak (2016), attitude towards behaviour is refer to the person evaluation or appraisal behaviour in the question which mean if the appraisal or evaluation is good or higher ; tendency to purchase the item is high , subjective norms is refer to the influence of others or social pressure that will affect a person decision making while perceived behavioural control defined as degree of control over themselves has strong intention to perform specific behaviour. Therefore, it can conclude that theory of planned behaviour can used to support this study.

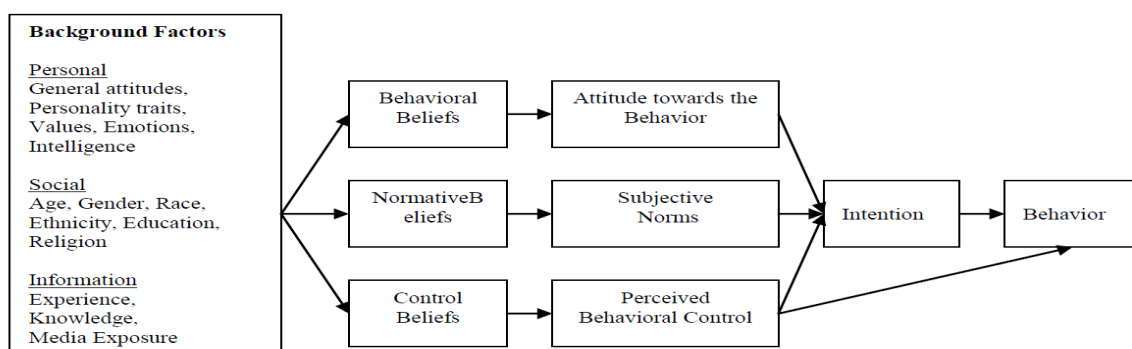


Diagram 2.1 Theory of Planned Behaviour (Source: Ajzen, 2005)

## 2.5 Conceptual Framework

Below are the conceptual framework for this research study.

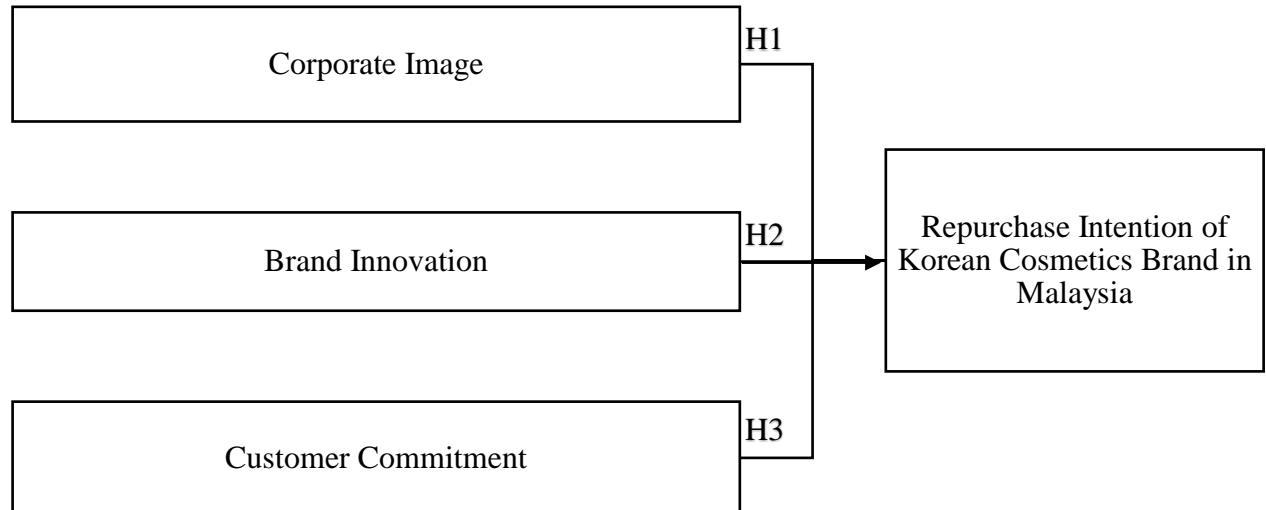


Diagram 2.2: Conceptual framework for Repurchase Intention of Korean Cosmetics Brand in Malaysia

## 2.6 Hypotheses

Hypotheses of this study is stated as below:

H1: Corporate Image positively influence repurchase intention of Korean cosmetics brand in Malaysia.

H2: Brand innovation positively influence repurchase intention of Korean cosmetics brand in Malaysia.

H3: Customer commitment positively influence repurchase intention of Korean cosmetics brand in Malaysia.

Hypotheses mentioned above are aligned with the RO and RQ that will be included in Chapter 1.

## **2.7 Conclusion**

This chapter discuss about the current literature review on the repurchase intention in marketing context. Several research found that the gap between corporate image, brand innovation and customer commitment are the potential factors which will affect the repurchase intention (Chen and Chen, 2017; Chinomona and Maziriri, 2018 ; Ebrahim et al., 2016).Therefore, this study are focusing on the repurchase intention behaviour towards the Korean Cosmetics Brand in Malaysia in order to fill in the gaps.

## CHAPTER 3: RESEARCH METHODOLOGY

### 3.0 Chapter Overview

This chapter discussed about the research methodology used in finding result of the data and provides details approach of the research. In this chapter, it will provide details of the research design which provide overall understanding about the research methodology in this study. This chapter continue followed by the questionnaire design which has details on number of questionnaire for demographic section, independent variable and dependent variable. Measurement table will be presented in this chapter which provide details of each analysis for the research study. The purpose of this chapter will be analyses in order to provide better understanding for the reader and for the future research.

### 3.1 Research Design

According to Schindler (2019), research design is a blueprint for complete the research objective. A research design could help the researches to complete the research on time by setting the appropriate design based on the research objective and research questions especially when the researches facing time constraints and facing problem in accessing particular data (Bougie and Sekaran,2016).

Quantitative method is a research method focus on the data collection based on the problem from large population and analysis of data by neglect individual's emotional and environmental setting (Rahi, 2017). According to the Antiwi and Hamza (2015), quantitative research are follow the confirmatory scientific method which is focus on the theory testing and hypothesis testing by using numerical data analysis. Furthermore, correlations study is to study about the extent and strength of the relationship between 2 variables and the purpose is not to test one factors influencing another factors (Privitera, 2015).

According to Rahi (2017), descriptive research method is explain as the type of research that focus on obtaining information based on the current environment in order to get accurate data of the phenomena including public and the events. While descriptive hypothesis is a hypothesis which has states information of some concept such as existence, size and distribution (Schindler, 2019).



According to Antiwi and Hamza (2015), quantitative researches would like to avoid the human bias at their level best, researches would like to conduct their study in the natural setting (field study) without effecting the research environment. According to Bougie and Sekaran (2016), a correlations study (descriptive study in nature) is conducted in natural environment with the minimal interference of the researches in order avoid the human bias and preserve the accuracy of the data. For the time horizon, cross-sectional studies is carried out once and is only for one point of time and individual as the unit of analysis due to result is collected individually from the participant.

In conclusion, this study is conducted in descriptive hypothesis testing and correlations study as this study is to study about the relationship between the variables which is corporate image, brand innovation, customer commitment and repurchase intention of Korean cosmetic brand product. Furthermore, this study is conducted in minimal interferences and in non-contrived (field study) environment as the study would require the accurate data, doesn't interfere participant's job, can be take place in natural setting and also to avoid the human bias. The study are also conducted as cross sectional study and unit of analysis is individual due to participant would only answer the questionnaire one time and data would only collect from individually.

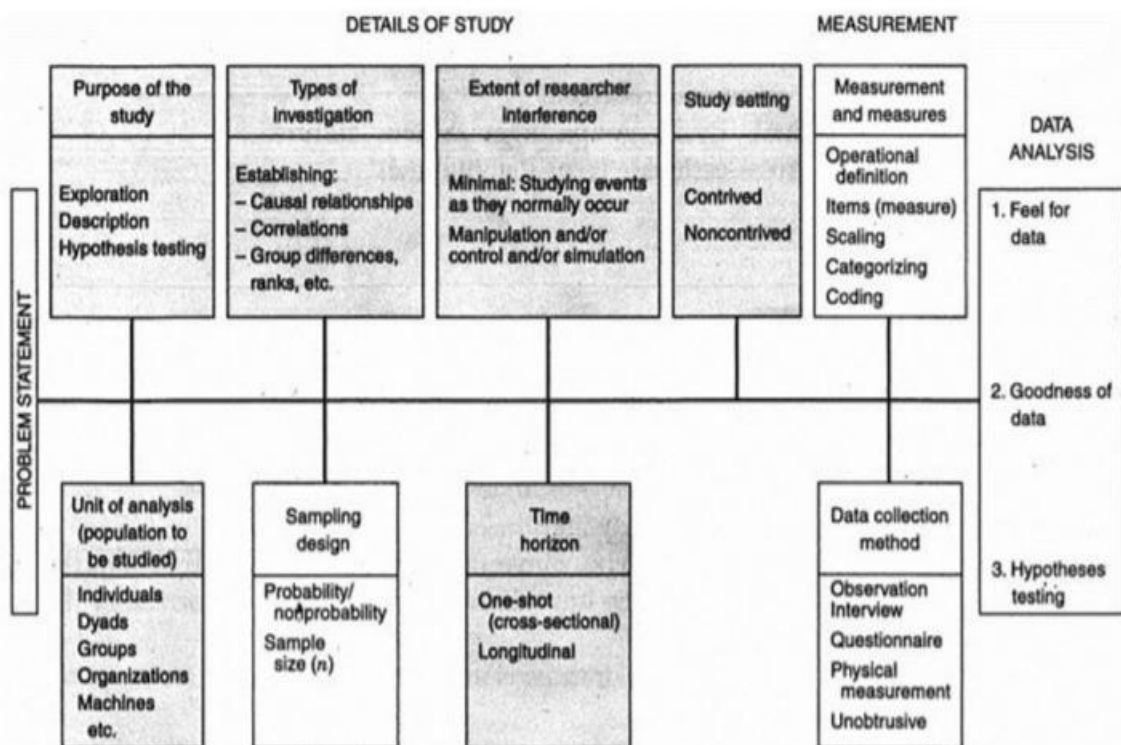


Diagram 3.1 Framework for Research Design (Source: Bougie and Sekaran, 2011)

Research Design	Details
Purpose of Study	Descriptive hypothesis testing
Type of Investigation	Correlations
Extent of researcher interference	Minimal
Study Setting	Non-contrived (Field Study)
Time Horizon	Cross-sectional
Unit of Analysis	Individual

Table 3.1 Research Design of Factors Affecting Repurchase Intention of Korean Cosmetics Product in Malaysia

### 3.2 Pilot Study

According to Hazzi and Maldaon (2015) , pilot study is the foundation of the good research design and it is an important first step in all type of research. Pilot test has been used in 2 different way in the social science called as feasibility study (small scale version) or trial run (Teijlingen, 2014). Several research also mention that pilot test can be the pre-testing or “trying out” of the particular research method or a small scale test of method to be used in large scale (Baker, 1994; Porta, 2008).

Pilot test can help to identify possible practical problem in the research procedure but is also have the disadvantages in the pilot studies which is wrong predictions based on the small number of data and not statistical foundation (Teijlingen, 2014). According to Hazzi and Maldaon (2015), there are some requirement for the sample size in order to conduct the pilot test but this is not compulsory for all studies to have sample size calculation according to Billingham et al (2013).

In this study, Smart-PLS 3.0 will be the analysis tool. The main reason to choose Smart-PLS 3.0 as the analysis tool is due to able to estimate model with large number of latent variable and indicator with small sample size (Brown,Chin and Peterson, 2008)able to test the cause and effect relationship (Coupey and Troiville, 2015) and lastly it found that most of the marketing research has been using SME-PLS as the analysis tool in business discipline (Hair et al, 2014).

Pilot study will have internal consistency test, convergent validity and discriminant test and structural model evaluation test which will discuss in 3.5 Measurement and 3.6 Data Analysis of this chapter. Minimum 60 participant sample size will be analyse in the pilot test refer to the Cohen (1992) Sample Size Recommendation in PLS-SEM for a Statistical Power of 80% with the 3 construct for the study ( Hair et al ,2017).

### 3.3 Sample and Procedure

According to Alkassim,Etikan and Musa (2017), sample is refer to as total quantity of the things or cases ( the subject of our research) in research methodology even though normally sample is known as portion of population. Questionnaire ( self-administration and interviews ) are the main tools available for quantitative surveys but it depends on the participants how to administered the questionnaire (Belisario,Car,Huckvale,Morrison,Saje and Porcnik , 2014).

According to Kumar (2019), convenience sampling is a non-probability sampling which provide convenience to the researches in term of finding potential respondents, easy to access and feel comfortable to participate the survey. In this study, non-probability – convenience sampling is used as the sampling procedure as the nature of the study is to find customer who purchase Korean cosmetics product. According to the Hair et al (2017), it recommend to use Cohen (1992) Sample Size Recommendation in PLS-SEM for a Statistical Power of 80% to determine the sample size. Refer to the figure 3.1 ,it shows that minimum 60 participant needed for this study based on the 3 construct in this study which is corporate image, brand innovation and customer commitment. Therefore, questionnaire will be distribute to participant via social media and email by using google link and it is self-administered questionnaire in this study.

**Exhibit 1.7** Sample Size Recommendation a in PLS-SEM for a Statistical Power of 80%

Maximum Number of Arrows Pointing at a Construct	Significance Level											
	1%				5%				10%			
	Minimum R <sup>2</sup>				Minimum R <sup>2</sup>				Minimum R <sup>2</sup>			
	0.10	0.25	0.50	0.75	0.10	0.25	0.50	0.75	0.10	0.25	0.50	0.75
2	158	75	47	38	110	52	33	26	88	41	26	21
3	176	84	53	42	124	59	38	30	100	48	30	25
4	191	91	58	46	137	65	42	33	111	53	34	27
5	205	98	62	50	147	70	45	36	120	58	37	30
6	217	103	66	53	157	75	48	39	128	62	40	32
7	228	109	69	56	166	80	51	41	136	66	42	35
8	238	114	73	59	174	84	54	44	143	69	45	37
9	247	119	76	62	181	88	57	46	150	73	47	39
10	256	123	79	64	189	91	59	48	156	76	49	41

Source: Cohen, J. A power primer. *Psychological Bulletin*, 112, 155–159.

Figure 3.1 Cohen (1992) Sample Size Recommendation in PLS-SEM (Source: Hair et al, 2017)

### 3.4 Survey Questionnaire

According to Schindler (2019), the main aim of the survey questionnaire is to collect comparable data to find the similarities and differentiation of the data. In this study, self-administered survey will be used to gather the data from the respondents. Self-administered survey will be sent to respondent via social media and email. Minimum 60 data must be collected according to the Cohen (1992). This questionnaire is adapting 7 Likert Scale with the indication of 1-very strongly disagree, 2-strongly disagree, 3 - disagree; 4- somewhat agree, 5- agree, 6 -strongly agree, 7 - very strongly agree ( Patterson and Sharma, 2000).

The questionnaire design is using adapt method to fulfil this research objective. Survey questionnaire consist of demographic segment, independent variables and dependent variable. The details of questionnaire design are clearly defined in Table 3.2 below.

<b>Section</b>	<b>Questions/ Items</b>	<b>No. of Questions</b>	<b>Reference</b>
A	Demographic	5	(Chaisitthiroj,2017) (Kaur,Kaur, Osman and Singh,2018)
B (IV)	Corporate Image	3	(Leblanc and Nguyen, 2002) ( Hong,Kassim and Souiden,2006) (Zeithaml,1988 ) (Selnes, 1993)
	Brand Innovation	2	( Carlson and O’Cass, 2012) (Eisingerich and Rubera, 2010)
	Customer Commitment	3	(Bansal et al. ,2004) (Fullerton ,2005)
C (DV)	Repurchase Intention	3	(Asgari and Hosseini, 2015) (Eggert and Helm,2003) (Patterson and Sharma,2000)

Table 3.2 Summary of Proposed Questionnaire Items adaptation from previous studies

### 3.5 Measurement

According to Hair et al (2017), there is a blueprint to conduct the Smart-PLS effectively which is known as a systematic procedure for Smart-PLS. There are 6 stages in total which is start with Step 1 Specifying the Structural Model, Step 2 Specifying the Measurement Models, Step 3 Data Collection and Examination, Step 4 PLS Path Model Estimation, Step 5 Assessing PLS-SEM Result of the Reflective /Formative Measurement Models, Step 6 Accessing PLS-SEM Results of Structural Model and lastly end with interpretation of results and conclusion.

Reflective measurement models will be used for the analysis of the data. According to Hair et al (2017), reflective measurement model is based on the internal consistency reliability and validity assessment which the specific measurement are including composite reliability, convergent validity and discriminant validity. Furthermore, it has precedent of using reflective measurement model in social science and based on classical test theory. According to Garson (2016), the difference between reflective and formative measurement model is reflective measure are the representative of the latent variable while formative measure were composed by the latent variable.

Reflective model presume that measured variables represent the sample of all potential indicators and it doesn't have large affect even removing the other indicator as other indicator can represent the variable (Garson, 2016). After setting the measurement model, the study will continue with data collection and examination followed by data analysis. Before starting the data analysis and PLS Path Model Estimation, it is important to set PLS Path Model for this study according to Hair et al (2017). Below diagram 3.2 are the PLS Path Model for this study.

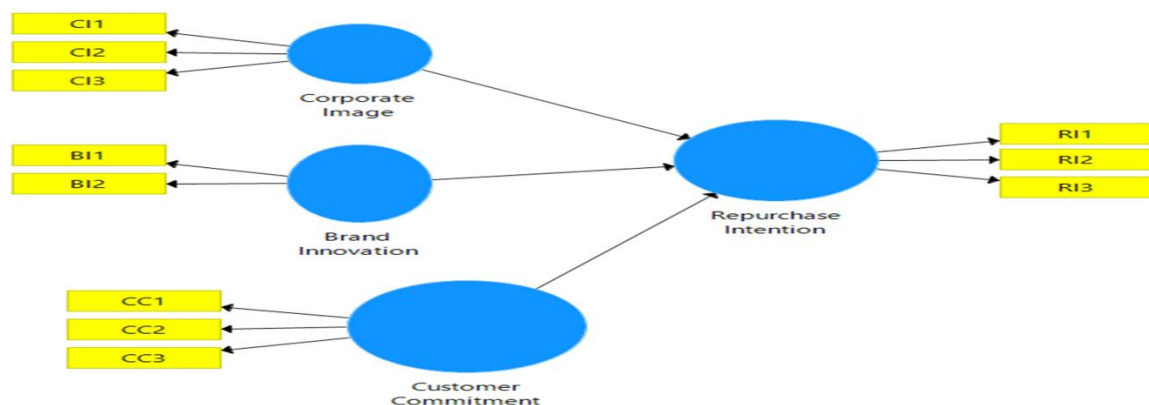


Diagram 3.2 PLS Structural Model for Factors Affecting Korean Cosmetics Product in Malaysia

After setting the structural model, it may proceed to PLS Path Model Estimation which has the calculation on the outer loading and path coefficient (Hair et al, 2017). The rule of thumb of the PLS Model Estimation will be discussed in 3.6 Data Analysis in this chapter. Evaluation of the measurement models will be the next step after remove the instrument that doesn't meet the rule of thumb of factor loading and path coefficient. According to Hair et al (2017), evaluation of the measurement models for reflective models is including internal consistency, convergent validity and discriminant validity. Evaluation of the structural model including coefficient of determination ( $R^2$ ), predictive relevance ( $Q^2$ ), size and significance of path coefficient and lastly  $f^2$  effect sizes will be the analyse in order to find out the relationship of the variable and prove the hypotheses testing would be the last step before the interpretation of result finding and conclusion. Below table 3.4 shows the evaluation of the reflective measurement model and evaluation of the structural model. Rule of thumb and description of measurement model and structural model will be discuss in 3.6 Data Analysis in this chapter along with PLS Path Model Estimation.

Stage 5: Evaluation of the Measurement Models	
Stage 5a: Reflective Measurement Model	Stage 5b: Formative Measurement Model
<ul style="list-style-type: none"> <li>• Internal Consistency (Cronbach's alpha, composite reliability)</li> <li>• Convergent validity (indicator reliability, average variance extracted)</li> <li>• Discriminant Validity</li> </ul>	<ul style="list-style-type: none"> <li>• Convergent validity</li> <li>• Collinearity between indicators</li> <li>• Significance and relevance of outer weighs</li> </ul>
Stage 6 : Evaluation of the Structural Model	
<ul style="list-style-type: none"> <li>• Coefficient of determination (<math>R^2</math>)</li> <li>• Predictive relevance (<math>Q^2</math>)</li> <li>• Size and significance of path coefficient</li> <li>• <math>f^2</math> effect sizes</li> <li>• <math>q^2</math> effect sizes</li> </ul>	

Table 3.4 PLS-SEM Evaluation of the Measurement Models and Structural Model (Source: Hair et al, 2017)

### **3.6 Data Analysis**

In this study, data will be collected via online questionnaire and analyse via Smart-PLS which consists of PLS Model Estimation, Reflective measurement model and Evaluation of Structural Model. PLS Model Estimation consists of path coefficient and outer loading while reflective measurement model consists of internal consistency, convergent validity and discriminant validity. Lastly, data analysis is end with the evaluation of structural model which include coefficient of determination ( $R^2$ ), predictive relevance ( $Q^2$ ), size and significance of path coefficient and  $f^2$  effect size.

#### **3.6.1 PLS Model Estimation**

According to Hair et al, (2017), Smart-PLS always provide the outer loading and outer weights while outer loading are the mainly associated with the result for the relationship in the reflective models. Outer loading is an indicator reliability for the each latent variable whereby the rule of thumb must be more than 0.708 is because the square of the number shows the construct score include the minimum 50% of the variables variance (Henseler, Ringle and Sarstedt, 2015)

According to Hair et al, (2014), path coefficient is represent the hypothesized relationship between the independent variable and dependent variable. The rule of thumb for the path coefficient must be standardised between the range of -1 or +1. When the coefficient is nearer to +1 , it means the strong positive relationship while coefficient nearer to -1 is meaning the relationship is strong negative relationship. Bootstrapping test need to conduct as it help to know the significance of the relationship as the path coefficient vale are always statistical significant ( Eggert, Garnefeld and Helm, 2009).

#### **3.6.2 Reflective Measurement Model**

Reflective Measurement model is consist of internal consistency, convergent validity and discriminant validity.

Internal consistency reliability is an analysis which using Cronbach's Alpha, however composite reliability are deemed to be more appropriate (Hair et al ,2017). The main reason to



regard composite reliability as appropriate is because composite reliability doesn't think all indicator loading are same in the population and Cronbach alpha will underestimate the internal consistency reliability due to sensitivity towards the number of item (Garson, 2016). Therefore, composite reliability able to identify different indicator reliability and avoid underestimation towards the internal consistency reliability. The rule of thumb for the composite reliability is between 0 and 1 while value between 0.70 and 0.90 is consider satisfactory in the advance stage of research but if the value between 0.60 and 0.70 can be acceptable in the exploratory research (Amaro, Abrantes and Seabra, 2015). However , the result is not acceptable when the value is more than 0.90 to 1 as it shows that the all the indicator are measuring the same phenomena or redundant and it is not valid while for value below 0.60 it means the lack of internal consistency reliability (Hair et al,2017).

According to Hair et al ,(2017), convergent validity is used for the measurement of correlates positively with alternative measurement of the same construct and the analysis is including outer loading of indicator and Average Variance Extracted (AVE).Several researches mentioned that AVE value should be more than 0.5 and greater than cross-loading as it reflect the average communality for each latent factor in reflective model (Chin,1998; Hock and Ringle, 2009),if the value is less than 0.5 it bring the meaning of error variance more than explained variance. For the outer loading, the outer loading must be more than 0.708 as the standard of indicator which is also known as communality of an instrument (Henseler et al, 2015).

Discriminant validity is to test the construct is empirically different from other construct and it using Fornell and Larcker criterion, Cross Loadings and Heterotrait-Monotrait Ratio of Correlations (HTMT) for testing (Hair et al, 2014).According to Amaro, Abrantes and Seabra (2015), Fornell and Larker criterion rule is based on the AVE value of each construct must be more highest squared correlation compare to other construct. Fornell and Larker criterion performance is more strongly when the indicator cross loading vary more strongly but it still consider poor according to Brady,Calantone,Voorhees and Ramirez (2016). According to the Garson (2016), the value for the cross loading should be 0.3 or some even using 0.4 as the rule of thumb. In order to solve this problem, Heterotrait-Monotrait Ratio of Correlations (HTMT) is proposed to have more accurate discriminant validity measurement and the rule of thumb for the HTMT ratio should be below 0.90 (Henseler et al, 2015) in order to show the reflective measurement has establish the discriminant validity.



### 3.6.3 Evaluation of Structural Model

In the evaluation of structural model, the first step of the evaluation is to have the collinearity assessment which aimed to check each set of predictor construct individually for every subpart of the structural model while the rule of thumb for VIF must be more than 5, for those construct that has lower VIF value should consider remove the construct or combine the construct to be higher –order construct in order to solve this issues (Hair et al, 2017).

The second step of the structural evaluation is to test on the significant of path coefficient which represent the hypothesized relationship of the constructs. According to Hair et al (2017), the rule of thumb for the T-statistics value is more than 1.96 which is consider significant for two-tailed test while for T-statistics value is more than 1.645 is consider as significant for one-tailed test. The rule of thumb for the p value must be smaller than 0.01 in order to prove that the relationship is significant while p values is used by the researcher to represent the significance level. The third step of this structural evaluation is test on the coefficient of determination ( $R^2$ ). This test is aimed to measure the model's predictive power or predictive accuracy and the rule of thumb is vary in different discipline (Hair et al, 2017). Several researches use  $R^2$  values of 0.75 considered as high predictive power, 0.50 is moderate predictive power and 0.25 as weak predictive power as the rule of thumb in the research which focus in marketing issues (Hair et al, 2011; Henseler et al, 2016)). The fourth step of this evaluation is accessing the effect size  $f^2$  which is used to measure the effect of each path model (Hair et al, 2014). According to Cohen (1988), the rule of thumb for the effect size is 0.02 which mean is a small effect, 0.15 is medium effect and 0.35 is considered as large effect towards the path model. The last measurement that need to conduct is predictive relevance ( $Q^2$ ) which is use to predict the omitted part (Hair et al, 2017). The rule of thumb for the predictive relevance ( $Q^2$ ) is 0.02, 0.15 and 0.35 which represent small, medium and large predictive value respectively for the dependent construct. For this study, construct cross validated redundancy method has used to find out the  $Q^2$  value as it include the main element of the path model and the structural model help to include the eliminate the data points.

### **3.7 Conclusion**

In this chapter, research methodology is discussed with providing the details of the design of this study. Data collection and data analysis has been explained in this chapter in order to let the reader to understand how this research conducted. In this study, it also provides the explanation and rule of thumb of each analysis in order to be easier for the researcher to analyse the data in the same time show the reliability and validity of the research.

## CHAPTER 4: RESEARCH FINDING

### 4.1 Chapter Overview

Data Collection and analysis will be conducted based on the research methodology which present in the Chapter 3 Research Methodology. In this chapter, final result will be presented with the analysis followed the rule of thumb of each test mentioned in the previous chapter via using Smart-PLS 3.0. Before presenting the final result, pilot test will be conducted in order to ensure the study is valid and reliable. Final result will be using enough data to generate the result and with the complete data analysis.

### 4.2 Pilot Test

According to Hair et al (2017), minimum participant for this study is 60 participant refer to Cohen (1992). Therefore, 60 participant data will be used for this pilot test and will have internal consistency test, convergent validity and discriminant test and structural model evaluation test.

Latent Variables	Indicators	Outer Loadings (Indicator Reliability)	Composite Reliability (Cronbach Alpha)	AVE	Discriminant Analysis
Brand Innovation	BI1	0.818	0.840	0.724	Yes
	BI2	0.883			
Customer Commitment	CC1	0.868	0.906	0.763	Yes
	CC2	0.865			
	CC3	0.881			
Corporate Image	CI1	0.859	0.904	0.759	Yes
	CI2	0.815			
	CI3	0.941			
Repurchase Intention	RI1	0.841	0.914	0.780	Yes
	RI2	0.900			
	RI3	0.907			

Table 4.1 Pilot Test Result Summary for Reflective Measurement Model

According to the Henseler, Ringle and Sarstedt (2015), the rule of thumb of outer loading must be more than 0.708. While for the composite reliability, the rule of thumb between 0.70 and 0.90 only can be consider as satisfactory (Amaro, Abrantes and Seabra, 2015). For the AVE

value, the rule of thumb must be more than 0.5 (Chin, 1998; Hock and Ringle, 2009). Therefore, by referring to the above table 4.1, it can show that the instrument are valid to be used in the final result.

<b>Hypothesis</b>	<b>Total Effects</b>	<b>Path Coefficient</b>	<b>t Value</b>	<b>Significance Level</b>	<b>p Values</b>
Brand Innovation -> Repurchase Intention	0.033	0.033	0.307	**	0.00
Corporate Image -> Repurchase Intention	-0.017	-0.017	0.255	**	0.00
Customer Commitment -> Repurchase Intention	0.842	0.842	13.054	**	0.00

Table 4.2 Pilot Test - Significance Testing Result of the Structural Model Path Coefficient

According to Hair et al (2017), the rule of thumb for T-statistics value must be more than 1.645 for the one-tailed test and the p value rule of thumb must be smaller than 0.01 only can be considered significant. While for the path coefficient, the strong positive relationship must be nearer to +1 but if the coefficient near to -1 it means it is strong negative relationship. Refer to the table 4.2, it shows that hypotheses for customer commitment positively influence repurchase intention of Korean cosmetics product in Malaysia is significant with the p values of 0.00 , t values of 13.054 and path coefficient value of 0.842 nearer to 1.

### 4.3 Demographic Data Analysis

There are 220 data has been collected for the study while 60 of the data has been used for the pilot test. Therefore, the remaining 160 data can be used for the final result which fulfil the minimum requirement of the sampling size according to Cohen (1992). This section will present the participant's demographic characteristic which include age, employment level, education level, expenditure of Korean cosmetics brand product per one time purchase and frequency on purchasing Korean cosmetics product per month.

In this study, 61.8% of the participants are under the age group of 18-25 years old and due to this reason the student and executive/managerial employment made up 36.86% and 41.25% respectively in the employment level. Furthermore, the next majority age group is from the 26-35 age which has 19.30% followed by age group of 36-45 years old (13.75%).The less participant age group would from 46-55 years old which only have 5% in among all the age group. For the employment level, most of participant are self-employed and professionals right after the student and executive employment level which has 9.38% and 8.75% respectively.

The least employment level of the participant is 3.75% which is unemployed. Most of participant are degree level which made up of 66.25% of the education level followed by pre-university level (10.60%). For the postgraduate level, participant which has master level is about 21.80% while for doctorate has only 2 participant which stand for 1.25% overall.

Most of the participants spend below RM100 (47.50%) and between RM100 to RM200 (35%) for each purchase of Korean cosmetics product. For those participant has been spending RM201to RM300 for each purchase has made up 8.75% of this study followed by spending above RM400 and expenditure between RM301 to RM400 made up 5% and 3.75% respectively.

Most of the participant (69.30%) have less than one time purchase in each month for Korean cosmetics product. There has same amount of participant who have 2 times purchase and 3 times purchase of Korean cosmetics product per month which has percentage of 6.25% respectively. There are 26 participants (16.25%) has purchase Korean cosmetics product one time per month. About 3 participant purchase Korean cosmetics brand product 4 times per month (2.5%) and more than 5 times per month (1.25%).

<b>Demographic Characteristic</b>		<b>Frequency</b>	<b>Percentage (%)</b>
Age Group	18-25 years old	99	61.80
	26-35 years old	31	19.30
	36-45 years old	22	13.75
	46-55 years old	8	5.00
Employment Level	Unemployed	6	3.75
	Student	59	36.86
	Self-Employed/Own Company	15	9.38
	Professionals	14	8.75
	Executive / Managerial	66	41.25
Education Level	Undergraduate (Pre-University Level)	17	10.60
	Undergraduate (Degree)	106	66.25
	Postgraduate(Master)	35	21.80
	Postgraduate(Doctorate)	2	1.25

Table 4.3 Demographic Characteristic for Participants of Factors of Influencing Korean Cosmetics Product in Malaysia

Demographic Characteristic		Frequency	Percentage (%)
Expenditure of Korean Cosmetics Brand Product per one time purchase	Below RM100	76	47.50
	RM101-RM200	56	35.00
	RM201-RM300	14	8.75
	RM301-RM400	6	3.75
	Above RM400	8	5.00
How many times do you purchase Korean Cosmetics Product in per month	Less than once per month	111	69.30
	Once per month	26	16.25
	2 times per month	10	6.25
	3 times per month	10	6.25
	4 times per month	1	2.5
	More than 5 times per month	2	1.25

Table 4.4 Demographic Characteristic for Participants of Factors of Influencing Korean Cosmetics Product in Malaysia

#### 4.4 Final Result

Final result that present in this section has 160 data which is collected via questionnaire and using Smart PLS 3.0 as the data analysis method. The analysis is including path model estimation, reflective measurement data and evaluation on structural measurement model.

##### 4.4.1 Path Model Estimation

According to Henseler, Ringle and Sarstedt (2015), the rule of thumb of outer loading must be more than 0.708 as it is serve as the an analysis of an indicator reliability for the each latent variable. While for the path coefficient, the rule of thumb is better to be nearer to +1 as it mean the stronger positive relationship in the meantime if the coefficient is nearer to -1, it means it has stronger negative relationship. In this study, it shows that all the latent variable which is brand innovation, customer commitment, and corporate image and repurchase intention is meet the rule of thumb of the outer loading as all the value is more than 0.708. While for the path coefficient, is only relationship of customer commitment towards repurchase intention has stronger significant relationship as is nearer +1 (rule of thumb).

Latent Variables	Indicators	Outer Loadings (Indicator Reliability)	Path Coefficient					
			Brand Innovation	Customer Commitment	Corporate Image			
Brand Innovation	BI1	0.783						
	BI2	0.879						
Customer Commitment	CC1	0.831						
	CC2	0.811						
	CC3	0.919						
Corporate Image	CI1	0.825						
	CI2	0.836						
	CI3	0.881						
Repurchase Intention	RI1	0.835				0.02	0.754	0.087
	RI2	0.881						
	RI3	0.874						

Table 4.5 Outer Loadings and Path Coefficients

#### 4.4.2 Reflective Measurement Model

For the composite reliability, the rule of thumb must be between 0.70 and 0.90 in order to show the satisfactory as it shows it able to identify different indicator reliability (Amaro, Abrantes and Seabra, 2015). For the AVE value, as it aims is avoid the error variance more than explained variance, therefore the AVE value must be more than 0.5. For the discriminant analysis, as Heterotrait-Monotrait Ratio of Correlations (HTMT) is proposed to have more accurate discriminant validity measurement by Henseler et al (2015).The rule of thumb of HTMT is ratio must be below 0.90.

Refer to the below 2 diagram, it shows that the discriminant validity is establish as the ratio of HTMT is below 0.90 and in the same time the other analysis such as composite reliability value and the AVE value has meet the requirement of the rule of thumb. Therefore, it could say that this reflective model of this study is reliable and valid.

	Brand Innovation	Corporate Image	Customer Commitment
Brand Innovation			
Corporate Image	0.799		
Customer Commitment	0.823	0.446	
Repurchase Intention	0.714	0.436	0.885

Table 4.6 Value of HTMT

Latent Variables	Indicators	Outer Loadings (Indicator Reliability)	Composite Reliability (Cronbach Alpha)	AVE	Discriminant Analysis
Brand Innovation	BI1	0.783	0.818	0.693	Yes
	BI2	0.879			
Customer Commitment	CC1	0.831	0.890	0.731	Yes
	CC2	0.811			
	CC3	0.919			
Corporate Image	CI1	0.825	0.884	0.719	Yes
	CI2	0.836			
	CI3	0.881			
Repurchase Intention	RI1	0.835	0.898	0.746	Yes
	RI2	0.881			
	RI3	0.874			

Table 4.7 Result Summary for Reflective Measurement Model

#### 4.4.3 Evaluation of Structural Model

The rule of thumb for collinearity assessment (VIF) value must be more than 5 as it used to check each of the predictor construct individually and avoid redundancy in the construct. According to Hair et al (2017), the rule of thumb for T-statistics value must be more than 1.645 for the one-tailed test and the p value rule of thumb must be smaller than 0.01 only can be considered significant. Both of the analysis is aim to check the significant level of the hypothesized hypotheses.

In order to check the model's predictive power ( $R^2$ ) and predictive relevance ( $Q^2$ ), the rule of thumb for the predictive power is considered 0.75 considered as high predictive power, 0.50 is moderate predictive power and 0.25 as weak predictive power in the marketing issues. While for the  $Q^2$ , the rule of thumb of 0.02, 0.15 and 0.35 represent small, medium and large predictive value respectively for the dependent construct (Hair et al, 2017). Rule of thumb for the effect size is 0.02 0.15 and 0.35 represent small, medium and large effect toward the path model (Cohen, 1988).



Therefore, it can come into conclusion that customer commitment has the significant relationship towards the repurchase intention with the t-values of 12.652 and p values of 0.00 that meet the requirement of the rule of thumb and in the same time it has the large effect size towards the path model as the value of effect size is 1.064. While for the predictive power ( $R^2$ ), customer commitment has the high predictive power as the value is nearer to 0.75 (high predictive power). The study has large predictive value ( $Q^2$ ) as the value is 0.499 which is higher than the rule of thumb 0.355 which has taken into consideration of high predictive value.

Hypothesis	Path Coefficient	t Value	Significance Level	p Values	95% Confidence Interval
Brand Innovation -> Repurchase Intention	0.020	0.24	NS	0.405	2.601
Corporate Image -> Repurchase Intention	0.087	1.349	NS	0.089	1.525
Customer Commitment -> Repurchase Intention	0.754	12.652	***	0.00	3.039

Table 4.8 Significance Testing Result of the Structural Model Path Coefficient

	Repurchase Intention	
	Path Coefficient	Effect Size
Brand Innovation	0.020	0.001
Corporate Image	0.087	0.015
Customer Commitment	0.754	1.064

Table 4.9 Summary Results of Path Coefficient and Effect Size

	$R^2$	$Q^2$
Repurchase Intention	0.645	0.499

Table 4.10 Reputation Model of the study -  $R^2$  and  $Q^2$

#### 4.5 Summary of the Hypothesis Testing

Referring to the Table 4.8 Significance Testing Result of the Structural Model Path Coefficient, it deduct the conclusion for the each hypotheses based on the T-statistics value and p-value.

**Hypotheses 1 (H1):** Brand Innovation positively influence repurchase intention of Korean cosmetics brand in Malaysia

Based on the findings of the result, it shows that brand innovation doesn't positively influence repurchase intention of Korean cosmetics brand in Malaysia as the t-value is 0.24 and p-value is 0.405 which indicate there not significant relationship of this hypotheses. Therefore, this hypotheses is rejected.

**Hypotheses 2 (H2):** Corporate Image positively influence repurchase intention of Korean cosmetics brand in Malaysia

Based on the findings of the result, it shows that corporate image doesn't positively influence repurchase intention of Korean cosmetics brand in Malaysia as the t-value is 1.349 and p-value is 0.089 which indicate there not significant relationship of this hypotheses. Therefore, this hypotheses is rejected.

**Hypotheses 3 (H3):** Customer Commitment positively influence repurchase intention of Korean cosmetics brand in Malaysia

Based on the findings of the result, it shows that Customer Commitment positively influence repurchase intention of Korean cosmetics brand in Malaysia as the t-value is 12.652 and p-value is 0.00 which indicate there is strong significant relationship of this hypotheses. Therefore, this hypotheses is accepted.

	Hypotheses	$\beta$	$t > 1.645$	$p < 0.05$	Hypotheses Status and Citation
H1	Brand Innovation positively influence repurchase intention of Korean cosmetics brand in Malaysia.	0.020	0.24	0.405	Hypotheses Rejected (Hasan et al., 2019)
H2	Corporate Image positively influence repurchase intention of Korean cosmetics brand in Malaysia.	0.087	1.349	0.089	Hypotheses Rejected (Andriyansah ,Mulatsih, and Soesanto, 2017)
H3	Customer Commitment positively influence repurchase intention of Korean cosmetics brand in Malaysia.	0.754	12.652	0.00	Hypotheses Accepted (Keiningham et al., 2015)

Table 4.11 Summary of Hypotheses Testing Result

## **4.6 Conclusion**

Final result is presented in this chapter after using Smart-PLS 3.0 as the data analysis tool. Furthermore, other than presenting the final result, analysis on the demographic segment is also present in this chapter. This is to enable the reader to know the background of the participant and be able to understand the outcome of the final result. Based on the final result, only 1 hypothesis is positively significant in among 3 hypotheses which is customer commitment has positively significant in influencing Korean cosmetics product in Malaysia. Further discussion and recommendation on the final result finding will present in next chapter which is Chapter 5 Conclusion and Recommendation.

## CHAPTER 5: CONCLUSION AND RECOMMENDATION

### 5.1 Chapter Overview

This chapter mainly discuss about the result findings and draw the conclusion of this study. Furthermore, it will discuss about the contribution towards the society and academic field and follow by the recommendation for the future research. Lastly, it has conclusion and personal reflection as the end of the chapter.

### 5.2 Discussion on the Result

This study is research about the factors influencing repurchase intention of Korean cosmetics product in Malaysia. From the previous studies, it identify that brand innovation, customer commitment and corporate image as the independent variable of this study to fill in the gap of the repurchase intention research. Discussion of the result will based on the final result and will provide details discussion on research objective and research question.

**RO1:** To determine the relationship between corporate image and repurchase intention of Korean cosmetics brand in Malaysia.

**RQ 1:** Does corporate image influence the repurchase intention of Korean cosmetics brand in Malaysia?

RO1 proposed to determine the relationship between corporate images and repurchase intention of Korean cosmetics brand in Malaysia. Based on the summary of result of hypotheses, it conclude that hypotheses 1 is not supported by the statistical result. However, previous studies doesn't support the statistical result of this study. According to Andriyansah, Mulatsih and Soesanto (2017), corporate images has relationship towards the repurchase intention in the context of local public transportation. The possible reason for this happen is the different in the context of research whereby in this study is about Korean cosmetics product and maybe customer in Malaysia doesn't regard corporate image is an important factors influence the repurchase intention of the cosmetics product.

**RO2:** To determine the relationship between brand innovation and repurchase intention of Korean cosmetics brand in Malaysia.

**RQ2:** Does brand innovation influence the repurchase intention of Korean cosmetics brand in Malaysia?

RO2 proposed to determine the relationship between brand innovations and repurchase intention of Korean cosmetics brand in Malaysia. Based on the summary of result of hypotheses, it conclude that hypotheses 2 is not supported by the statistical result. However, previous studies doesn't support the statistical result of this study. According to Hassan et al (2019), brand innovation has relationship between brand innovations and repurchase intention in the online buying behaviour.

**RO3:** To determine the relationship between customer commitment and repurchase intention of Korean cosmetics brand in Malaysia.

**RQ3:** Does customer commitment influence the repurchase intention of Korean cosmetics brand in Malaysia?

RO3 proposed to determine the relationship between customer commitments and repurchase intention of Korean cosmetics brand in Malaysia. Based on the summary of result of hypotheses, it conclude that hypotheses 3 is supported by the statistical result. According to Keiningham et al (2015), it found that affective commitment has the significant relationship towards repurchase intention in the goods and services industry. Therefore, there is relationship between customer commitment and repurchase intention of Korean cosmetics brand in Malaysia.

### **5.3 Recommendations**

Recommendation like contributions to industry and contributions to academic is propose in this section.

#### **5.3.1 Contribution to Industry**

Repurchase intention is the willingness of the customer to buy second time or multiple time of your product or service (Pham et al, 2018). Furthermore, it is known that the cost of acquiring new customer is much higher than maintaining the customer with the company (Goh, Jiang and Tee, 2016). Therefore, organisations would be able to understand the factors that will influence the customer buying behaviour and improve their service or product to maintain their customer to continue using their service or product by conducting this study. In the same time, by understanding the customer buying behaviour, the organisations able to save cost and use the money for other purposes such as invest in research development and corporate social responsibility. Moreover, organisations be able to organise suitable marketing campaign based on the findings on this research and gain customer support.

#### **5.3.2 Contribution to Academic**

The main intention of this study is to fill in the gap of the repurchase intention. Several researches has conducted research on repurchase intention but in different context (Dewi et al, 2018;Haeruddin et al,2016;Ngoc et al,2018;Karami et al,2014). Even though, there are research on the repurchase intention of Korean cosmetics product but is focus on different independent variable (Moslehpour et al, 2017). Therefore, this study can provide new research result to the academic and enable the research to have further research on this topic by using different data analysis tool. Furthermore, the researches could gain knowledge from the literature review and understand the current trend of the marketing industry.

## **5.4 Future Research**

According to Pham et al (2018), repurchase intention is considered as one of the important behavioural for marketing discipline. Therefore, it would like to suggest to look into other factors that will influence the repurchase intention and for example, customer loyalty, effect of trust and brand image (Astuti and Wijayajaya, 2018) for the future research. Moreover, it also suggest to have wider geographical research area and has wider demographic segment which could generalise the result for repurchase intention research on different context.

## **5.5 Conclusion**

The main objective to conduct this study is to understand the consumer purchase behaviour and what are the factors that influencing the consumer repurchase intention. Currently, Malaysia has a lot of Korean cosmetic brand in Malaysia with the increasing import of Korean cosmetic product to Malaysia since year 2015 (International Trade Administration: the U.S. Commercial Service and Industry & Analysis, 2016). Furthermore, it would be interesting to know what the reason are behind for some Korean cosmetic brand has the high return rate compare to others brand which mentioned in the article by Murugesan (2018).Therefore, by conducting this research, it allow us to understand the which are the factors that will significantly influence repurchase intention of Korean cosmetics product in Malaysia and it will be an useful information for the company to understand the consumer perception towards repurchase intention.

## **5.6 Personal Reflection**

By conducting this MBA Project, it allows me to understand the research procedure and enhance my knowledge in research development especially the research methodology. It enhance my knowledge on conducting research and learn the important of time management as this project has time limitations. By conducting this MBA project, it also help to broaden knowledge in the marketing discipline. Lastly, appreciate for those who has help in to conduct this research and made it a successful study.

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## 7.0 Appendixes

### 7.1 Appendix 1 Turnitin Result

#### MBA Project - Lim Li Wen 3

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##### ORIGINALITY REPORT

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**11**%

SIMILARITY INDEX

**2**%

INTERNET SOURCES

**3**%

PUBLICATIONS

**10**%

STUDENT PAPERS

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## 7.2 Appendix 2 Ethics Form



SOCIAL SCIENCES, ARTS AND HUMANITIES ECDA

### ETHICS APPROVAL NOTIFICATION

TO: Lim Li Wen  
CC: Dr. Syarifah Mastura B. Syed Abu Bakar  
FROM: Dr Brendan Larvor, Social Sciences, Arts and Humanities ECDA Vice  
Chairman  
DATE: 23/04/19

---

Protocol number: BUS/PGT/CP/04103  
Title of study: Factors Affecting Repurchase Intention of Korean Cosmetic Brand in Malaysia

Your application for ethics approval has been accepted and approved by the ECDA for your School and includes work undertaken for this study by the named additional workers below:

This approval is valid:

From: 23/04/19

To: 24/04/19

Additional workers: no additional workers named

Please note:

If your research involves invasive procedures you are required to complete and submit an EC7 Protocol Monitoring Form, and your completed consent paperwork to this ECDA once your study is complete. You are also required to complete and submit an EC7 Protocol Monitoring Form if you are a member of staff. This form is available via the Ethics Approval StudyNet Site via the 'Application Forms' page <http://www.studynet1.herts.ac.uk/ptl/common/ethics.nsf/Teaching+Documents?Openview&count=9999&restricttocategory=Application+Forms>

Any necessary permissions for the use of premises/location and accessing participants for your study must be obtained in writing prior to any data collection commencing. Failure to obtain adequate permissions may be considered a breach of this protocol.

Approval applies specifically to the research study/methodology and timings as detailed in your Form EC1A. Should you amend any aspect of your research, or wish to apply for an extension to your study, you will need your supervisor's approval (if you are a student) and must complete and submit form EC2. In cases where the amendments to the original study are deemed to be substantial, a new Form EC1A may need to be completed prior to the study being undertaken.

Should adverse circumstances arise during this study such as physical reaction/harm, mental/emotional harm, intrusion of privacy or breach of confidentiality this must be reported to the approving Committee immediately. Failure to report adverse circumstance/s would be considered misconduct.

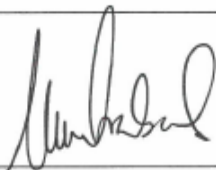
Ensure you quote the UH protocol number and the name of the approving Committee on all paperwork, including recruitment advertisements/online requests, for this study.

Students must include this Approval Notification with their submission.

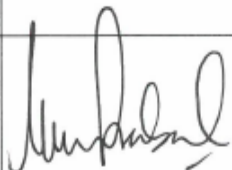
### 7.3 Appendix 3 Records of Meetings

#### Records of Meetings


##### Meeting 1

Date of Meeting	24/12/2018 ( Monday )
Progress Made	First Meeting with Supervisor
Agreed Action	<ul style="list-style-type: none"> <li>To find journals to support the literature review and confirm the title of the thesis ( at least 3 years)</li> </ul>
Student Signature	
Supervisor's Signature	 <p><b>Dr Syarifah Mastura Bt. Syed Abu Bakar</b>          Doctor in Business Administration (UKM)          Senior Lecturer          Faculty of Business, Communication and Law          INTI International University</p>


##### Meeting 2

Date of Meeting	18/1/2019 ( Friday)
Progress Made	Complete the finding of the journal and had prepare the summary of literature review.
Agreed Action	<ul style="list-style-type: none"> <li>Have find out the literature gaps and identify the independent variables and dependent variables.</li> <li>To prepare the write up of chapter 2 literature review and find the theory that support this thesis.</li> <li>Find out information of the research design and methodology</li> </ul>
Student Signature	
Supervisor's Signature	 <p><b>Dr Syarifah Mastura Bt. Syed Abu Bakar</b>          Doctor in Business Administration (UKM)          Senior Lecturer          Faculty of Business, Communication and Law          INTI International University</p>


### Meeting 3

Date of Meeting	1/2/2019 ( Friday)
Progress Made	Have prepare partial information for chapter 2 and chapter 3
Agreed Action	<ul style="list-style-type: none"><li>• Checking on the research hypotheses, research question and research objectives.</li><li>• Continue with the write up of the of the chapter 2</li><li>• To prepare the problem statement and background of study</li><li>• To prepare chapter 3 research methodology.</li></ul>
Student Signature	
Supervisor's Signature	 <b>Dr Syarifah Mastura Bt. Syed Abu Bakar</b> Doctor in Business Administration (UKM) Senior Lecturer Faculty of Business, Communication and Law INTI International University


### Meeting 4

Date of Meeting	15/2/2019 ( Friday)
Progress Made	Confirmation the information of chapter 2
Agreed Action	<ul style="list-style-type: none"><li>• Discussion on chapter 3 research methodology and research design</li><li>• To read more journal on the SEM-PLS and theory.</li><li>• To prepare the questionnaire for survey</li></ul>
Student Signature	
Supervisor's Signature	 <b>Dr Syarifah Mastura Bt. Syed Abu Bakar</b> Doctor in Business Administration (UKM) Senior Lecturer Faculty of Business, Communication and Law INTI International University


### Meeting 5

Date of Meeting	22/2/2019 ( Friday)
Progress Made	Have prepare some questionnaire and partial complete the proposal defense slide
Agreed Action	<ul style="list-style-type: none"><li>• To prepare the presentation slide for proposal defense</li><li>• Discussion on the questionnaire prepare</li></ul>
Student Signature	
Supervisor's Signature	 <b>Dr Syarifah Mastura Bt. Syed Abu Bakar</b> Doctor in Business Administration (UKM) Senior Lecturer Faculty of Business, Communication and Law INTI International University

### Meeting 6


Date of Meeting	15/3/2019 ( Friday)
Progress Made	Still in the progress of chapter 3 –preparing questionnaire
Agreed Action	<ul style="list-style-type: none"><li>• Discussion on the preparing the questionnaire and research methodology.</li></ul>
Student Signature	
Supervisor's Signature	 <b>Dr Syarifah Mastura Bt. Syed Abu Bakar</b> Doctor in Business Administration (UKM) Senior Lecturer Faculty of Business, Communication and Law INTI International University

### Meeting 7


Date of Meeting	19/3/2019 (Tuesday)
Progress Made	Complete the preparation for Chapter 1 , Chapter 2 and Chapter 3
Agreed Action	<ul style="list-style-type: none"><li>• Discussion on the proposal defense slide and how to present the slide</li></ul>
Student Signature	
Supervisor's Signature	 <b>Dr Syarifah Mastura Bt. Syed Abu Bakar</b> Doctor in Business Administration (UKM) Senior Lecturer Faculty of Business, Communication and Law INTI International University




### Meeting 8

Date of Meeting	24/4/2019 (Wednesday)
Progress Made	Complete the preparation for Chapter 1 , Chapter 2 and Chapter 3
Agreed Action	<ul style="list-style-type: none"><li>• Checking on the questionnaire prepare in the google link and made changes accordingly.</li></ul>
Student Signature	
Supervisor's Signature	 <b>Dr Syarifah Mastura Bt. Syed Abu Bakar</b> Doctor in Business Administration (UKM) Senior Lecturer Faculty of Business, Communication and Law INTI International University

### Meeting 9

Date of Meeting	25/4/2019 (Thursday)
Progress Made	Doing data collection and pending for data analysis
Agreed Action	<ul style="list-style-type: none"><li>• Discussion on how to analyze data obtain by using the rule of thumb</li><li>• Create path model in the Smart-PLS 3.0 system for checking</li></ul>
Student Signature	
Supervisor's Signature	 <b>Dr Syarifah Mastura Bt. Syed Abu Bakar</b> Doctor in Business Administration (UKM) Senior Lecturer Faculty of Business, Communication and Law INTI International University

### Meeting 10

Date of Meeting	26/4/2019 (Friday)
Progress Made	Completed the data collection and data analyses
Agreed Action	<ul style="list-style-type: none"><li>• Last checking for the viva presentation slide</li><li>• Amend the presentation accordingly</li><li>• Discussion on how to present the data effectively</li></ul>
Student Signature	
Supervisor's Signature	 <b>Dr Syarifah Mastura Bt. Syed Abu Bakar</b> Doctor in Business Administration (UKM) Senior Lecturer Faculty of Business, Communication and Law INTI International University

## 7.4 Appendix 4 Comments on Management of Project

### Section D. Comments on Management of Project

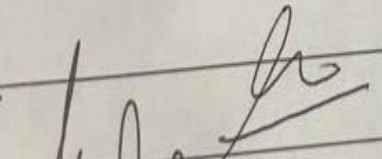
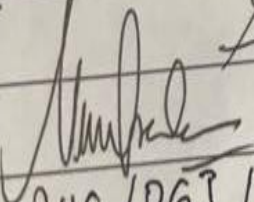
(to be completed at the end of the dissertation process)

#### Student Comments

Has learn alot from the supervisor about the techniques of conducting research. Appreciate the teaching from the supervisor.

#### Supervisor Comments

The student is very hardworking and recommended to further her studies in PhD if interested.

Signature of Student		Date	2/5/19
Signature of Supervisor		Date	2/5/2019
Ethics Confirmed	BUS / PGT / CP / 104 / 103	Date	23 / 4 / 2019