Consumer Perception Towards Oriflame Cosmetics in Hyderabad

Dr. U. Kanaka Rao,  
Associate Professor, Department of Business Management  
Swarna Bharathi Institute of Science & Technology,  
Khammam, Telangana, INDIA.  
E-mail: dr.ukrao2015@gmail.com,  
Mobile: 9491379379.

D. Udaya Shekhar,  
Assistant professor, Department of Business Management  
Madawalabu University, Ethiopia.  
E-mail: dandauday12348@gmail.com  
Mobile: 9666501515.

ABSTRACT:
In this paper an attempt is made to understand and analyze Consumer Perception towards Oriflame Cosmetics. Cosmetics consist of a wide range of products that can be categorized into skin care, Hair care, makeup and fragrances. Due to the rising affluence and increased appearance consciousness of females, the potential of the cosmetics market in India is huge. It is no doubt that physical appearance has become a greater concern of females in India. Nowadays, there are more working women in the society than before. They have greater purchasing power and higher self-esteem than in the past. Many of them work in the service sector where they need to have direct communication with customers. Their appearances are important to give customers a good impression. It is believed that appearance has become one of the recruiting requirements. Therefore, females are willing to pay more to buy cosmetics to improve their appearances. Technological advances have allowed companies to create multi-functional cosmetic products. Multi-functional products are those that perform more than their basic roles, such as cosmetics that contain vitamins or UV protection. Cosmetic companies are competing to launch products with more features to differentiate themselves.

Prelude:
Beauty in its true sense has always been worshipped in India. It is said that the ancient science of cosmetology has its origins in Egypt and India. Even before the dawn of modern cosmetics industry in the world, Ayurveda had all the natural ingredients for herbal cosmetics and was used across all the social classes in India. The Indian cosmetics industry is defined as skin care, hair care, colour cosmetics, fragrances and oral care segments. Today herbal cosmetics industry is driving growth in the beauty business in India and is expected to grow at a rate of 7% as more people shun chemical products in favour of organic ones.

Multi-functional products are very popular in India because consumers are placing strong emphasis on value for money in their cosmetics purchases. However, not every company is successful in launching multifunctional cosmetics. Indian consumers concern both the product image and the product effectiveness as well when choosing cosmetics. Cosmetics companies are therefore keen competing in product development and marketing. While facing keen competition in the cosmetics industry in India, marketers are using very different advertising strategies to promote cosmetic products. Instead of traditional advertisings that emphasize the functions of cosmetics, celebrities, spokes model and a more professional image are the common practices used to increase the creditability of their products. Marketers tend to promote the image of the product rather than the product itself. On the other hand, some cosmetics brands that have good image can get loyal customers but need not to advertise their products. Body Shop is a good example. The key is what marketing strategies they are used. It is believed that cosmetics should be differentiated from other brands by unique features, instead of number of features.
Need for the Study:
The main purpose of this study is to know the customer perception of ORIFLAME cosmetic products. It mainly focuses on customers who have seen difference in markets in different segments through different cosmetic companies. Customer awareness is a term used to describe the awareness of a potential or current buyer about a particular product or company. Customer awareness can be as simple as a shopper remembering a television commercial or as specific as a customer delving into the manufacturing origins of a specific product. Customer awareness plays a key role in customer decision making. By increasing a potential or current customers knowledge about a product, service or business, a healthy economic environment is established in which customers are informed and protected and business are accountable. 
A study at Eastern Michigan University found several significant benefits of customer awareness for both individuals and society as a whole.
✓ The benefits of customer awareness for individuals include enhanced critical thinking, improved life skills and increased self-confidence.
✓ Customer awareness benefits society by promoting customer satisfaction, increasing economic stability and creating realistic customer expectations.

Review of Literature:
Swen and Combs, 1976 the concept of user satisfaction occupies a central position in marketing thought and practice. The centrality of this is that the profits are generated by satisfying the needs and wants of the users or customers. This field of research emerged in the early 1970’s and has accelerated in the recent years. It is hypothesized that customer satisfaction is positively related to the product performance, dimension of which were categorized qualitatively into instrumental i.e. natural attributes of the product like capability, usability etc. The expressive i.e. psychological or determinant attributes like color style etc.”
Today’s customers are becoming harder to please. They are smarter, more price conscious, more demanding, less forgiving and they are approached by many more competitors with equal or better offers. The challenge, according to Jeffrey Gitomer, is not to produce satisfied customers; several competitors can do this. The challenge is to produce delighted and loyal customers”.

Objectives:
✓ To study the consumer preference towards Oriflame cosmetics.
✓ To find the satisfaction level of consumers with regard to oriflame cosmetic.

Methodology:
The data collected for the preparation present paper is gathered from the sources which includes primary and secondary.

Primary Source
Majority of primary data is gathered by making a sample survey of 100 Respondents consisting of cross section of this societies were selected on a random basis a schedule has been designed and administered among all the 100 Respondents the summary was carried out in Hyderabad City. For analysis and interpretation of the data percentages were used.

Secondary Source
A part of the data is also gathered through the secondary sources which include company website, previous reports, annual reports, magazines and other published articles.

Analytical Tools for Study
Statistical Tools used for analyzing the study data includes Simple Averages, Percentages, and Totals. But for, it is of descriptive nature and does not establish a casual relationship between characteristics chosen for study. Therefore, it does not involve use of any quantitative methods.
Scope of the Study:

Present paper is to know about the customer satisfaction towards oriflame cosmetics in Hyderabad. To know the mindset of people towards cosmetics. How oriflame cosmetics has impact on the minds of the customers. The study will help the organization to know their market position, awareness of their products, implement the necessary steps to improve the market share and to improve the satisfaction levels.

Cosmetics Industry:

The emphasis of the herbal cosmetic has been on the spectacular growth of the herbal and ayurvedic beauty products business as conveyed by beauty expert Shahnaz Husain who was the first to introduce the concept of ayurvedic cosmetics to the world when she launched her products way back in 1970. Today, the Indian cosmetics industry has a plethora of herbal cosmetic brands like Forest Essentials, Biotique, Himalaya, Blossom Kochhar, VLCC, Dabur and Lotus and many more. The Indian cosmetics industry has emerged as one of the unique industries holding huge potential for further growth. Indian cosmetics Industry has mainly been driven by improved purchasing power and rising fashion consciousness of the Indian population and industry players spending readily on the promotional activities to increase consumer awareness and develop their products. The companies have started going for rural expansion and are offering specialized products to generate revenues from all the corners of the country. Improvement and strengthening of the Indian economy in the coming years will also pave the way for the Indian cosmetics market over the forecast period and develop the Cosmetic Industry. The Indian Cosmetic market which traditionally a strong hold of a few major Indian players like Lakme, and Ponds has seen a lot of foreign entrants to the market within the last decade. India is a very price sensitive market and the cosmetics and personal care product companies, especially the new entrants have had to work out new innovative strategies to suit Indian preferences and budgets to establish a hold on the market and establish a niche market for them. Costs for importing other products are much higher than producing it in the country. India usually allows the entry of imported cosmetics without any restrictions but the average import tariff on cosmetics products is currently very high at 39.2%.

The second big opportunity is that some major European cosmetic retailers are looking for distributors and third-party manufacturers to set up joint ventures in the country. In fact after China, India is being seen as a strong manufacturing hub and a good source for natural ingredients. The country’s personal care sector is characterized by high volumes and low prices of cosmetic products. The ultimate winners would be those that ensure better value offerings to meet the needs of the Indian consumer.

Top leading Companies:

- Lakmé is the Indian brand of cosmetics, owned by Unilever. It started as a 100% subsidiary of Tata Oil Mills (Tomco), part of the Tata Group; it is named after the French opera Lakmé, which itself is the French form of Lakshmi, the goddess of wealth who has is also renowned for her beauty.
- Revlon is an American cosmetic for skin care, fragrance, and Personal Care Company founded in 1932.
- Oriflame Cosmetics S.A. (Luxembourg) is a cosmetics group, founded in 1967 in Sweden by the brothers Jonas AF Jochnick and Robert AF Jochnick.
- The L’Oréal Group is the world's largest cosmetics and Beauty Company. It concentrates on hair colour, skin care, sun protection, make-up, perfumes and hair care.
- Chambor cosmetic line is a blend of the finest traditions in terms of radiant color, soft texture and skin accentuator.
- Maybelline is a makeup brand sold worldwide and owned by L'Oréal.
- Avon Products, Inc. is a US cosmetics, perfume and toy seller with markets in over 140 countries across the world.
- Make-up Art Cosmetics or MAC Cosmetics, is a manufacturer of cosmetics which was founded in Toronto, Canada by Frank Toskan and Frank Angelo in 1984
• ColorBar cosmetics are one of the leading brands of color cosmetics in India.
• Street Wear is a young, funky and hip brand which globally is positioned at the young and trendy shopper and the range consists of about 30 SKUs covering categories like nail enamel, lipsticks, lip gloss, face make-up kits and eye shadows.

Latest developments
• According to Indian Cosmetic Sector Analysis (2009-2012), the Indian cosmetics industry is expected to witness fast growth rate in the coming years on the back of an increase in the consumption of beauty products. Owing to growing disposable income of the middle class households and changing lifestyle, it is expected that the cosmetics industry will grow at a CAGR of around 17% during 2010-2013.
• A study even shows that affordability and rising consumer base were the main drivers behind the high cosmetic sales of around INR 356.6 Billion (US$ 7.1 Billion) in 2009. Market players are getting lucrative and good opportunities as people have become more beauty conscious due to changing lifestyle and spreading consumer awareness.
• According to ASSOCHAM the size of India's cosmetics market will rise by almost a half to 1.4 billion dollars in the next two-three years as people get fashion conscious and more brands are launched. With increased awakening about cosmetics brands, which is evident even in rural India, the industry size will grow to around 1.4 billion dollars from current level of 950 million. It is projected to grow at a CAGR of around 7% during the forecast period.
• Indian Cosmetics Industry is set for a significant growth depending on the capability of the manufacturers to market their products. Products that claim to renew cells, minimize pores, and restore hydration have created an $83 billion worldwide market.

Pictorial Representation of Usage patterns of cosmetics:

Overview of Oriflame cosmetics
Oriflame cosmetics Hyderabad is the latest addition to the health industry which is located at Amar house no. 6-3-1239/2 first floor opposite of KFC, Above IndusInd bank , Somajiguda, Hyderabad and is described as cosmetic products with drug-like benefits and With the rise of more knowledgeable, wealthy, and beauty-conscious class of urban consumers, Oriflame have come a long way in recent years to become one of the fastest growing cosmetic options. Advancements in
technology and emergence of new ingredients have further contributed to the progress in the commercialization of Oriflame products worldwide.

Oriflame is a cosmetics company that sells high-quality natural skin care and cosmetics products through Home Beauty Demonstrations or Catalogues. Direct sales allow customers to get advice and inspiration from people they know and trust. Buying direct is reliable and convenient. Being an Oriflame Sales Consultant means unlimited income and career opportunities, personal development and a sense of belonging to a friendly global community. Oriflame as a company is characterized by a can-do spirit, a decentralized management and a young and entrepreneurial atmosphere. Oriflame Cosmetics is one of the world's fastest growing cosmetics companies, selling high-quality natural skincare and cosmetics products through an independent sales force outside the traditional retail environment. Oriflame Cosmetics has a presence in 59 countries and is one of the market leaders in over 30 countries.

A Worldwide Success Story:
- Approximately 2 billion Euros in annual sales
- 3.4 million Sales Consultants.
- 7500 employees.
- 900 products.
- Over 64 million catalogues in 35 languages
- Global R&D centre with more than 100 scientists
- 5 own production units in Sweden, Poland, China, Russia and India
- Products based on natural ingredients, never tested on animals

Achievements of Oriflame:
- 1970 First Oriflame Consultants start selling in the UK.
- 1972 Oriflame Ireland opens as a licensee.
- 1988 First Catalogues published in the UK.
- 1998 Change to current Success Plan.
- 2003 Oriflame UK and Ireland reach 7,000 Sales Consultants.

Consumer Perception
Customer perception refers to the process by which a customer selects, organizes, and interprets information/stimuli inputs to create a meaningful picture of the brand or the product. It is a three stage process that translates raw stimuli into meaningful information. Each individual interprets the meaning of stimulus in a manner consistent with his/her own unique biases, needs and expectations. Three stages of perception are exposure, attention and interpretation.
Perceptual Process:

Perceptual process consists of many sub processes. The dynamics of perception can be understood by taking a note of the input-through putout approach. This approach is based on the fact that there is an input, which when processed gives outputs. The actual aspects of perception mechanism include-the selection, organization and interpretation. The perceptual outputs will be the behavior or actions of the individuals i.e., the resultant opinions, feelings, attitude etc.

Factors Influencing Perception:

EXTERNOL FACTOR

INTERNAL FACTORS

- Intensity and size
  attention
- Position
- Contrast
- Novelty
- Repetition
- Movement

Perceptional Inputs

Stimuli

Received-Selection-Organization-
Interpretation

Perceptional Outputs

Behavior or Action

Selective

Selective exposure

Selective reception

Comprehension

Retention perceptual vigilance or defense

Expectation Subliminal perception
Study Analysis:

Graph-1: Influencing of Oriflame Cosmetics

Source: Primary data

Graph-2: Purchase of Oriflame Cosmetics

Source: Primary data

Graph-3: Opinion on Oriflame Cosmetics

Source: Primary data

Graph-4: Friends Opinion

Source: Primary data

Graph-5: Brand Preference

Source: Primary data
Graph-6: Purchasing Period

Source: Primary data

Graph-7: Quality of the Product

Source: Primary data

Graph-8: Recommendation on Product

Source: Primary data

Graph-9: Opinion on Durability of Product

Source: Primary data

Graph-10: Influence of Promotions

Source: Primary data
Findings:
- 50% of respondents are influenced by their friends for oriflame cosmetics.
- 42% of respondents choose oriflame cosmetics for their need purpose.
- Most of the respondents felt that oriflame cosmetics make them feel confident in their eternity beatiness.
- 46% of the respondents opinionated about the oriflame cosmetics as very good.
- 62% of respondents preferred oriflame cosmetics.
- Maximum number of respondents purchased oriflame cosmetics as per their time schedule.
- 44% of respondents felt that oriflame cosmetics are very good quality.
- 84% of respondents recommend Oriflame products to their friends and family.
- Maximum number of respondents opinionated that durability of oriflame cosmetics is good.
- 48% of respondents opinionated that personal selling is the most influencing promotional tool.
- Most of the respondents are using Oriflame cosmetics from three years.
- 46% of respondents are aware of price discounts offered by oriflame cosmetics.

Suggestions: Keeping in view of above findings the followings suggestions are offered to oriflame cosmetics:
- Company should concentrate on various other promotional mix elements like (advertisements, publicity, direct marketing, personal selling, etc) in order to increase awareness to people.
- Only 42% of respondents had chosen oriflame cosmetics so, it is advised to the company to attract more number of customers.
- It is suggested to the company to develop the strategies in order to increase their brand value as only 46% of respondents opinionated that oriflame cosmetics as good.
- It is advised that the company needs to develop their product quality.
Most of the respondents are not aware of the price discounts offered by the company so, it is suggested to the company to pay attention on it.

Respondents suggested that the oriflame outlet should be established near by the people.

Conclusion: Indian economy in the coming years will also pave the way for the Indian cosmetics market over the forecast period and develop the Cosmetic Industry. The Indian Cosmetic market which traditionally a strong hold of a few major Indian players like Lakme, and Ponds has seen a lot of foreign entrants to the market within the last decade. India is a very price sensitive market and the cosmetics and personal care product companies, especially the new entrants have had to work out new innovative strategies to suit Indian preferences and budgets to establish a hold on the market and establish a niche market for them. Costs for importing other products are much higher than producing it in the country. India usually allows the entry of imported cosmetics without any restrictions but the average import tariff on cosmetics products is currently very high at 39.2%.

References: