

Factors Influencing the Purchase Decision towards Hair Color Products

Michael Probosutejo

International Business Management Program, Petra Christian University

Jl. Siwalankerto 121-131, Surabaya

E-mail: michaelprobo@yahoo.co.id

ABSTRACT

In the last 4 years, Indonesia's hair color industry has consistently grown even reaching IDR 2.75trillion in 2011–2012. This has created more intense competition within the market, in which the producers utilize various ways to attain more customers. Competing in the B-to-C class market, L'Oréal's Matrix division has just launched a new brand called So Color. It is created to replace the existing brand, So Color Beauty, which is not well sold in the market. Unfortunately, the sales of this new brand has shown a constant decrease from October to December 2012. Thus, researcher conducts this research to identify the factors influencing the purchase decision towards hair color products and thereby, to solve the problem of So Color. Gathering the primary data from 231 respondents and processing it using factor analysis, the researcher finds that there are 11 newly formed factors, which influence the purchase decision towards hair color products.

Keywords: Hair Color Product, Purchase Decision, So Color, External and Internal Factors.

ABSTRAK

Dalam 4 tahun terakhir, industri produk pewarna rambut di Indonesia menunjukkan pertumbuhan yang konsisten, mencapai Rp 2,75 triliun pada 2011-2012. Hal ini menyebabkan persaingan dalam industri ini menjadi semakin ketat, dimana produsen menggunakan berbagai cara untuk meraup lebih banyak pelanggan. Divisi Matrix dari PT L'Oréal adalah salah satu pesaing dalam kelas B dan C dari industri ini. Matrix baru saja mengeluarkan produk So Color untuk menggantikan So Color Beauty yang memiliki rekor penjualan yang kurang baik. Sayangnya, angka penjualan dari produk baru ini menunjukkan penurunan konstan dari Oktober hingga Desember 2012. Oleh sebab itu, penelitian ini dilakukan untuk mengidentifikasi faktor yang mempengaruhi keputusan pembelian produk pewarna rambut, agar masalah dari So Color dapat diatasi. Setelah mengumpulkan data dari 231 responden dan mengolahnya menggunakan analisa faktor, peneliti menemukan 11 faktor baru yang terbukti memiliki pengaruh terhadap keputusan pembelian produk pewarna rambut.

Kata Kunci: Pewarna Rambut, Keputusan Pembelian, So Color, Faktor Eksternal dan Internal.

INTRODUCTION

Being able to be one of the countries that are able to survive through the global financial crisis, the economy of Indonesia is getting better over years and the purchasing power of the people is showing the same trend as well (Heru, 2012, para. 12). Based on Statistics Indonesia (2012), Indonesia faces an increase of around 29.12% on their income per capita from 2006 to 2011 followed by growth in household consumption approximately 5.29% from 2011 to 2012. Even, the consumption of non-food commodities has experienced a higher number of annual growth of 6.08% within the same period. This

favorable economic condition has become a fortune for the hair care industry. The market size of hair care industry in Indonesia has shown increasing trend from 2006-2011. In 2011 itself there is a growth of 11% amounting around IDR 5.8 trillion (Euromonitor International 2012).

Hair care industry itself actually consists of several sub-industries, including hair daily treatment, hair color, and hair texture. Accounting for around 34.5% of the entire hair care industry size in 2011, the hair color industry also shows the similar increasing trend as what has been shown by the hair care industry (L'Oréal Indonesia Internal Source, 2013). Based on L'Oréal Indonesia Internal Source (2013), it

is said that from the year 2008 to the year 2012, the market size of the hair color industry in Indonesia has consistently grown, even reaching IDR 2.75 trillion in 2011 to 2012.

Looking at the vast growth of the hair color industry, the players within the industry are getting more serious and competitive in developing and expanding their products in order to grab larger size from the huge market size. There are actually many existing players in Indonesian hair color industry, such as Makarizo, L'Oréal, Revlon, P&G, Wella, and many other companies; both the small-sized and big-sized ones (L'Oréal Indonesia Internal Source, 2013). Each of those companies mostly has several specific brands targeting different classes within the market, in which the class actually represents the price range of the products.

PT L'Oréal Indonesia, which has been competing within the hair color industry since 1985 (L'Oréal Indonesia, n.d.), has actually tried to penetrate the market by launching various brands to compete in each type of markets, which are classified by the economic classes of the consumers. Operating under its Matrix division, L'Oréal tries to focus more on the market of B class and C class. In these two classes, L'Oréal intensely competes with Makarizo and Clairol, who become its direct competitors.

Based on L'Oréal Indonesia Internal Source (2013), Matrix holds the second position with 35% share in the market of B and C classes of hair color industry. The first position is held by Makarizo with 42%. Knowing those conditions, Matrix tried to make several efforts in order to grab larger share from this specific market, by introducing the new brand called So Color in October 2012. Basically, Matrix's purpose in introducing this brand was to replace its another existing brand, So Color Beauty which was not well-sold. So Color was designed with totally new packaging, bigger size, as well as cheaper price; with the expectation that it might generate massive number of sales and thus, lifted up the market share held by Matrix.

Unfortunately, the Matrix division has to once again find problems with the sales of their brand new product, since instead of showing a rapid increase on the sales in the early introductory months, So Color has to experience a consistent decrease on their sales from October to December 2012. Knowing those conditions, the researcher wants to assist So Color to solve its problem by conducting this research. The statement of research problem that will be raised is "*What are the factors influencing the purchase decision towards hair color products?*"

LITERATURE REVIEW

The underlying theories used as the basis to conduct the research are the theory of buying decision process and

the theory of factors influencing the buying decision process (Kotler & Keller, 2009).

Buying Decision Process

According to Kotler and Keller (2009), buying decision process is the whole experiences gained by the customers, starting from learning, choosing, using and disposing of a product. It consists of 5 stages, which are:

1. Need Recognition: The stage when the buyer recognizes a need or responds to a marketing stimulus; either it is the external or the internal one, or even both of them (Kotler & Keller, 2009).
2. Information Search: The stage when the buyer looks for more information by retrieving his own memory or by browsing from other sources (Pride & Ferrell, 2012).
3. Evaluation of Alternatives: The stage when the buyer evaluates the possible alternatives using three bases, which are satisfying the need, looking for certain benefit from the product solution, and looking for additional benefits that are delivered as well by the product solution as it simultaneously satisfies the need (Kotler & Keller, 2009).
4. Purchase Decision: The stage when the buyer decides which product or brand that he wants to buy (Pride & Ferrell, 2012).
5. Post-purchase Behavior: This includes post-purchase satisfaction (to which extent the product performance exceeds the buyer's expectation), post-purchase actions (how buyer will act after buying and consuming the product), and post-purchase use and disposal (how buyer consumes and disposes the product) (Kotler & Keller, 2009).

Factors Influencing the Buying Decision Process

According to Kotler and Keller (2009), there are basically 2 factors influencing the buying decision process, external and internal factors. External factors are basically the factors that are coming from any aspects that are not within the control of the buyer, while the internal factors are the factors that can be controlled by the buyer or coming from within the buyer himself (Sandhusen, 2008).

The external factors are the 4P's of marketing mix developed by Jerome McCarthy in the year 1964 (Goi, 2009). It is the mixture of controllable marketing variables – product, price, place, and promotion – used by the firm or the seller in order to reach the desired sales level in the market (Kotler, 2003).

On the other hand, the internal factors are further divided into two. First is consumer psychology or the psychological characteristics of a buyer, which can be explained through 4 aspects – motivation, perception, learning, and memory (Kotler & Keller, 2009). Second is consumer characteristics, which cover the

aspects of cultural, social, and personal (Kotler & Armstrong, 2013).

Relationship between Concepts

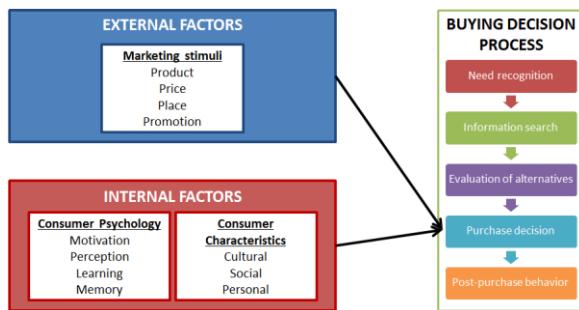


Figure 1. Relationship between Concepts

This research combines the theory of factors influencing the buying decision process with the theory of the 5 stages of the buying decision process itself, but focusing on its 4th stage which is the purchase decision. According to the Kotler and Keller (2009) as well as Pride and Ferrell (2012), both these external and internal factors are believed to have influences on the buying decision process. As a part of the 5 stages in the buying decision process, researcher believes that the purchase decision must also be influenced by both these external and internal factors.

The theoretical framework developed has been supported by other similar researches conducted in prior, in which they also examine how the external and internal factors influence the purchase decision toward certain product. In the research analyzing the factors affecting purchase decision at Gramedia Bookstore Semarang, the external factors were proven to simultaneously have significant influence towards the consumers' purchase decision (Satya, Susanta, & Apriatni, 2012). The other two researches, analyzing the factors influencing purchase of FMCG by rural consumers in South India and analyzing the factors affecting purchase of cosmetics in Pakistan respectively, have also shown that external and internal factors significantly influence purchase decision.

RESEARCH METHOD

As this research aims to identify the factors influencing the purchase decision towards hair color products, this research can be classified as exploratory study since there has never been any similar research conducted for this particular industry before.

The variables cannot be classified into groups of dependent and independent variables as this research is using factor analysis. The variables, which will later on be grouped into newly formed factors that influence the purchase decision, are called as observed variables. To measure each of those

variables, there are several indicators used, which are basically developed according to the theories applied in this research.

Table 1. Description of Observed Variables

Variables	Indicators
Product	<ul style="list-style-type: none"> —Good quality. —Complete range of color. —Available in several sizes. —Friendly smell. —Well-known brand name. —Complete information about the feature on the packaging. —The actual hair color gotten is similar to the one on the packaging.
Price	<ul style="list-style-type: none"> —Worthy price-to-volume. —Worthy price-to-quality. —Competitive price.
Place	<ul style="list-style-type: none"> —Available in all salons. —Available in all beauty-product stores. —Adequate stocks.
Promotion	<ul style="list-style-type: none"> —Attractive advertisement on television. —Attractive advertisement on printed media. —Complete information on the advertisement. —Informative SPG/B. —Persuasive SPG/B. —Offers discounts. —Offers promotional gift. —Becomes the sponsor of public events.
Motivation	<ul style="list-style-type: none"> —Used to cover grey hair. —Used to beautify the hair color in order to look more appealing.
Perception	<ul style="list-style-type: none"> —Perceived to be able to cover grey hair. —Perceived to be able to give more appealing look. —Perceived to be able to give brand-ambassador-alike look. —Perceived that more expensive is better. —Perceived that more famous is higher quality.
Learning	<ul style="list-style-type: none"> —Has positive experience with the product. —Reads that the product is made from the materials that do not harm the hair. —Reads the steps to use the product.
Memory	<ul style="list-style-type: none"> —Ever heard about the brand of the product. —Brand association. —Has good image in the user's mind.
Cultural	<ul style="list-style-type: none"> —The colors provided are commonly used by the people around the user. —Commonly used by the people in user's age. —The price matches the user's income level.
Social	<ul style="list-style-type: none"> —Recommended by the user's family. —Recommended by the user's friends. —Recommended by the user's hairdresser. —Recommended by the brand ambassador.
Personal	<ul style="list-style-type: none"> —The brand matches the user's personality. —Makes the user looks as what he desires to be looked. —Matches the user's lifestyle.

There are two types of data used in this research. First is nominal data, which will be gotten through the screening questions as they are delivered in the form of multiple questions, therefore, the number assigned to the answers of those questions are only codes.

Second is ordinal data, which will be gathered from the questions delivered in the form of 5-point Likert scale, through which the respondents rate their agreement toward the factors influencing the purchase decision towards hair color product.

The data of this research comes from two sources. The primary one is gathered through the online questionnaires distributed to the respondents with the help from So Color's area supervisors. The secondary one is gathered from books, journals, websites, as well as company's internal sources.

The population of this research will be the B-to-C economic class people residing in Java island, who have ever purchased and used hair color products. Due to the time limitation, the research cannot cover the whole Indonesia. Thus, Java is chosen as it covers 55% of Matrix sales in 2012 (L'Oréal Indonesia Internal Source, 2013). Moreover, the population will only be taken from those belong to B and C economic class as So Color particularly targets this market. In the hair care industry including the hair color, the price that people are willing to spend for a single cream bath treatment is used to classify the people into economic classes. B and C class are defined as those who are willing to spend IDR 25,001 – IDR 75,000 (L'Oréal Indonesia Internal Source, 2013).

As the sampling method, this research uses simple random sampling, so that all the people who belong to the particular population mentioned in the previous paragraph, have equal chance to be chosen as the sample (Sekaran & Bougie, 2009). The sampling size is determined using the basis of number of subjects to number of observed variables ratio of 5:1, as stated by Brislin et al. (1974), Baggaley (1982), and Gorsuch (1983) (cited in Columbia University, 2004, p. 1). Since there are 44 observed variables, thus the sample size is 220 respondents.

When the data has been gathered, validity and reliability test has to be conducted. As seen from the title of the research, "Factors Influencing the Purchase Decision towards Hair Color Products", this research will use factor analysis as its analytical method. Due to the nature of factor analysis, in which the observed variables will be grouped into several formed factors at the end of the analysis process, therefore the tests used to ensure the validity and reliability of the measuring instrument in this research cannot be similar to the ones used in regression analysis, in which the indicators have already belonged to certain group of independent variables since the very beginning.

The validity test will be conducted using content validity and criterion-related validity; which allow the researcher to test the validity of the measurement tool, with the condition that the observed variables are not grouped yet. Using content validity, the validity of the measurement tool is determined by the judgement of the experts, whom in this case are the developers of the theories used as the research basis (Cooper &

Schindler, 2010). So, the researcher will test the validity of the measurement tool by observing whether the measurement tool has been developed based on the theories developed by the experts or not. For the criterion-related validity, the validity is determined by the measurement tool's ability to differentiate the respondents on each questions raised regarding the factors influencing the purchase decision towards hair color products.

On the other hand, the reliability is measured using split-half reliability, in which the Spearman-Brown coefficient and Guttman Split-Half coefficient must be examined. As the rule of thumb, both of them must be 0.8 or above (Bryman & Cramer, 2012). The split-half reliability test will be conducted twice realizing that the results might differ depending on the way the data is splitted. The first one is done by randomly splitting the data into two, while the second one is by splitting the data using odd-even system.

Exploratory factor analysis will be used as the analytical tool since the research aims to classify the observed variables into several factors, in which the observed variables that are highly correlated to each other will be put into one group (Hair, Anderson, Tatham, & Black, 2012). The first step to be done is the test of intercorrelations among observed variables through KMO and Bartlett's test and Measure of Sampling Adequacy (MSA). The analysis can be continued when the KMO is bigger than 0.5 with the significance value of lower than 0.05, and all the observed variables are having the MSA of 0.5 or above. (Hair, Anderson, Tatham, & Black, 2012).

The next step is extraction using component analysis, as the analysis is conducted on the total variance. The Latent Root Criterion is used to determine the number of factors to extract as the observed variables are between 20 to 50 (Hair, Anderson, Tatham, & Black, 2012). As the requirement, any individual factor should account for the variance of at least a single variable, which is shown by the eigenvalues of greater than 1.

The final step is rotation using orthogonal method as the formed factors will not be correlated to each other (Hair, Anderson, Tatham, & Black, 2012). The approach used is Varimax since it minimizes the number of variables, which have high loading to each factor, allowing the researcher to be able to interpret the factors in simpler way (Hair, Anderson, Tatham, & Black, 2012). Using the rotated component matrix, the observed variables will be grouped into the new factors based on the factor loading. According to Costello and Osborne (2005), if the factor loading of an observed variable is lower than 0.55 with any of the formed factors, then that observed variable should not be included into any of the formed factors. Moreover, a formed factor should contain at least 1 observed variable in order to be a strong and solid factor. When the observed variables have been grouped, the factors will be named.

RESULTS AND DISCUSSION

Having spread the questionnaires, the researcher manages to get 231 respondents, whose data will be further processed. The first test conducted is validity and reliability test. The researcher develops all the questions in the questionnaire, based on the variables mentioned in theory of "Factors Influencing the Buying Behavior", developed by Kotler and Keller (2009). Therefore, this shows that the measurement tool is valid based on content validity, as it is developed according to the experts' theory. Additionally, since the researcher is using Likert scale as the media for the respondents to give their answers on each factor, therefore the measurement tool allows different respondents to provide different answers, and hence, different respondents can be differentiated on each factor. Looking at this, the measurement tool can be said as valid as well based on criterion-related validity.

For the first split-half reliability test, the random splitting shows that both the Spearman-Brown coefficient and the Guttman Split-Half coefficient have the value of 0.912, which are higher than 0.8. This shows that the measurement tool is reliable. Moreover, the odd-even splitting shows that both the Spearman-Brown coefficient and the Guttman Split-Half coefficient have the value of 0.939, which are higher than 0.8. This again proves that the measurement tool is indeed reliable.

Table 2. Reliability Statistics (Random Splitting)

Spearman-Brown Coefficient	Equal Length	.912
	Unequal Length	.912
	Guttman Split-Half Coefficient	.912

Table 3. Reliability Statistics (Odd-even Splitting)

Spearman-Brown Coefficient	Equal Length	.939
	Unequal Length	.939
	Guttman Split-Half Coefficient	.939

To ensure that there is intercorrelations among the observed variables, KMO and Bartlett's test is conducted. The result of the first test shows that KMO is 0.807, far higher than 0.5, with the significance value of 0.000, which is below 0.05. Therefore, there is intercorrelation among the observed variables.

Table 4. KMO and Bartlett's Test – 1st Attempt

Kaiser-Meyer-Olkin MSA.	.807
Bartlett's Test of Sphericity	Approx. Chi-Square
	Df
	Sig.

However, when the anti-image correlation matrix is examined, there is 1 observed variable namely "Recommended by the brand ambassador", which has the MSA of 0.45 or lower than 0.5. Thus, this particular observed variable has to be excluded

and the test of intercorrelations among observed variables has to be repeated.

At the second attempt, KMO is changed to 0.815, which is still far higher than 0.5, with the significance value of 0.000, which is below 0.05. This shows that there is intercorrelation among the observed variables. Additionally, all the remaining 43 observed variables are having the MSA of higher than 0.5. Thus, they will be processed to the extraction.

Table 5. KMO and Bartlett's Test – 2nd Attempt

Kaiser-Meyer-Olkin MSA.	.815
Bartlett's Test of Sphericity	Approx. Chi-Square
	Df
	Sig.

From the result of the extraction process, there are 11 factors, which are considered as significant, as they have the eigenvalues of greater than 1. Cumulatively, the 11 formed factors are able to explain 75.274% of the variation in all the observed variables.

Table 6. Total Variance Explained

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	13.726	31.921	31.921
2	4.620	10.745	42.666
3	2.385	5.547	48.213
4	2.087	4.854	53.067
5	1.861	4.328	57.396
6	1.758	4.088	61.484
7	1.495	3.476	64.960
8	1.216	2.827	67.787
9	1.164	2.707	70.494
10	1.050	2.441	72.935
11	1.006	2.339	75.274

The next process is rotation. Upon the rotation process, it is seen that there are 10 observed variables whose factor loadings are lower than 0.5. Therefore, they are eliminated and not being grouped into the formed factors. Those excluded observed variables are as follows:

1. Perceived that more expensive is better.
2. Worthy price-to-volume.
3. Available in all salons.
4. Matches the user's personality.
5. Recommended by the user's hairdresser.
6. Becomes the sponsor of public events.
7. The actual hair color gotten is similar to the one on the packaging.
8. Has friendly smell.
9. Matches user's income level.
10. Makes the user looks as what he/she desires to be looked.

The remaining 33 observed variables are then grouped into the 11 formed factors, based on their

factor loadings. Each formed factor has at least 1 observed variable classified into it and therefore, they can be said as strong and solid factors (Costello & Osborne, 2005).

The result of the factor analysis has proven that the alternative hypothesis developed by the researcher in prior is accepted, showing that product, price, place, promotion, motivation, perception, learning, memory, cultural, social, and personal are not the factors that have significant influences on the purchase decision towards hair color products. Instead, there are 11 newly formed factors which have been proven to have significant influences on the purchase decision towards hair color products, which are:

1. Tangible and intangible product benefits, containing:

- Reads that the product is made from the materials that do not harm hair.
- Used to beautify the hair color in order to look more appealing.
- Perceived to be able to give more appealing look.
- Has positive experience with the product.
- Has good image in the user's mind.
- Has good quality.
- Worthy price-to-quality.

Based on the researcher observation towards all the observed variables grouped to this first factor, the information that the material is not harmful, the ability of the product to beautify the hair color, the positive experience the user has with the product, as well as the good quality of the product; can be classified as the tangible benefits which the user might get from the hair color product. On the other hand, the remaining 3 observed variables, which are the product's ability to make the user looks more appealing, the product's good image in the user's mind, as well as the worthiness of the product price compared to its quality; are classified as the intangible product benefit that the user might get from the hair color product.

2. Promotion and availability, containing:

- Informative SPG/B.
- Persuasive SPG/B.
- Attractive advertisement at TV.
- Attractive advertisement at printed media.
- Offers promotional gift.
- Offers discounts.
- Competitive price.
- Available in several sizes.
- Available in all beauty-product stores

The first 5 observed variables are related to promotion, since informative and persuasive SPG/boy can be classified as personal selling, attractive ad at TV and printed media can be classified as advertisement, and promotional gift

can be classified as sales promotion. For discounts and competitive prices, although based on the theory they are classified as price-related variables, but the availability of them are able to support the promotion in stimulating the customer to purchase the hair color product. Additionally, the last 2 observed variables grouped to this second factor, which are the product's availability in several sizes as well as its availability in all beauty-product stores can be represented by the word of availability since both of them are related to the availability of the product.

3. Feasible and complete information, containing:

- Complete information about the feature on the packaging.
- Read the steps to use the product.
- Complete information on advertisement.

The particular name is given as the 3 observed variables grouped to this factor tries to explain about the ability of the user to access the information regarding the product itself.

4. Popularity, containing:

- Ever heard about the brand.
- Recommended by the user's family.
- Provides the colors that are commonly used by the people around the user.

The researcher perceives that when the user has ever heard about the brand and when the product is recommended by the user's family, it means that the product is quite popular within the industry of hair color product. Additionally, as the people around the user are using the colors provided by the products for their hair, this shows that the colors provided by the product are also popular in the market.

5. Solution to grey hair, containing:

- Perceived to be able to cover grey hair.
- Used to cover grey hair.

As seen, both of the observed variables grouped to this particular factor talks about the ability of the hair color product to be the solution to the user's grey hair problem.

6. Shared benefit, containing:

- Complete ranges of colors.
- Recommended by user's friends.

The researcher perceives that the complete ranges of colors provided by the product can be said as one of the benefits offered by the hair color product. Since this benefit is considered as significant by the users, then they share the benefit by recommending the product to their friends.

7. Lifestyle, containing:

- Matches the user's lifestyle.

The reason behind why the researcher assigns this name for this particular factor is very clear. It is because the factor only consists of 1 observed variable, which is related to the aspect of lifestyle.

8. **Brand reputation**, containing:

- Well-known brand name.
- Perceived that more famous is higher quality.

The researcher can clearly see here that the 2 observed variables grouped into this eighth factor are related to the reputation of the brand, in which it is well-known within the industry of hair color product and thus, the user perceives that it has better quality.

9. **Brand association**, containing:

- Brand association.

This name is assigned since the only observed variable classified into this factor is related to the brand association of the hair color product.

10. **Existence**, containing:

- Adequate stock.
- Commonly used by the people in user's age.

The researcher assigns this name because the researcher perceives that when the product has adequate stock in the market, then it will have high existence as well as the customer gets high exposure towards the product. Additionally, when the product is commonly used by the people having the ages that are approximately similar to the user, it means the product has high existence within the hair color industry as many people coming from a particular age group prefer to use it and it becomes a common trend to use the product in that particular age group.

11. **Psychological stimuli**, containing:

- Perceived to be able to give brand-ambassador-alike look.

The name is assigned because the researcher perceives that the ability of the product to make the user perceives that when he/she uses it he/she will look like the brand ambassador shows that the product is able to give psychological stimuli to the user.

Comparing the results of the research with the underlying theories from Kotler and Keller (2009) and Pride and Ferrell (2012), it is seen that although the observed variables that have been grouped into the 11 newly formed factors are coming from the observed variables found from the theory, but not all of the observed variables, which are available in the theory are used in the newly formed factors. The research result has shown that there are 11 observed variables, which exist in the underlying theories, are excluded when the 11 new factors are formed.

Additionally, the way those remaining 33 observed variables are grouped in the research results is different from the way they are grouped in the theories. Instead of being grouped into product, price, place, promotion, motivation, perception, learning, memory, cultural, social, and personal; those 33 observed variables are grouped into the new 11 factors explained in prior. This difference between the research result and the theories might happen as in

this case, the research talks about a particular industry, which is the hair color industry. Within this specific industry, the theory might work differently and thus, not all the variables claimed as the factors influencing the purchase decision by the theory, also become the factors influencing the purchase decision in this hair color industry. Moreover, the way those variables are grouped into the factors also differ from the theory.

Besides comparing the results with the underlying theories, the researcher also discusses the results of this research with the product manager and the marketing team of So Color. According to them, from the 11 observed variables excluded from the 11 newly formed factors, there are 3 variables, which they consider to have significant influence on the customer's purchasing decision.

The first variable is "*Recommended by the user's hairdresser*". As the hairdressers have ever experienced using various colors coming from various brands, thus, they are the ones who know which product can give the result desired by the user. Each user might have different hair type and different hair color. Therefore, although two users desire the same color for their hair, the product used might be different. According to the product manager and the marketing team, that is the major reason of why hairdresser's recommendation is highly important for the users in making their decision. However, it can be seen from this research's result that this variable is excluded. Based on researcher's analysis, this difference might happen due to several reasons. The respondents might prefer to choose the product by themselves since they have had recommendation from other people besides the hairdresser, or they have had the product they are loyal to due to previous positive experience with that particular product, or they have had knowledge about the product making them perceive that hairdresser's recommendation is not that important. Additionally, the respondents might also perceive that the hairdresser only recommends either the product from which they get the highest profit or the product whose stocks they want to finish.

The second variable is "*The actual hair color gotten is similar to the one on the packaging*". According to So Color team, this variable is highly important as well since the sample picture shown on the packaging is put there as the reference for the users so they can know how the actual result later on will look like and thus, they can be assisted to choose which color they should purchase. Moreover, the team says that the company highly pays attention to this variable as the company wants to show to the users that it fulfills its promise. Additionally, the company actually can be sued in the case that the actual result is different from the one shown on the packaging. Nevertheless, the research result shows that this variable is excluded. According to the researcher, since the respondents are the people who have ever

experienced using hair color product, they have known that as people have different hair type and different hair color, the actual result later on might be different from the one shown on the packaging; and they tolerate this difference. Hence, they perceive this variable as not really that important in influencing them in their purchasing decision towards the hair color products.

Last but not least is the variable of "*Has friendly smell*". So Color team believes that this variable is highly important as they know that most hair color product has bad smell and thus, most producers of hair color products are competing to create the product with most friendly smell to make the user prefer their products. Even So Color and other brands of hair color products coming from L'Oreal continuously try to conduct the research on how to make the product has more friendly smell. On the other hand, the research result shows that this variable is excluded as well. Based on the researcher's analysis, this might happen as the respondents, whom are the people who have ever experienced using hair color products, have known that one of the risks they have to face during the coloration process is the bad smell of the hair color product. They have already known that hair color product is made of chemicals and thus, the smell must be not friendly. Hence, this might be the reason of why they think this variable is not that important in influencing them purchasing the hair color product. As long as the product can give them the result they desire, they do not really care if they have to smell the bad scent of the product during the coloration process.

Looking that there are several variables, which So Color team perceive as important in influencing the customer's purchase decision, but the customers think as unimportant, it can be said that the perception of the team is not always in line with the customers'.

CONCLUSION

In conclusion, the researcher has answered the statement of research problem as the factors influencing the purchase decision towards hair color products have been identified. There are 11 new factors proven to influence the purchase decision toward hair color products, namely tangible and intangible product benefit, promotion and availability, feasible and complete information, popularity, solution to grey hair, shared benefit, lifestyle, brand reputation, brand association, existence, and psychological stimuli.

There are 3 limitations faced by the researcher while doing the research. First, the observed variables grouped into the newly formed factors only cover the underlying theory used as the basis of the research. Second, the time limitation as the researcher has to finish this undergraduate thesis, while simultaneously do the internship. This makes the primary data only

able to be gathered through the questionnaire, which causes the other inputs that might arise from the respondents are uncovered. Third, the area that can be covered is only Java island, which makes the result might be not fully representative the customers outside Java.

Knowing that this research still has some limitations, the researcher tries to propose several suggestions for any researcher who might want to conduct similar research in the future. In order to overcome the first limitation, the researcher suggests that the future researcher might use additional theory which also covers other factors that significantly influence the purchase decision. To overcome the second limitation, the researcher suggests that more time should be allocated so that more inputs from the customers can be gathered. To overcome the third limitation, the population can be broaden to the whole area of Indonesia, where So Color product is sold.

REFERENCES

Bryman, A., & Cramer, D. (2012). *Quantitative Data Analysis with IBM SPSS 17, 18, & 19: A Guide for Social Scientists*. England: Routledge.

Columbia University. (2004, September 25). *Literature Search on the Subject "Sample Size in Factor Analysis"*. Retrieved February 4, 2013, from Columbia University: http://www.columbia.edu/~mmw2177/LVcourse/Literature_on_sample_size_FA.pdf

Cooper, D. R., & Schindler, P. S. (2010). *Business Research Methods, 11th Edition*. New York: McGraw Hill.

Costello, A. B., & Osborne, J. W. (2005). Best Practices in Exploratory Factor Analysis. *Practical Assessment, Research and Evaluation, Volume 10 Number 7*, n.d.

Euromonitor International. (2012). *Sector Capsule: Hair Care in Indonesia*. Euromonitor International.

Ghozali, I. (2011). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 19 Edisi 5*. Semarang: Badan Penerbit Universitas Diponegoro.

Goi, C. L. (2009). A Review of Marketing Mix: 4 P's or More? *International Journal of Marketing Studies*, 1(1), 1-15.

Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. (2012). *Multivariate Data Analysis Seventh Edition*. New Jersey: Prentice Hall, Inc.

Heru. (2012, July 12). *RI Must Keep Watch over Global Economic Crisis*. Retrieved June 12, 2013, from Antara News: <http://www.antaranews.com/en/news/83379/ri-must-keep-watch-over-global-economic-crisis-wb>

Kotler, P., & Armstrong, G. (2013). *Principles of Marketing 15th Edition*. New Jersey: Pearson Prentice Hall.

Kotler, P., & Keller, K. L. (2009). *Marketing Management 13th Edition*. New Jersey: Pearson Prentice Hall.

L'Oréal Indonesia Internal Source. (2013). Indonesian Hair Color Market. Jakarta: L'Oreal Indonesia Internal Source.

L'Oréal Indonesia Internal Source. (2013). *Report of Matrix Sales*. Jakarta: L'Oréal Indonesia.

L'Oréal Indonesia. (n.d.). *Company Overview*. Retrieved January 27, 2013, from L'Oréal Indonesia: http://www.loreal.com/_en/_ww/html/our-company/mission.aspx?

Pride, W. M., & Ferrell, O. C. (2012). *Marketing, 16th Edition*. United States of America: South Western Cengage Learning.

Qualtrics. (n.d.). *Factor Analysis*. Retrieved April 7, 2013, from Qualtrics: <http://www.qualtrics.com/university/researchsuite/factoranalysisold>

Sandhusen, R. L. (2008). *Marketing 4th Edition*. New York: Barron's Educational Series.

Satya, A. P., Susanta, H., & Apriatni. (2012). Analysis of Factors Affecting Purchase Decision at Gramedia Bookstore Semarang. *Jurnal Ilmu Administrasi Bisnis*, 1-12.

Sekaran, U., & Bougie, R. (2009). *Research Method for Business: A Skill Building Approach*. United Kingdom: John Wiley and Sons, Ltd.

Statistics Indonesia. (2012). *Per Capita Gross Domestic Product, Per Capita Gross National Product, and Per Capita National Income*. Statistics Indonesia.

Suhr, D. D. (n.d.). *Exploratory or Confirmatory Factor Analysis?* Retrieved June 12, 2013, from SAS: www2.sas.com/proceedings/sugi31/200-31.pdf