

## Millennials Loyalty Towards Local Cosmetic Brands

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### Abstract

Unloyal yet heavy cosmetics buyers and millennial preferences for international cosmetic products create problems for local cosmetic brands. Previous research has discussed contributing factors in Customer Satisfaction and Customer Loyalty towards beauty products and discussed Indonesian Local Cosmetic Brands as a research subject, yet researchers have not specified Millennials as target respondents and use Indonesia as the research subject. Therefore, this research aimed to focus on Indonesian millennials' customer loyalty towards local cosmetic brands by evaluating its relationship with customer satisfaction, perceived product quality and price, and emotional attachment. A total of 203 local female millennials' cosmetics user data are gathered and analyzed using SEM-PLS. The study reveals how customer loyalty is positively impacted by customer satisfaction. Customer satisfaction has been shown to mediate and amplify the influence of other variables such as perceived product quality and emotional attachment. However, the perceived price has no direct impact on customer loyalty. Instead, Perceived product quality is proven to be an important factor in customer loyalty. To conclude, this study proves that Indonesian Millennials' loyalty is quality-driven rather than price-driven

**Keywords:** Millennials, Local Cosmetic Brand, Perceived Price, Emotional attachment, Perceived Product Quality, Customer Loyalty and Customer Satisfaction

### 1. Introduction

Cosmetics have been subtly wanted and needed in women's daily activities. Most females may not be confident enough when they leave the house without wearing makeup. Cosmetics are any of the several preparations (except soap) that are used to the human body to beautify, maintain, or modify the look of the skin, hair, nails, lips, eyes, or teeth, or to wash, color, condition, or protect the skin, hair, nails, lips, eyes, or teeth (Ishak et al., 2019). According to the Zap research, Indonesian woman capable of spending a large amount of money on a beauty product, especially Gen Y (millennials), which could spend more than Rp.2.000.000 a month compared to Gen X, which likely has more income yet would only spend around 500.000 - 999.999, and Gen Z with monthly income lower than the millennials spend around 1.000.000-2.999.999. Hence, compared to Gen X and Gen Z, the Millennial generation spending on beauty products is the largest and those Millennials are dominated by those who live in big cities (Snapcart Research, 2017). Hence, urban female millennials are the biggest consumer for the cosmetic industry and as the generation presents a remarkable purchasing power. Furthermore, older generations are heavily influenced by the Millennials, who are trendsetters in all industries (Kraljević, R., & Filipović, Z.,2017).

Despite this, Hellsten and Kulle (2017) stated how millennial consumers are heavy buyers of beauty products yet are not loyal to the brand, and it was also shown how product quality affects Indonesian customers' loyalty (Nyonyie et al., 2019). This may happen due to the generation's constant exposure to price promotion and advertising while growing up (Ordun, 2015). Hence, they are more rationally oriented and prefer products that

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complement their personalities and lifestyles while also placing the importance on price and product rather than brand name (Gura<sup>u</sup>, 2012). For long, loyalty has been a vital point for every brand. Loyalty is defined as customers' willingness to continuously use a company's goods and services over an extended time and willingly recommend them to others (Affran et al., 2019), which is equally important in the beauty industry. Hence, this creates a huge challenge for marketers in Indonesia's cosmetic industry, especially local cosmetic brands. According to (Kemenperin, 2018), 95 percent of the national cosmetic industry is the small and medium industry (IKM), and the rest is a large-scale industry that is currently competing with other local and international brands that are more preferred (Zap research, 2019). Moreover, due to the covid-19, there is a decrease in spending expectations for Indonesia Skincare & Makeup products (Mckinsey & company, 2020).

Based on previous research, in terms of loyalty, Millennials are more rationally oriented, focused on price and product quality more than the emotional part of the brand. Therefore, this research exists to close that research gap and answer Indonesia local cosmetic brand managerial problem, as it also discussed other countries and/or discussed only specific cosmetic brands or some research in Southeast Asia specifically discussed halal cosmetics (Suhartanto et al., 2020) (Handriana et al., 2020) (Ishak et al., 2019). To answer those said research gaps and managerial problems, this research will try to evaluate variables that could induce female millennials customer loyalty directly or indirectly through satisfaction for local cosmetics brands by evaluating the millennials loyalty compared to their customer satisfaction, perceived product quality, emotional attachment and perceived price of local cosmetic brands.

### 2. Literature review

#### Cosmetics

Generation Y today is more likely to buy high-quality cosmetic products that ensure safety. This may be due to many cosmetic products that contain unsafe ingredients that accumulate in the bloodstream and ultimately harm the body (Khan et al., 2020). Cosmetics are any of the several preparations (except soap) that are used to the human body for beautification, maintenance, preservation, or alteration of an appearance or cleansing, colour, condition, or protect the skin, hair, nails, lips, eyes, or teeth (Ishak et al., 2019).

#### Female Millennials Customers .

According to Indonesia Millennials Report 2020, Millennials are people who were born around 1984 until 1999 (IDN Media and Nielsen, 2020). Millennials have an important role in society because they are considered a technology literate and digitally savvy generation (KOMINFO, 2016). For female millennials, they are important because they are more likely to get higher education, and greater numbers of them have entered the workforce compared to females from the previous generation (PWC, 2015). With a higher education and technology literacy level, consumers from this millennial generation become consumers who are easier to get information through various social platforms. Thus, this generation has a greater level of brand awareness. However, this generation is notable for having a low loyalty level and are very reactive to social, cultural, economic, and political changes (Ishak et al., 2019)

#### Emotional Attachment

When someone decides to buy a product, they usually think based on rational decisions and full logic. In fact, the emotional factor is more decisive than logic that makes consumers decide whether to purchase a certain product or brand. This powerful factor creates the ties that develop between a customer and a brand described by Bowlby's attachment theory (Suhartanto et al., 2020). In 1988, emotional attachment was initially referred to as a parent and child relationship, Whereby Bowlby stated as the manner to attain closeness or contact with the individuals of the attachment object (Dwivedi et al., 2018). Therefore, this emotional attachment can be caused by the experience of consumers when buying or using a product or service from a brand that can leave a deep impression on its users. Because of that, the emotions experienced by customers towards a brand or product can be an indicator of how strong the relationship between a brand and customers is (Aboulnasr & Tran, 2019). Emotional attachment is also related to a cosmetic product or brand because it is a personal product and becomes related to the self-perception of customers so that it can be characterized by a high enough involvement at the time of purchase (Suhartanto et al., 2020).

#### Perceived Product Quality

In short, perceived quality is a certain product's whole evaluation done by consumers. The product that is referred to here can be in the form of goods or service products. Quality is also not visible so that a brand or product can be recognized by the reliability and quality characteristics of the product itself (Kim & Lee, 2016). This is also confirmed (Zeithaml, 1988), which states that "Perceived quality is the judgment of products for consumers to recognize the overall excellence or superiority."

### **Perceived Price**

Price is one of the important marketing tools, the number of competitor's products makes consumers have many choices, so it is not surprising that price is one factor that makes buyers make decisions on purchases. Perceived price is an estimation of consumers' willingness to pay for a product or simply the product's net worth. Customers will be pleased if they believe the price and quality are acceptable; a good price-to-performance ratio is based on the products' performance and benefits (Moslehpour et al., 2017). The price of items is estimated by the suitable price set, price expectations prior to purchase, and the value provided by the price (Chung et al., 2016; Hwang, 2013).

### **Customer Loyalty**

When consumers actually give their support for a brand or product, they feel that they have received comfort and consciously build a bond with the brand or the product. There are behavioral indicators of consumer loyalty, including repeated purchases, purchases of other products of the company, recommendations, and immunity to a competitor's degree (Yang et al., 2019). Customer loyalty is crucial for a brand because loyalty guarantees the certainty of demand from its consumers and creates a tendency for customers to pay more at a premium price (Taghipour & Loh, 2017). According to the previous study, Loyalty can be behavioral, indicating the frequency or quantity of purchases, and attitudinal, indicating the customer's tendency to purchase the product in the future. Composite loyalty will be assessed to show positive attitudes and behaviors on a product in predicting future purchase behavior (Suhartanto et al., 2020).

### **Customer Satisfaction**

Without customers, a company would have been at a loss. Therefore it is vital to always keep customers and prevent them from leaving a brand by maintaining customer satisfaction. A high level of satisfaction can increase consumer loyalty (Suk-Jun et al., 2012). Stating that the repurchase rate due to customer satisfaction shows that the likelihood of repurchasing by customers who feel dissatisfied is lower than satisfied customers. Even when the company takes appropriate action in dealing with customers who show dissatisfaction, customer satisfaction increases, thereby increasing repurchase intention.

## **3. Relationship Between Variables**

### **Perceived product quality on Customer loyalty**

Another supporting factor of customer loyalty is product quality, which is significantly and positively associated with loyalty (Chinomona & Maziriri, 2017). In other studies, it is stated that the quality of certain products increases, customer satisfaction is expected to increase, and, in the end, it can lead to customer loyalty. (Ishaq et al., 2014) also state that if the product has higher quality, it will gain more acceptance that leads to loyalty. Furthermore, the previous study showed that product quality has a direct effect on customer loyalty (Suhartanto, 2020). In short, satisfied customers are more loyal (Mohd Kassim et al., 2013). Therefore, the hypothesis is as follows:

**H1:** Perceived product quality has a positive impact on customer loyalty

### **Emotional Attachment on Customer Loyalty**

When customers develop brand attachment, they feel attached to the brand and receive feelings of comfort, satisfaction, and security. Hence, customers with a high level of emotional brand attachment are more devoted to a long-term relationship with the brand (Ghorbanzadeh & Rahehagh, 2020). Emotional attachment is also estimated as a measure of consumer commitment as measured by marketing effectiveness; a relevant indicator of consumer commitment is reflected in the extent to which individuals remain loyal to the brand (Yusof & Ariffin, 2016). Furthermore, Suhartanto (2020) stated that emotional attachment is one of the aspects that significantly drive loyalty towards customers. Hence, the developed hypothesis is the following:

**H2:** Emotional attachment has a positive effect on customer loyalty.

### **Perceive Price on Customer Loyalty**

There are many product features, such as brand and price, that influence customer decision-making. According to (Kaura et al., 2015), price plays an important role in leading the customer behavior and has impact on customer loyalty. However, loyal customers are always ready to buy a product even though the price is expensive, so the company always pays more attention to loyal customers and takes the necessary steps to retain them because they bring more profit to the company (SS, 2018). Therefore, assessing to what extent perceived

price affects customer loyalty is important, as a previous researcher (Han & Ryu, 2009) found that perceived price influences customer loyalty; hence, the hypothesis is as follows:

**H3:** Perceived Price has a positive effect on customer loyalty.

**Customer Satisfaction on Customer Loyalty**

(Surya & Kurniawan, 2021) stated that consumer loyalty could be increased by customer satisfaction; this is also supported by (Chan, Y., & Mansori, S., 2016) which states that customers can become loyal because of satisfaction with a brand or a product, and as a result, consumers willing to continue the relationship with the brand or product itself. On the other hand, the characteristics of loyal customers who have preference and consistency in buying a product tend to recommend the product they like to other people. In other studies of (Bakti & Sumaedi, 2013), Customer satisfaction is directly involved and has a positive effect toward customer loyalty, thus making customer satisfaction as a key point for developing loyalty toward the brand. The hypothesis is as shown:

**H4:** Customer satisfaction has a positive effect on customer loyalty.

**The Role of Customer Satisfaction in Mediating Customer loyalty**

The Role of Customer Satisfaction in Mediating Customer loyalty

Consumers must be the top priority of a company; hence customer satisfaction is fulfilled. With high-quality products, customer satisfaction will be guaranteed, creating loyalty (Susanti, 2013). This statement has also been proven from the previous research of (Razak et al., 2016) that states if the quality of the product can improve customer satisfaction. When consumer needs have been met with quality, consumers will feel satisfied with what they get from a product, creating loyalty from consumers toward the product or a brand. According to Chiguvi & Guruwo (2017), satisfaction is recognized as a response to a specific focus, such as the purchase experiences and related products, that took place at a specific time (post-purchase or consumption); hence, resulting in customer loyalty. Therefore, the hypothesis is as follows:

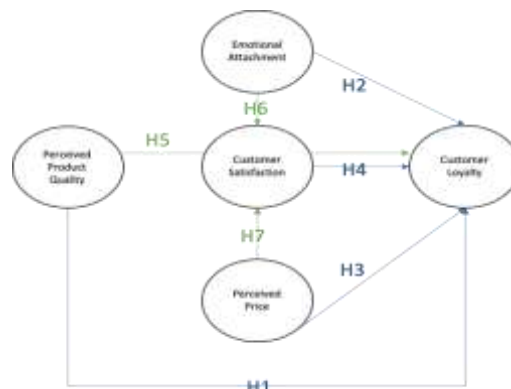
**H5:** The effect of perceived product quality on customer loyalty is through customer satisfaction.

According to (Atulkar, 2020) when customers perceive the quality, value, satisfaction, and affection, it will generate emotional attachment and attitudinal loyalty. This emotional attachment ultimately makes consumers feel naturally loyal to a brand or product because they are satisfied with the products they have bought or used. According to (Suhartono et al., 2020), customers' satisfaction and loyalty to a brand are affected by emotional attachment. Therefore, the following hypothesis is proposed:

**H6:** The effect of emotional attachment on customer loyalty is through customer satisfaction.

Because perceived price could have a direct impact on customer satisfaction, a positive correlation occurs (Arlanda & Suroso, 2018). According to (Zhong & Moon, 2020), price is an essential factor that causes customer satisfaction, such as during the evaluation of price value to be paid by consumers. In this case, when price satisfaction has been created, it can be said that loyalty will be created between the two relationships. According to (Cakici et al., 2019), there are various consumer behavior literature that show how loyalty is linked and created by satisfaction. As a result, the hypothesis is developed:

**H7:** The effect of Perceived price on customer loyalty is through customer satisfaction.



(Figure 1: Research Framework)

#### 4. Research Method

##### Measures

This study focuses on millennial's loyalty Toward Local Cosmetic Brands based on perceived price, emotional attachment, perceived product quality, and customer satisfaction. The perceived price is measured by five items derived from (Taghipour & Loh, 2017; Kim & Lee, 2016). Emotional attachment is assessed using seven items derived from (Suhartanto, 2020). Perceived product quality is calculated by seven items derived from (Suhartono. et al.,2020; Chan, Y., & Mansori, S.,2016; Handriana, 2020). Customer satisfaction is assessed using seven items from (Kim & Lee, 2016; Chan, Y., & Mansori, S., 2016), and customer loyalty is measured by six items from (Kim & Lee, 2016; Chan, Y., & Mansori, S., 2016). (Suhartono et al.,2020 and Kim & Lee, 2016). A five-point Likert scale was used to measure the variable constructs, ranging from 5 (strongly agree) to 1 (strongly disagree). Some items were modified to make them relevant to the local cosmetic customer loyalty context, the item used in this study listed in the **Appendix**.

##### Data Collection and Sample

In order to examine the hypotheses from the prospective user of local cosmetics brands, we conducted a quantitative research using online questionnaires in Indonesian language. Before distributing the questionnaire, we conducted a face validity test on five people to make sure that the questions are able to measure what it is intended to measure and could be understood by the respondent. Then we distributed questionnaires with 32 item questions with a sampling target of 160 samples and collected 203 samples. The minimal sample size for utilizing multivariate analysis should be equal to the greater of five times the number of survey instruments (Hair et al., 2017); therefore, these 203 samples will be deemed suitable for this study. This study uses Purposive Sampling Method and the 203 are already filtered as female millennials (age 22-37 in 2021) who live in the Jabodetabek area (most populous metropolitan area in Indonesia) and use local cosmetic brand, they also answer questions based on the most often purchased local cosmetic brand. The questionnaire was held Online in mid April 2021 and successfully gathered 203 valid female responses in 2 weeks.

<b>Tabel 1</b>		
<i>Respondent Profile</i>		
<b>Variables</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Education</b>		
High School	37	18.23%
Associate Degree	9	4.43%
Bachelor Degree	150	73.89%
Post Graduate	7	3.45%
<b>Marital Status</b>		
Married	48	23.64%
Unmarried	155	76.35%

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<b>Age</b>		
22-29 Years Old	181	89.16%
30-37 Years Old	22	10.84%
<b>Income</b>		
≤ Rp 1.000.000	13	6.40%
Rp 1.000.001 – Rp 3.000.000	38	18.72%
Rp 3.000.001 – Rp 6.000.000	62	30.54%
Rp 6.000.001 - Rp 9,000,000	49	24.14%
Rp 9.000.001 – Rp 12.000.000	23	11.33%
Rp 12.000.001 - Rp 15,000,000	11	5.42%
≥ Rp 15,000,001	7	3.45%
<b>Monthly Spending on Cosmetic</b>		
≤ Rp 500.000	100	49.26%
Rp 500.001 – Rp 999.999	68	33.50%
Rp 1.000.000 - 1.500.000	26	12.81%
Rp 1.500.001 - 1.999.999	6	2.96%
Rp 2.000.000 - 2.500.000	1	0.49 %
≥ Rp 3.000.000	2	0.99 %

**Table 1:** Respondent Profile

In terms of education, the majority of respondents hold a bachelor's degree (73.89%), followed by high school graduates (18,23%). Most of our respondents are unmarried (76,35%), followed by married respondents (23,65%). The age of our respondents also starts from 22-29 (89,16%), and is followed by respondents aged from 30-37(10,84%). For monthly spending on the local cosmetic product, most of them (49.62%) spend < IDR 500,000, some of them (33.50%) spend Rp 500.001 – Rp 999.999, followed by (12.81%) those who spend Rp 1.000.000 - 1.500.000 and the rest spend more.

## Data Analysis

In assessing the validity and reliability of the constructs, and their connections, variance-based structural equation modelling (SEM-PLS) is applied. The SEM-PLS is applied due to its ability to investigate the relationship between variable constructs and the predictive power of exogenous variables. The objective is an exploratory study which is intended to establish a theory, and contains complex calculations as it comprises numerous constructs and indicators, hence using SEM-PLS to test the research model is appropriate (Hair et al., 2011).

## 5. Result and Discussion

Before testing the hypothesis, the research variables' validity and reliability are tested in the SEM-PLS Software. From the 32 questions, there are two items from perceived price and 1 item from Customer Loyalty that is invalid and taken out because the factors' outer loadings are below 0,70. Hence the remaining 29 question items are valid, showing that all the factors' outer loadings are above 0,70. The AVE result is more than 0.5; ranges from 0.574 to 0.734 and composite reliability values also above 0.6 ranges from 0,892 to 0,949 (Table1). Therefore, all variables meet the criteria of discriminant validity with the range of 0.574 to 0.857; the Discriminant Validity (Table 2) revealed that the square root of AVE of each variable is greater than the correlation between the variables and other variables, as determined by the Fornell and Larcker Criteria (Hair et al., 2017), and therefore it is deemed valid.

<b>Table 2</b>			
<i>Validity and Reliability Test Result</i>			
<b>Items</b>	<b>Factor Loading</b>	<b>Composite Reliability</b>	<b>AVE</b>
<b>Factor 1 : Emotional Attachment</b>		<b>0.904</b>	<b>0.574</b>
<b>This Local Cosmetic Brand align with my Personality</b>	<b>0.794</b>		
<b>I am proud to be Local Cosmetic Brands customer</b>	<b>0.790</b>		
<b>This local cosmetic product fit me</b>	<b>0.773</b>		
<b>The brand feels like a part of me</b>	<b>0.708</b>		
<b>The brand has good image</b>	<b>0.721</b>		
<b>I prefer local cosmetic brand in comparison to others</b>	<b>0.704</b>		
<b>I like local cosmetic brand products</b>	<b>0.807</b>		
<b>Factor 2 : Perceived Product Quality</b>		<b>0.919</b>	<b>0.62</b>
This Local cosmetic product is safe	0.717		
Local cosmetic product preserve my body	0.752		
Local cosmetic product aesthetic	0.716		

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The local cosmetic brand I choose has overall better quality than other brands	0.792		
I think Local cosmetic Brand product is reliable	0.845		
I think Local cosmetic Brand product has good functions	0.839		
I think Local cosmetic Brand product fulfills my needs well	8.39		
<b>Factor 3 : Perceived Price</b>		<b>0.892</b>	<b>0.734</b>
Local Cosmetic Brands' price is reasonable.	0.789		
The price of local cosmetic brand is suitable	0.903		
The price of the product provide value	0.875		
<b>Factor 4 : Customer Satisfaction</b>		<b>0.949</b>	<b>0.727</b>
Overall, I am satisfied with the local cosmetic brand	0.884		
I am satisfied with the product performance	0.854		
I am satisfied with the product price	0.768		
I am satisfied with my decision to purchase from local cosmetic brand	0.870		
My choice to use this a local cosmetic brand is the wise one	0.865		
I think I do the right thing when using a local cosmetic brand	0.852		
Local cosmetic Brand does a good job in satisfying my needs	0.871		
<b>Factor 5 : Customer Loyalty</b>		<b>0.928</b>	<b>0.720</b>
I Prefer local cosmetic brand over the others	0.860		
I Intent to recommend the local cosmetic brand to others	0.812		
I Intent to continue using the local cosmetic brand	0.870		



Local brand cosmetic products are my first choice.	0.851		
I intend to continue using Local brand cosmetic products in the future.	0.848		

**Table 2:** Validity and Reliability Test Result

<b>Table 3</b>					
<i>Discriminant Validity Result</i>					
<b>Measure</b>	<b>Customer Loyalty</b>	<b>Customer Satisfaction</b>	<b>Emotional Attachment</b>	<b>Perceived Price</b>	<b>Perceived Product Quality</b>
Customer Loyalty	0.849				
Customer Satisfaction	0.776	0.853			
Emotional Attachment	0.723	0.744	0.758		
Perceived Price	0.637	0.723	0.574	0.857	
Perceived Product Quality	0.757	0.808	0.794	0.676	0.787

**Table 3:** Discriminant Validity Result

<b>Table 4</b>				
<i>P-value Result</i>				
<b>Hypothesis</b>	<b>Path Coefficient</b>	<b>T-Value</b>	<b>P-Value</b>	<b>Conclusion</b>
Perceived product quality has a positive impact on customer loyalty	0.218	2.369	0.018	Supported
Emotional attachment has a positive effect on customer loyalty.	0.222	2.625	0.009	Supported
Perceived Price has a positive effect on customer loyalty.	0.099	1.256	0.209	Not Supported
Customer satisfaction has a positive effect on customer loyalty.	0.362	3.313	0.001	Supported

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The effect of perceived product quality on customer loyalty is through customer satisfaction.	0.403	3.221	0.001	Supported
The effect of emotional attachment on customer loyalty is through customer satisfaction.	0.248	2.148	0.032	Supported
The effect of Perceived price on customer loyalty is through customer satisfaction.	0.307	2.719	0.007	Supported

**Table 4:** P-Value Result

Hypothesis testing is undertaken using a bootstrapping procedure of 5,000 repetitions, and the result of path analysis shows that H1, H2, H4, H5, H6, H7 are supported while the H3 is rejected (Table 3). Due to the independent variables might have a positive or negative influence on the dependent variables, a two-tailed t-test was applied (Ghorbanzadeh & Rahehagh, 2020), and this significant research level is 5%; hence the Critical T-Values for a two-tailed test are 1.96 (Heir et al., 2011).

The result shows a direct effect; H1 is accepted with a P-value of 0.018, reflecting that it is significant as it is lower than 5% and T-Value more than 1,96. The correlation between perceived product quality and customer loyalty is 0.218. Hence, there is a direct effect of perceived product quality on customer loyalty, which aligns with the previous study (Chinomona & Mairiri, 2017; Mohd Kassim et al., 2013). For H2, with a P-value of 0.009 and a T-value of 2.265, emotional attachment was found to positively and directly impact customer loyalty, and the strength of the relationship is at 0.222, which is higher than perceived product quality to loyalty. This finding also strengthens the previous research findings (Suhartanto, 2020) and Dwivedi et al., (2018), showing that emotional attachment between consumers and a brand or product is related to cognitive behaviour and constitutes increased consumer affection for the brand. For H4, customer loyalty is directly affected by customer satisfaction with a P-value of 0.001, a T-value of 3.313, and a strength of the relationship of 0.363, the strongest direct influence on customer loyalty. Thus, the better the customer satisfaction level, the more devoted the customers are to the brand. It is depicted from Table 3, for H3, it is shown that perceived price does not directly influence customer loyalty, with a P-value of more than 5% and a t-value lower than 1.96. In contrast (Han & Ryu 2009) findings that perceived price influences customer loyalty. However, the current study aligns with (Chan, Y., & Mansori, S., 2016), which explains that price does not directly influence loyalty as loyal customers tend to pay more even if the price increases to avoid any perceived risks. Especially the risk of skin-related problems such as breakouts and irritation caused by changing the cosmetic products.

For H5, there is an indirect effect of perceived product quality on customer loyalty through customer satisfaction and is supported with a P-value of 0.001 and t-value of 3.221, and the path coefficient shows at the highest showing that the bond is the strongest amongst other hypotheses. Thus, better-perceived product quality can affect customer loyalty greater if the customer also feels satisfied with the local cosmetic brand product. With a P-value of 0.032, a t-value of 2.148, and a path coefficient of 0.248, H6 recognized that emotional attachment influences customer loyalty through satisfaction. Lastly, Perceived price affects customer loyalty through customer satisfaction with a P-value of 0.007 and t-value of 2.719, and the path coefficient at 0.307. For the last hypothesis tested H7, the result is accepted, showing that perceived price affects customer loyalty through customer satisfaction, with a P-value of 0.007 and a t-value of 2.719, showing that perceived price can influence customer loyalty; the customer should first be satisfied.

### Managerial Implication

This research could be useful for local cosmetic players to find out the factors that affect millennials' loyalty since building customer loyalty is challenging and takes an amount of time. Hence they can focus on aspects that help them to retain their customer and prevent them from switching to another brand. This study could also be used for local cosmetic players to offer the best quality of product selection as based on this research; the effective way to attain loyalty is perceived product quality which is compiled by customer satisfaction.

Therefore, making sure that the cosmetic product is of the best quality, functions as described, proved to be reliable, and successfully fulfils the customer longing and desires is vital for the local cosmetic brand. Moreover, sustaining a proper quality control team and making sure that the brand always hears and acts on the customer feedback upon the product they have used are important to make sure that the customer perceives the brand's products as high quality and they are satisfied with the brand. Research also confirms that loyal customers are less sensitive toward price (Suhartanto, 2020); this research shows that perceived price does not directly affect customer loyalty. However, Perceived price will have an effect on customer loyalty when the customer satisfaction is fulfilled by the local cosmetic brand. In conclusion, customer evaluation on the product quality is vital, where high price does not hinder repurchase of high-quality products. Hence, local cosmetic brands need to maximize their product quality offering as Millennials' customers loyalty is more product quality-driven than price or emotional driven.

### Conclusion and Recommendation

The results stated that customer loyalty is significantly affected by customer satisfaction. Referring to the path coefficient result, customer satisfaction is mediated and enhanced by perceived price, perceived product quality, and emotional attachment, referring to the path coefficient result (Table 3). As a result, the important factor for a local cosmetic brand is customer satisfaction, as it causes loyalty for millenials. Furthermore, it assessed brand evaluation because all the significant aspects of loyalty influenced repeated purchase behavior.

This research has generated a new understanding and can be useful to the practitioners (such as marketeers of local cosmetic brands). However, there are still limitations that should be taken into consideration. First, the questionnaires are only distributed in Jabodetabek (Jakarta, Bogor, Depok and Tangerang), and research is not based on a specific local cosmetic brand. Thus, future research is expected to investigate local cosmetic brands, such as Something, to generate a more holistic view of the customer and its brand. Aside from that, Chung et al. (2016) mentioned that loyalty has resulted from customer satisfaction, reasonable product pricing, a good value, and brand trust, which influence the purchase intention of the products or services. Other variables aside from brand trust have been discussed in this paper; therefore, future research is recommended to use the variables of brand trust to extend the model.

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**Appendix**

Variable	Indicator	REFERENCE	
Emotional Attachment (Suhartono et al., 2020)	-This Local Cosmetic Brand align with my Personality -I am proud to be Local Cosmetic Brands customer -This local cosmetic product fit me - the brand feels like a part of me -The brand has good image - I prefer local cosmetic brand in comparison to others - I like local cosmetic brand products	Likert	Interval
Perceived Product Quality (Suhartono et al.,2020) (Chan, Y., & Mansori, S. (2016) (Handriana, 2020)	- This Local cosmetic product is safe - local cosmetic product preserve my body - local cosmetic product aesthetic - The local cosmetic brand I choose has overall better quality than other brands -I think Local cosmetic Brand product is reliable -I think Local cosmetic Brand product has good functions -I think Local cosmetic Brand product fulfills my needs well	Likert	Interval

## Millennials Loyalty Towards Local Cosmetic Brands

<p>Price (Taghipour &amp; Loh, 2017) (Kim &amp; Lee, 2016)</p>	<p>Local Cosmetic Brands' price is reasonable.                      - Local Cosmetic Brands Product is cheaper than other country imported products.                      - If the price of Local Cosmetic Brands products increases significantly, I will keep buying the products.                      -The price of local cosmetic brand is suitable                      -The price of the product provide value</p>	<p>Likert</p>	<p>Interval</p>
<p>Customer Satisfaction (Kim &amp; Lee, 2016) (Chan, Y., &amp; Mansori, S. (2016))</p>	<p>-Overall, I am satisfied with the local cosmetic brand                      - I am satisfied with the product performance                      - I am satisfied with the product price                      -I am satisfied with my decision to purchase from local cosmetic brand                      - My choice to use this a local cosmetic brand is the wise one                      - I think I do the right thing when using a local cosmetic brand                      - Local cosmetic Brand does a good job in satisfying my needs</p>	<p>Likert</p>	<p>Interval</p>
<p>Customer Loyalty (Suhartono et al., 2020) (Kim &amp; Lee, 2016)</p>	<p>- I Prefer local cosmetic brand over the others                      - I Intent to recommend the local cosmetic brand to others                      - I Intent to continue using the local cosmetic brand                      - Local brand cosmetic products are my first choice.                      -I intend to continue using Local brand cosmetic products in the future.                      -I will not buy other brands if the local brand's cosmetic products are not available at the store.</p>	<p>Likert</p>	<p>Interval</p>