Chapter 54

User-Generated Content and Consumer Purchase Intentions in the Cosmetic Industry:
Social Impact Perspective

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ABSTRACT

Online retailers within the luxury cosmetics industry have grown in popularity due to a wider and more diverse catalogue of products. Beauty e-commerce has also seen an uplift due to the increase in blogs/ vlogs and online YouTube tutorials which motivate customers to click through to brands and retailer sites through links and affiliate marketing. Given the importance of computer-mediated marketing environments, particularly the burgeoning Internet tapestry along with its various social networking platforms, it is fundamental for management to foster and understand how these emerging technologies impact on their marketing strategies. Drawing on social impact theory (SIT), this paper contends that user-generated content can provide the basis for brand managers in the cosmetic industry to re-evaluate their digital marketing strategies. The paper concludes with discussions about the value of social impact theory in the development of digital marketing strategies.

INTRODUCTION

Over the course of the last decade, the digital era has led to the evolution of marketing, and social media marketing in particular. Social media encompasses a broad range of online venues that facilitate interactions and collaboration through the sharing of content amongst users (Kim and Johnson, 2016; Stokinger & Ozuem, 2015). Social media has redefined the way in which consumers communicate to peers and with brands. Social media strategies have been adopted to deal with negative UGC circulated through various social platforms. UGC can be viewed in many formats, including via videos, reviews, blog posts, Facebook posts or Tweets. The growth in communities on blogs and YouTube has sparked a

frenzy within brands across industries (Momeni et al, 2015). Research conducted within the travel and tourism industry has identified the popularity of customer review sites amongst travellers, and there are implications for the impact such content has on individual choice regarding destination, location, hotel and dining (Hennig-Thurau et al, 2004; Fillieri et al, 2014; Ye et al, 2009). A study conducted by PhocusWright (2014) claimed that 53% of travellers would not book a hotel room that had not been reviewed (Piccoli and Ott, 2014). The fashion industry has also carried out extensive research into the impact of UGC on product sales, and these studies have indicated that UGC in the form of blogs, Instagram posts and various other social sharing platforms have had an effect on the purchase intentions of consumers. However, the quality of the content must be of a high standard in order for action to be taken (Zhou and Duan, 2015). It has taken luxury brands years to understand how the digital era can cater to their audience, for example, Prada only launched their website in 2007, this shows how reluctant brands can be to change, however, decisions like this leave brands in a vulnerable position and at the mercy of fake luxury goods hawkers. Brands such as Hermes and Channel have also resisted in integrating into e-retail (Okonkwo, 2010).

However, research conducted in both the Luxury Fashion and Travel & Tourism industries has yet to specifically examine the impact of UGC on the luxury cosmetics industry within the UK. However, key concepts such as consumer behaviour can be drawn from this research as it overlaps with the impact of UGC in the luxury cosmetics industry.

Halliday (2016) addresses user-generated content in the context of brands by seeking to understand its creators and consumers. The study reveals a number of consumer motivations for the creation of UGC, with a focus on service-dominant logic and consumer culture theory as key theoretical frameworks. These are used to investigate the particular motives that drive consumers to generate content. Halliday's study focuses primarily on young adults aged between 16 and 24 years. These are identified as the largest user group and the most typical consumers and creators of UGC. The study goes on to further unravel the key issue within UGC interactions by identifying how consumers trust source credibility. The results of the study indicate that the popularisation of UGC amongst young adults has meant that some companies/brands have lost control, authority and influence over their target audiences. The study also reveals that there was a higher level of engagement with sites that commentate on increased passion for brands, products or services (Halliday, 2016), However the study fails to mention platforms used by young adults in creating and sharing UGC, whether through Social Network Sites (SNS), blogs, review sites or YouTube. In spite of this in-depth literature devoted to understanding creators and consumers, other studies have examined the phenomenon of UGC on social media platforms (Tang et al, 2014; Zajc, 2015; Kumar, 2016; Kim 2016).

Tang et al's (2014) study describe how positive, negative and indifferently neutral opinions affect product sales both directly and indirectly. Positive UGC on blogs and YouTube along with other SNS sites increase product sales as they infer information about the reputation of the product, its usage and levels of satisfaction amongst its consumers. Such UGC also provides insight into experiences if and the enjoyment of products and services. It offers further insight into personal recommendations (Liu, 2006; DiRusso, Mudambi & Schuff, 2010; Tang et al, 2014). By the same token, negative UGC harms product sales as it implies that products fail to satisfy, and are disingenuous, Negative UGC reinforces the disappointment of consumers. Such consumers will gravitate towards positive UGC which communicates perceived quality, as opposed to negative UGC which would deem the purchase to be a risk (Berger, Sorensen, and Rasmussen, 2010; Liu, 2006; Tang et al, 2014). Halliday's (2016) study also

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