

Lipstick Effect in Cosmetic Market During Covid-19: Chinese Gen Y Consumers' Willingness to Buy lipstick in the Post-pandemic

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Abstract: The crisis brought by the latest Covid-19 pandemic has affected many different aspects of our everyday life, challenging and changing the way we do things. Our make-up behaviours were no exception. In previous periods of recession, cosmetic sales were used as a proxy to outline the economic situation—a phenomenon known as the Lipstick Effect. The aim of this paper is to record women's cosmetic habits in the aftermath of Covid-19 and to inquire if the Lipstick Effect can still be considered a valuable economic indicator.

Keywords: Lipstick Effect, Chinese Gen Y Consumers, Post-pandemic.

1. Introduction

Policymakers decided to make people learn live with COVID-19, a new era might come to our world that is post-pandemic period. Under this term, people won't be forced to wear face mask, and lots of restrictions that were made in the early stage of the pandemic were cancelled.

Lipstick Effect : Consumers still spend money on small luxury products during economic recessions due to they do not have enough to spend on big-ticket luxury items; cosmetic sales would gain better revenue than other industries.

2. Literature Review

Lipstick cannot be for sure a panacea for the anxiety of global economic crisis but can serve as a mood enhancer for consumers. The global economic downturn has heavily impacted on the consumer buying behaviour. The reduced financial resources and the increased uncertainty regarding the future determined a serious decrease both in the major purchases as automobiles, homes and luxury items and in the basic purchases as groceries. Despite that, because the consumers under pressure still want to feel good and to lift their spirit, the propensity to buy lipstick and other beauty products seems to increase, effect coined in 2008 by the head of the cosmetic group Estée Lauder, Leonard Lauder as the "lipstick effect".

The lipstick effect is a manifestation of something that economists call the income effect. Economists break down consumer demand for any given product as a combination of the effects of the price of a good relative to other goods, known as the substitution effect, and the consumer's income, known as the income effect. For normal goods, as a consumer's income rises, so does demand. However, for some goods, known as inferior goods, rising consumer income actually weakens demand, and vice versa. Cheap domestic beer is a classic example of an inferior good. This is what occurs in the case of the lipstick effect. As consumers' incomes fall, they will forgo big-ticket luxury goods purchases that they can no longer afford and instead spend their (reduced) discretionary income on smaller luxury items.

Another theoretical basis for the lipstick effect is that during times of economic recession, labor markets become

more competitive. This can lead job seekers to spend more on goods that enhance their perceived advantages over other candidate employees in order to get or keep a job. Paying more attention to the visible aspects of one's job market appeal by using more or better cosmetics can be one way of doing this.

Nicoletta's doctoral dissertation studied women's cosmetic habits in the aftermath of COVID-19 and inquired if the lipstick effect can still be considered a valuable economic indicator. The article provides solutions to design my questionnaire. Shichang Deng's research in 2020 pointed out that the level of perceived severity of COVID-19 may influence people's post-pandemic consumption patterns. It gave me a good idea to consider influence factors in the post-pandemic era. The lipstick effect and the self-enhancement motives (Maria, 2015) provide a good definition of the lipstick effect and gave a possible psychological factor that affects the lipstick effect phenomenon.

3. Research Purpose

After reading kinds of literature, this research firstly hopes to observe Chinese Gen Y's consumer behaviour and willingness, trying to test whether they have formed new consumer habits which affect by COVID-19 pandemic in the Chinese cosmetic market through the lipstick effect phenomenon. Secondly, this study will try to figure out possible psychological influence factor of Gen Y's consumer willingness to lipstick in the post-pandemic era.

Research Questions

If wearing face mask still influence Chinese Gen Y's consumer behaviour a lot ?

Whether Gen Y consumer willingness of buying lipstick increases a lot in China's post-pandemic era?

What Psychological factors are generated by COVID-19 that have a significant impact on Gen Y consumer willingness of buying lipstick?

4. Methodology

This study posted a questionnaire using the Qualtrics survey link and QR code on August 10, 2022. Within 3 days, 139 people responded, and collected 104 effective samples.

Then the study did the descriptive analysis for hypotheses 1 and 2 (See two Charts), did regression analysis for hypothesis 3 (See two tables)

5. Hypothesis

H1. Wearing face masks force the Chinese Y generation to decrease their cosmetic consumer willingness in the post-pandemic era.

H2. Compare to the pre-pandemic, Chinese Y generation consumers' willingness to buy lipstick increased in the post-pandemic era.

H3. Women's consumer willingness to buy lipstick are positively affected by self-enhancement psychological factor in the post-pandemic era.

6. Results

The study did the descriptive analysis for hypotheses 1 and 2 (See two Charts), did regression analysis for hypothesis 3

(See two tables). See Figure 2, 75% respondents showed that they still choose to wear facemask all the time. Only 6.73% respondents expressed that they wear facemask only required by host or event organizer. See Figure 1, 42.31% respondents said they always wear lipstick even though they also had to wear facemask. However, 34.62% respondents indicated that they wear lipstick under some circumstances. In case the published questionnaire design in lipstick willingness to buy and selfenhancement variables have any unreasonable, the study tests Cronbach's Alpha first (See table 1), the results are both bigger than 0.8 which represents statistical results generated by published questionnaire can be applied on hypothesis 3. According to coefficients results, P-value of selfenhancement variable is less than 0.05 which means selfenhancement variable significantly affect lipstick willingness to buy variable. When the value of selfenhancement from respondents is higher as well as their average value in lipstick willingness to buy be higher (See table 2).

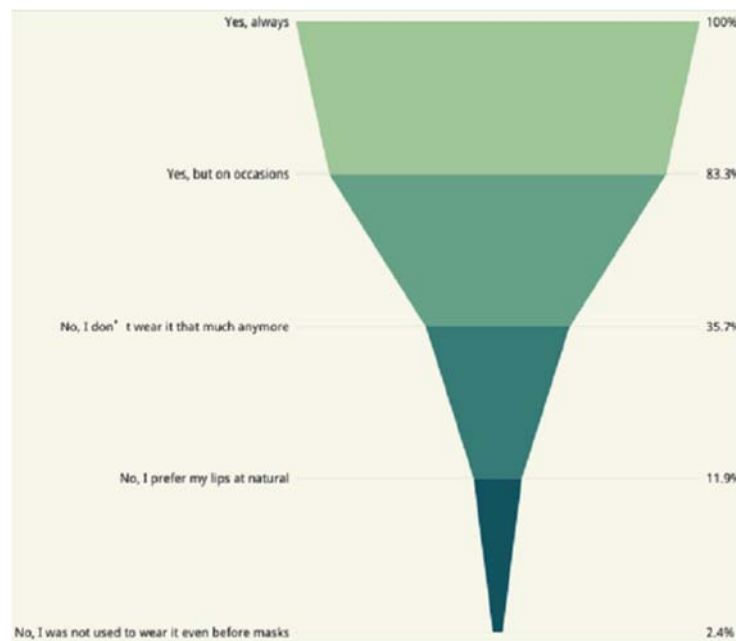


Figure 1. Descriptive analysis H1

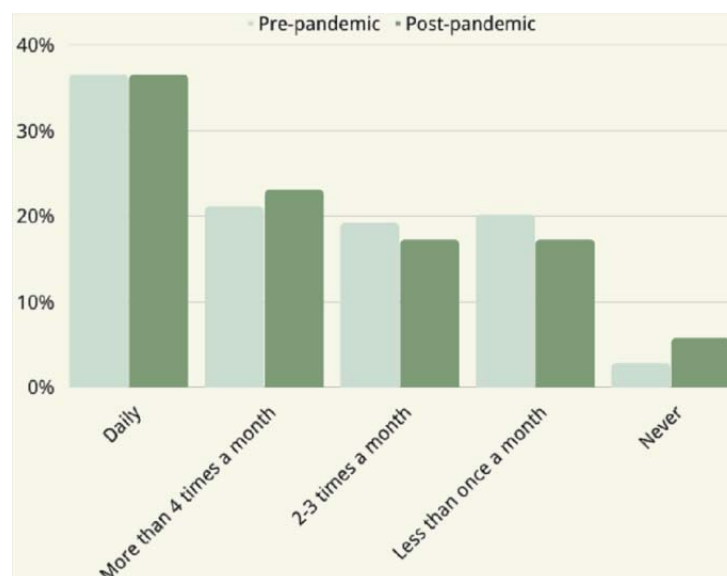


Figure 2. Descriptive analysis H2

Table 1. Result Table (H3)

	Cronbach's Alpha	N of Items
Lipstick Willingness to Buy	0.945	4
Selfenhancement	0.922	5

Table 2. Result Table (H3)

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.329	0.285		1.154	0.251
Selfenhancement	0.879	0.072	0.788	12.294	0.000

7. Findings

Wearing face mask still influence Chinese Gen Y's daily life, they prefer to adjust their make-up behaviour to fit into such daily life. However, as the economic situation is trying to recover in the post-pandemic era, the lipstick effect didn't be observed obviously in the Chinese cosmetic industry. According to the regression results, self-enhancement truly has positive effect to Gen Y's willingness to buy lipstick.

8. Future Study

The author hopes to find out more possible influence factors which may change Gen Y's consumer willingness and behaviour, and control the face-mask influence element for observing the lipstick effect more obvious. Considering there is cultural and environmental difference between countries,

the author hopes to do the same social survey in UK cosmetic market.

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