

"THE RIGHT TO BE INFORMED",

A CONSUMERISM ISSUE:

Study on Romanian Consumers of Cosmetics

A THESIS

SUBMITTED TO THE DEPARTMENT OF MANAGEMENT
AND THE GRADUATE SCHOOL OF BUSINESS ADMINISTRATION
OF BILKENT UNIVERSITY

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS

FOR THE DEGREE OF

MASTER OF BUSINESS ADMINISTRATION

By

DIANA MARGINEAN

JUNE, 1992

I certify that I have read this thesis and in my opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Business Administration.

.....*Guliz Ger*.....

Doc. Dr. Guliz Ger

I certify that I have read this thesis and in my opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Business Administration.

.....*Laura M. Milner*.....

Visiting Profesor

Laura Milner

I certify that I have read this thesis and in my opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Business Administration.

.....*Secil Tuncalp*.....

Prof. Secil Tuncalp

Approved for the Graduate School of Business Administration.

.....*Subidey Togan*.....

Prof. Dr. Subidey Togan

ÖZET

TÜKETİCİNİN KORUNMASINDA "BİLGİLENDİRİLME HAKKI" : ROMEN
KOZMETİK TÜKETİCİLERİ ÜZERİNE BİR ARAŞTIRMA

DIANA MARGINEAN

Yüksek Lisans Tezi

Tez Yöneticisi : Doç.Dr.Güliz Ger

Haziran 1992

Bu çalışma, genelde tüketicinin korunmasının önemi ve özellikle de tüketicinin bilgilendirilme hakkının korunması konusunda yapılmıştır. Tüketicilerin bilgilendirilme düzeyleri ve gereksinimleri hakkında kozmetik ve bakım ürünleri kullanan bir grup Romen tüketici ve, kozmetik ve bakım ürünleri üreticisi ve dağıtıcısı iki şirketin yetkilileri ile görüşülmüştür. Araştırmanın kapsamında yer alan ikinci bir konu, Romanya'daki değişimlerle birlikte, Romen tüketicilerin tüketim davranışlarındaki meydana gelen değişimlerdir.

Sonuçlar, Romen kozmetik ve bakım ürünleri tüketicilerinin yetersiz ve eksik bilgilendirildiklerini, bu konuda daha fazla ve kapsamlı bilgiye ihtiyaç olduğunu göstermiştir. Diğer ihtiyaç duyulan bir konu da, tüketicinin korunması yönünde, üretim ve dağıtım şirketleri ile tüketici korunmasında rol oynayabilecek dernek veya diğer grupların faaliyete geçmeleridir.

Zorunlu veya lüks olarak görülen, arzulanan veya hali hazırda yapılan tüketim incelendiğinde, tüketim kalemlerinin yapısı tek tek bakıldığında değiştiği halde, istenilen ve tüketilen ürünlerinin miktarında, ve zorunlu ve lüks tüketim olarak görülen davranışlarda fazla değişim olmadığı gözlenmiştir.

ABSTRACT

"THE RIGHT TO BE INFORMED", A CONSUMERISM ISSUE:

Study on Romanian Consumers of Cosmetics

Diana Marginean

M.B.A.

Supervisor: Assist. Prof. Guliz Ger

June, 1992

This study focuses on the importance of consumerism in general and of consumer protection through the right to information, in particular. A sample of Romanian consumers of cosmetics and grooming products and two companies - a producer of cosmetics and a distributor of cosmetics are interviewed to address this issue. A secondary issue explored is the transformations in the Romanian environment along with an attempt to explore the changes in consumption patterns of the Romanian consumers.

The results showed that at present the information provided for the Romanian consumers of cosmetics and grooming products is insufficient and incomplete and there is an acute need for more and detailed information. There is also a need for consumer

protection activities on behalf of the producing and distributing firms and on behalf of outside consumer protection agencies. Further, overall changes of the average number of items and consumption activities perceived as necessities, luxuries, and consumed and wanted are not significant although perceptions of items alone have changed.

Key words: consumerism, right to information, information needs, cosmetics, grooming products, consumption patterns.



ACKNOWLEDGMENTS

I gratefully acknowledge patient supervision and helpful comments of Guliz Ger, throughout the preparation of this study. I have also benefited from suggestions of Laura Milner and Secil Tuncalp and I would like to express my thanks for their valuable suggestions.



TABLE OF CONTENTS

Subject	Page
I. INTRODUCTION.....	1
II. LITERATURE SURVEY ON CONSUMERISM AND CONSUMPTION PATTERNS.....	4
2.1. Roots and Developments in Consumerism...4	
2.2. Consumption Patterns.....	14
III. THE ROMANIAN ENVIRONMENT.....	16
3.1. The State of the Economy Before the 1989 Revolution.....	16
3.2. Retrenchment in Romania After 1989.....	20
3.3. The Cosmetics and Grooming Products Industry.....	22
IV. RESEARCH AND METHODOLOGY.....	25
V. FINDINGS.....	29
5.1. Firm Study.....	30
5.2. Consumer Study.....	31
5.3. Changes in Consumption Behavior.....	36
VI. CONCLUSIONS AND RECOMMENDATIONS.....	37

REFERENCES.....43

APPENDIX A: The Romanian Context.....46

APPENDIX B: Questionnaire Used in the Survey

English.....50

Romanian Translation.....57

APPENDIX C: Results of the Survey.....65

Tables.....66

Exhibits78



LIST OF TABLES

Name	Page
TABLE 1 - Description of the Surveyed Sample.....	66
TABLE 2 - Frequency of Different Associations with Cosmetics.....	67
TABLE 3 - Frequency of Different Occasions to Use Cosmetics-Open Ended Answers.....	68
TABLE 4 - Frequency of Different Occasions to Use Cosmetics-Closed Ended Answers....	68
TABLE 5 - Mentioned Occasions to Buy Cosmetics....	69
TABLE 6 - Information Used in Buying/Choosing Cosmetics.....	70
TABLE 7 - Importance of Information in Buying/Choosing Cosmetics.....	71
TABLE 8 - Opinions About Product Information and Complaints.....	72
TABLE 9 - Reliability and Influence of Using Different Sources of Information.....	73
TABLE 10- Possibility of Overcoming the Difficulty in Choosing Cosmetics by Giving More Information.....	74

TABLE 11- Frequency of Disappointments and
Attitude Toward Complaining.....75

TABLE 12- Means and Standard Deviations of Items
and Consumption Activities Seen as
Necessity, Luxury, and Consumed and
Wanted, Before and After 1989, for All
Respondents and for Those Classified
Into Two Age Groups.....76

TABLE 13- Frequency of Items and Consumption
Activities Seen as Necessity, Luxury,
and Consumed and Wanted Before
and After 1989.....77

LIST OF EXHIBITS

Name	Page
EXHIBIT 1 - Dynamics of Foreign Investing Companies in Romania, During 1990-1991.....	47
EXHIBIT 2 - The Budget of Income and Spending.....	47
EXHIBIT 3 - Demand for Cosmetics, 1988 - 1991.....	48
EXHIBIT 4 - Estimated Demand for Cosmetics for 1992.....	48
EXHIBIT 5 - Summary Profile of a Romanian Consumer of Cosmetics.....	78
EXHIBIT 6 - Summary of the Interview with the Manager of MIRAJ company.....	80
EXHIBIT 7 - Summary of the Interview with the Manager of MIRALON.....	81
EXHIBIT 8 - Questions Asked During the Interviews Conducted at the Firms.....	64

INTRODUCTION

Consumerism is a well developed issue in most industrialized countries, but it has neither been extended to, nor adopted in developing countries, including Romania.

This study is an attempt to evaluate and assess the current status of consumerism in Romania and tries to examine some consumerism issues directed towards the consumers' "right to be informed", with the focus on information about cosmetics and grooming products, along with the implications for the consumers and the business firms. Moreover, given the present context of the Romanian market, this investigation focuses on the real importance the consumers confer to the information about cosmetics and grooming products disclosed on the package, to that offered through the media, and other sources of information, the amount and types of information needed and provided for the Romanian consumers of cosmetics, and what is needed to be done to protect the consumers. A secondary focus is on general desires and perceptions regarding major items and consumption activities.

In this context, the right to be informed is the starting point that generates the other consumerism issues and, of course, the protection of the consumers. The availability and adequacy of information offer the consumers the possibility to make rational choices and the opportunity to get organized in order to defend "the consumer's bill of rights."

The right to safety, the right to choose, and the right to be heard have as the most solid support the right to information. These are the foundation for the policies and activities of governments, businesses, and other institutions that are designed to protect consumers' interest.

In Romania the new turbulent environment created the proper conditions for the rise of conflicting interests of business and consumers, and for the changes in consumer behavior. Therefore, information about products started to have considerable impact on consumers and implicitly on the firms. The problem, at least partially, stems from the fact that all consumers cannot be informed about all aspects of the Romanian complex market and the marketing practices of companies, and that consumers cannot make informed choices due to lack of information.

Thus, there is a need for outside agencies to undertake certain consumer protection activities against abuses, deceit or unsafe practices or products. One of the first things to do, in Romania, in the way of helping consumerism activity is to provide more information and more protection for the consumers at large.

To comprise the above issues, this study is organized in six chapters. Chapter two, which is largely theoretical, is an overview of several relevant consumerism issues covered in the literature namely, definitions, historical developments in the US, features in developing countries and in Romania, and the

right to information. To have a more accurate view over the conditions in which consumption takes place, chapter three presents briefly the present Romanian environment in contrast to the situation under the socialist regime. Chapter four explains the research design and methodology, the survey and interviews actually conducted, including the sample and data collection. Chapter five discusses the findings of the research based on the firm and consumer study. The final chapter - six - comprises the conclusions and recommendations.



II LITERATURE SURVEY ON CONSUMERISM AND CONSUMPTION PATTERNS

Consumerism is a well known social issue and is becoming increasingly popular as time passes, since it approaches different dimensions of the types of problems encountered by the consumers in today's society. The consumer of the future will be increasingly demanding and critical (Loudon, Della Bitta, 1988), and businesses that fail to understand the changes occurring in consumer behavior in the present exchange relationships will be less successful than they otherwise might be.

2.1 Roots and Developments in Consumerism

Consumerism is not a recent phenomenon. In the past decades, a social movement has arisen in United States to ensure that the consumer voice is heard and responded to. This has become known as consumerism and it pertains a variety of definitions.

Consumerism Defined

Consumerism is defined as policies and activities designed to protect consumer rights as they are involved in an exchange relationship with any type of organization (Engel, Blackwell, Miniard, 1986). It is also defined as a movement that seeks to increase the rights and powers of buyers in relation to sellers (Kaynak, 1986).

Conversely, Runyon and Stewart (1987) define consumerism as

a form of consumer behavior that represents the efforts of the consumer to protect himself or herself from poor products. They state that it would be incorrect to discuss the consumerism movement, "rather, consumerism is an abstract social force that is composed of many unrelated components. These components include the Consumer Union, publishers of Consumer Reports, consumer advocates such as Ralph Nader and Esther Peterson, government regulation agencies, and the Better Business Bureau" (Runyon, Stewart 1987,p.662).

Commenting on the history of consumer movement, Herrmann observes: "Because of the lack of an overall philosophy and program of action, there is, in a sense, no real consumer movement. Consumerism is instead a conglomeration of separate groups, each with its own alliances on particular issues" (Herrman,1970, p.57).

To understand the concept of consumerism and bring some insight to the formation and transformation of consumerist movement, a brief discussion of its historical developments and experiences is in order.

Historical Developments in Consumerism in USA

A historical analysis reveals that consumerism increases most sharply when an era of rapidly rising income is followed by decrease in real purchasing power coming from rising prices (Herrman,1970). Feelings of powerlessness, alienation, and

isolation lead to essentially defensive responses in the forms of boycotts, pressures for legislation, and so on (Herrman, 1970). Consumerism arises because of the failure of business or other organizations in the exchange relationship to meet and respond to legitimate consumer demands.

The Early 1900s in U.S.A.

Consumer activism in the early part of this century resulted in a genuine progress in protective legislation. The Meat Inspection Act was passed in 1906 and in the same year the Food and Drug Administration agency was created to prevent the appearance of misbranded and adulterated food and drugs in interstate commerce. Later on, in 1914, the Federal Trade Commission (FTC) was established to curb monopoly and trade practices that have the potential to be unfair to competitive businesses. A major step forward was the passage of the Wheeler-Lea amendment to the FTC Act in 1938. Under this act the FTC became more than a regulator, it was empowered to prosecute unlawful, deceptive, or unfair trade practices (Runyon and Stewart, 1987).

The 1960s in U.S.A.

The current consumerism movement really had its foundation in the 1960s although the earlier decades were antecedents. The problem of drug safety continued as a pertinent issue. The investigations into the prescription drug industry were launched in 1959 that heightened public awareness and concern, and

resulted in passage of tougher testing standards with the Kefauver-Harris Amendment to the Food, Drug, and Cosmetic Act.

The so-called **modern consumerism** (i.e., consumerism as it is known today) generally is attributed to President John F. Kennedy's message to Congress in March 15, 1962 (Engel, Blackwell and Miniard, 1986), in which he put forth the "consumer's bill of rights":

1. the right to safety
2. the right to be informed
3. the right to choose
4. the right to be heard (redress)

These rights have become the foundation for the policies and activities of business, government, and other agencies that are designed to protect consumers' interests.

The 1980s in USA

The Reagan Administration moved to deregulation and de-emphasized consumerist issues. The basic philosophy of the Reagan Administration is stated in the President's 1982 economic report: "while regulation is necessary to protect such vital areas as food, health and safety, too much unnecessary regulation simply adds to the costs to businesses and consumers alike without commensurate benefits"(New York Times, 1983, p.A-16). Severe cutbacks were made in the budgets of most consumer agencies in

the early 1980s. The greatest effect on marketing came from the outback made at the Federal Trade Commission. Two rights not included by President Kennedy have received great attention in late 1980s - the right to a clean environment and the right to be a minority consumer without disadvantage (Assael, 1987).

Intensive actions of administrators, legislators, and consumer activists have broadened the movement so that today, the rights are still a dynamic and evolving force in the American economy. Meanwhile businesses' response to the consumerism issues became wider and are concerned nowadays, with problems as postpurchase service and warranty, developing useful products and services and promoting them in an accurate manner etc. Many large companies have written ethical codes to guide their employees (Loudon, Della Bitta, 1988). While the consumer's rights have been discussed in this chapter, consumers' obligations, which accompany these rights, need to be mentioned also. The consumers have the obligation to choose wisely, to make safe choices, to always keep informed. The right consumers have, need to be exercised in an ethical manner, the way consumers sound off their grievances should itself be responsible (Loudon, Della Bitta, 1988). Thus, consumers, as businesses and other organizations must act responsibly in the exchange relationships in the marketplace. The rights discussed so far, are widespreading in all the industrial countries and they are starting to get sounder in all developing countries.

Consumerism in the Developing Countries

So far, consumerism in developed Western countries, including the United States, Canada, Japan, France, Britain, and Sweden, has been concerned with wide ranging issues as the need for consumer choice, product information and labeling, consumer protection, and after sales service and warranty.

Meanwhile very little attention has been conferred to consumerism issues in the developing countries, where the activity is at an early stage of growth (Kaynak 1986), and it has not been analyzed or discussed in much of the current literature. Consumerism requires a healthy macroeconomic and social environment (Kaynak, 1986), which is badly lacking in most developing countries. Public policymakers of these countries are interested in a plan of action that would produce systematic economic growth, for in these countries the major concern is poverty and scarcity.

For comparative purposes, the different characteristics of the macroenvironment of developed and developing countries are shown in the table below. Because the healthy macroeconomic environment is badly lacking in most of the developing countries, the result is that consumerism is in the first stage, being limited to issues such as unit pricing, package, product safety, product quality, and advertising. In other words, policy makers are concerned with ensuring the production of safe products with

increased quality and improved labeling, with stimulating the advertising activity and with setting regulations to control pricing.

THE MACROECONOMIC AND SOCIAL ENVIRONMENT

Developing Country	Developed Country
Low standards of living	High standards of living
Low level of aspiration	High level of aspiration
Seller's market conditions exist	Buyer's market conditions exist
Consumer information outreach is very low	Consumer engages in constant problem-solving activities
Lower level of expectations for products	Higher level of expectations for products
Consumers are not organized	Consumers are well organized
Consumerism is a matter of legislation and its efficient implementation	Consumerism is a matter of engaged public support

Source: Erdener Kaynak, Marketing and Economic Development, Praeger Publishers, N.Y., 1986, p. 151

Consumerism in Romania

All of the macroeconomic and social environment characteristics presented above match to the particular conditions in Romania but some clarifications are needed. The standards of living are lower than in developed countries but through the rapid changes that are taking place living standards started to improve continuously. The same trend can be seen in

the increasing level of aspiration of the Romanian population. Consumer outreach is still at a lower level but the population's "hunger" for information forces government and businesses to bring in more and more information. For all dissatisfactions some of the public blame the "system" and others attribute responsibility to the operations of the government.

There are no consumer protection organizations yet - except for the Foodstuff Sanitary Control Institution - and the consumers' voices are very rarely heard in an organized manner. What consumer issues are likely to come to the forefront of public discussion in Romania? How can consumer organizations and corporate consumer affair offices function most effectively in the rapidly changing economical and sociopolitical environment of Romania? These issues are a matter of how Romanians perceive consumer issues and how they can be educated to get organized to protect their rights.

Much of the consumerism issues can rise and become sound from the "rich/poor" label (suggested by Preston and Bloom, 1983). An increasing proportion of Romania's population feels rich and poor at the same time. Now people are able to buy luxuries they never dreamed of a few years ago (before 1989)- like color TV. sets, headphone stereos, VCRs, or trips to different countries, for reasonable amounts of money - this giving them the feeling of being rich. Yet necessities like houses and housing, utilities, and health care are strapping them

seriously making them feel very frustrated and thus poorer. This rich and yet poor feeling at the same time makes consumers start to concentrate on the abundance and scarcity issues of the market. The scarcity issues consumers are concerned of, are meeting the basic needs and responding to the emerging needs of Romania's "new born society", developing reserve stocks and potential substitution possibilities in advance, allocating supplies and protecting consumers against inadequate and deceptive products and services. The abundance issues relate to developing appropriate products, services and corresponding information in all activities and in areas in which important changes take place - particularly: communications, financial services, and health care -, improving service quality, controlling costs and adapting activity to society needs.

The Right to Be Informed

Among the most prominent of the concerns of consumer organizations is the right of the consumers to be informed so, that they can make informed choices. This requires that information be available, truthful, and complete.

Does the right to be informed go beyond the right not to be deceived or misled and include adequate information to make sure of a rational purchase? Day and Aaker (1970) affirm that the requirement for disclosure of information is the most controversial and debated aspect of consumerism for there are two positions in this issue: 1) the view of business that the buyer

has to be guided by his or her judgment of brand quality, and 2) the view of the consumer activist which feels that full information should be provided by business and by impartial sources and should reveal performance characteristics. Regardless of the position it is evident that there is a trend toward more disclosure of information. This is also the trend in Romania.

What information does the Romanian consumer need and use? What information is relevant to the Romanian consumer? How the desired information be provided? Are consumers protected by the provided information. What is to be done in order to protect the Romanian consumers of cosmetics? These are questions addressed in the present research. More information is always better, but it is not enough to simply provide consumers with more information. This is also the first step of educating consumers to understand the information and persuading them to use it.

The consumer is characterized as interacting with his or her choice environment, seeking and taking information from various sources, processing this information, and then making a selection from among some alternatives. In light of his previous knowledge and experience and the context in which the information is obtained, the consumer decides what a particular piece of information means and how important it is for him. For example, high price may signify that the item costs too much, that the item must be of high quality, that the store in which the item is sold has high prices, etc. In some instances, consumers may be

distracted and notice information that is not relevant for them an interesting item or package, something unexpected or surprising.

Therefore, this does not assure that consumers will use or understand all of it. The information may not be available at the right time or in the best form, or some additional information does not appear to be sufficient to assure that consumers will make sound choices or be satisfied after the purchase.

Information can have a significant effect on increasing efficiency of consumer choice and in developing consumer loyalty and resultant profitability for firms. Thorelli (1980, p. 224) states it in a different way: "informed consumers are protected consumers."

2.2 Consumption Patterns

Usually, consumption patterns represent common experiences of a majority of consumers in the society, due to the fact that their formation and transformation are closely linked with the socioeconomic history and structures of society (Firat, Dholakia, 1982). Therefore consumer behavior evolves and transforms with social, economic, political and cultural transformations of the society.

Each product, represents for the consumer, meanings beyond its physical and chemical dimensions and its core utility. Each product is a bundle of attributes, and each of them relate to

symbols and meanings unrelated to the actual product. They represent status, feelings of belonging, aspirations achievement, uniqueness, high-life. Sometimes, the products become perceived by the consumers as the necessary items to have in order to attain a standard of living, a certain life pattern, and style, or a position in their environment; with time this desired life pattern may diffuse widely within the society (Firat, 1986).

Under the socialist regime, Romania gave priority to rapid industrialization. Most of the goods for personal use were functionally oriented and standardized. One could find the same kind of wristwatch or clothes in all state stores in the country. Items of personal consumption considered not strictly functional - jewelry, cosmetics, records, etc. - were rarely available on the official markets. People were indoctrinated that consumer society is a wasteful society that exploits people, is a society where decadence and moral bankruptcy prevails. If, for authorities Western goods were the symbols of a hostile capitalist system for the young people these represented symbols of modernity, freedom of choice, and efficiency (Bar Haim, 1987).

At present, economic liberalization and reforms, foreign investment and competition, and exposure to international media, have been forcing consumers to change their consumption patterns, diversify the composition of choice, and increase their aspirations and helped diffuse the desire for consumer goods rapidly. Although people consume more than before 1989 and their

consumption choices have diversified, still they are not satisfied since prices force them to limit their consumption to the amount of money in their pocket. Therefore, usually they are still satisfied when they can and afford to buy and use items that were scarce before 1989, when they have a variety of consumer goods from which to choose; this is because their level of expectations is not yet very upgraded. The above discussed issues are certainly the foundation of consumer demand and behavior. However, the conditions under which people live and consumption takes place are also critical to understand the consumption patterns and desires. Therefore, attention is turned now to an examination of the Romanian context.

III THE ROMANIAN ENVIRONMENT

So many changes have taken place in the Romanian environment that a paper dealing only with the right to be informed of the consumers of cosmetics would miss the significance of the context in which the consumption is taking place. Therefore, Romania's situation before and after the December 1989 Revolution is discussed briefly.

3.1 The State of the Economy Before the Revolution

By the end of 1989, the Romanian economy had gone through 40 years of intensive, semi-autarkic industrialization, with a stress on heavy industry that, even by the standards of communist

economies, may be considered unusually strong. Three indicators reflect this evolution (European Economy, 1991) :

- the percentage of the active population engaged in agriculture declined from 74.1% in 1950 to 28.2% in 1987.
- crude steel production increased from half a million tons in 1950 to 14.4 million tons in 1989.
- the proportion of the total value of industrial output represented by the extractive industries, fuels, metallurgy, machine-building and electronics increased from 37.1% in 1950 to 62.6% in 1989.

Between 1950 and 1977 Romania maintained one of the highest growth rates in the world (Shafir, 1985). Therefore, judged on its own success criteria - continuous increases in industrial output, high growing rates of investment - the Romanian Government's strategy was more or less successful until 1980, when it began to break down, and ceased to grow until 1987, when the economy started to unravel.

The origins of Romania's economic plight should be sought in the strategies pursued during the phase of "extensive" development, in the leadership's unaltered adherence to centralized planning and to high rates of investment in heavy industry at the expense of total current consumption. The share of personal consumption, for which precise figures are not available was very low, since a significant fraction of the "consumption fund" went to finance social expenditures as defense, security, and the construction of prestige facilities,

such as palaces for Ceausescu and the top elite and other pharaonic projects which were exorbitantly expensive, in terms of investments and human lives, and made a very small contribution to the net output of the economy. Industrial giants without a sound fuel or raw material base were also characteristic.

Throughout the 1980s enterprises were starved of inputs (for raw material and capital) and exports of both producer and consumer goods were mobilized "at any cost" to meet balance of payments' constraints. Deliveries of foodstuff to the home market were substantially below the levels of 1980. In 1981, bread rationing was re-introduced after twenty seven years and measures were taken to limit consumption and storage of basic foodstuff, such as edible oil, sugar, flour, rice, coffee and corn. "We must understand", Ceausescu stated in 1982 "that we cannot consume more than we produce."

The electric power allocations and heat, both for private and municipal uses, were cut to something that can be described as wartime levels. On average, households were allowed to consume enough electricity for about one lightbulb per room for two or three hours per day; heat was also limited to a few hours a day, and apartments were kept at about 15 C. The infrastructure of transport and communication services was also in a parlous state.

The main cause of the decline lays in the deterioration of the balance of payments, and particularly in the decision taken,

in 1985, to repay all external debts in foreign currency. Romania's external debts reached a maximum of US\$ 9 billion in 1981 and declined to US\$ 6.5 billion by the middle of 1985 (European Economy, 1991).

The curtailments of deliveries to the consumer market led to queues at government stores and to empty shelves. Constrained, in part, by their limited incomes, consumers had to change the structure of their expenditures to adapt to the new structure of prices. In the household budgets studied by the statistical commission, the share of food and drink in urban households budgets, rose from 45.6% in 1980 to 51.1% in 1989, while the share for clothing and footwear fell from 17.2% to 15% between the two dates (European Economy, 1991).

The year 1989 was the worst on record in every sector. National income fell 10% compared with previous year, the marketed output of industry by 2.1%, gross agricultural output by 4.3%, and the volume of investments by 2%; accumulation decreased to 18.2% of national income, the value of foreign trade by 1%, and the number of housing units was down by 3% (European Economy, 1991).

Ceausescu, the genius of the Carpathians - as he loved to be named-, was set silent before he could and had to explain these figures.

3.2 Retrenchment in Romania After 1989

The new post-revolutionary Government immediately issued a number of decrees and orders that brought relief to the hard-pressed consumers. Foodstuffs earmarked for export and for the build-up of State reserves were reoriented to the consumer's market. The huge and expensive construction projects were stopped. At the end of 1990, investments were down 44.6% compared with the previous year. Energy and heat were redirected from industry to private and municipal uses, by curbing the output of the most energy-intensive industries. Quantitative restrictions on the use of electricity and heat were done away with. Foreign exchange was used to buy coffee and other items that had been missing on the home market. Much more important, for the agriculture, was the transfer of nearly a quarter of the arable land to private farms, and the abolition of forced deliveries from private peasants to the state.

In addition, rapid progress changed the legal status of enterprises as this was the centerpiece of the government's economic reforms so far. For instance most state-owned firms had been and will be privatized and organized as joint stock or limited liability companies. All these firms are independent of central control (though subject to restrictions on monopolistic behavior) and are expected to act on a commercial basis. However, a limited number of state enterprises in strategic industries such as energy, railways, and armaments will be designed as "autonomous units" and will not be privatized.

During 1990 - 1991, considering the legal framework of the market economy and the promotion of foreign investments a large number of foreign investors and foreign companies from 98 countries have made investments in more than 8000 companies, (Exhibit 1, Appendix A). Statistics available for the first nine months of the last year show the positive aspects of the new policies and the improvements in the key food products and other items. To make these increases in deliveries to the homemarket possible, the Government had to import various foodstuff and inputs for the food processing industry. On the other hand the statistics reveal huge increases in prices and inflation rate. Thus, on January 1990, for 100 ROL (ROL is the Romanian currency, 380 ROL = 1 USD) in circulation there were 19 ROL worth commodities while by early October this figure dumped to 14 ROL, which points out the inflation spiral in Romania. Worth mentioning would be the growth of the population incomes, by about 100,000 ROL at the level of 1990 year which caused a real great pressure on the purchasing power of the national coin. Exhibit 2 (Appendix A), shows the changes in the levels of income and spending compared to 1990. Therefore, the increase in spending, due to prices increase, was not really compensated by the increase in income.

The data presented in brief depict in general terms the situation of the Romanian economy, the yawning contrast between past and present. The settlement of the multiple problems inherited from the totalitarian regime claims new orientation of

reconstruction and development and the continuous improvement of living standards.

3.3. The Cosmetics and Grooming Products

Industry in Romania

To investigate the information needs and rights of the consumer the cosmetics* product category was chose for the following reasons:

- cosmetics are widely used products
- cosmetics are used by the majority of population irrespective of age, gender, income, profession
- major changes were made in the production and distribution of cosmetics in Romania
- cosmetics do not require complex thinking that would turn the respondents off in a survey

Because the 1988-1989 period was characterized by a socialist, centralized, and planned economy, demand showed a continuous increase, as the "instructions" were by that time but the increase was not correlated with the real demand on the

*: The Romanian meaning for "cosmetics" is best expressed in English by "grooming products and cosmetics". The Romanian term refers to items like tooth paste, shaving cream, soap, deodorant, perfume, after shave, cream, make-up, shampoo, and other items usually sold in the cosmetics and grooming products departments of department stores or in specialty stores.

market. After 1989, the demand for cosmetics decreased due to:

- rapid price increases due to price liberalization policy
- slower increase in population's income
- old technology used in the production process
- increase in the imports of cosmetics (population showed more confidence in the foreign products)

The evolution of the demand for cosmetics in the 1988-1991 period is presented in Exhibit 3, (Appendix A).

The shift from quantity to quality, from cheap, common and standard products to luxury, higher quality products is the main characteristic of present demand for cosmetics in Romania. This shift is determined by fact that the quantity demanded can be supplied by the actual producers and therefore the consumers increased their expectations regarding the quality and variety of products, the design, package, and labeling. Moreover consumers are not satisfied only with finding and purchasing cosmetics, they require to know more about the products and their benefits, about the producers, they require more information.

At present there are three large cosmetics producers in Romania: 'Miraj', 'Norvea', and 'Farmec'. Each of these companies is specialized mainly on a group of products: Miraj is specialized on perfumes and hair dyes, Norvea is the only producer of shaving cream and tooth paste, and 80% of Farmec's output are deodorants. The competition arises for the commonly produced items such as cream, shampoo, make-up, lipstick, and lotions.

In order to assess how the main producer of cosmetics - MIRAJ - and its main distributor in Bucharest - MIRALON - understand and adjusts to the new needs and requirements of the consumers, how do they inform consumers, and how do they handle any dissatisfaction complaints, a firm study through interviews was chosen to be pursued. In the cosmetics industry Miraj has a tradition of almost 50 years and today, it is still the largest cosmetics producer in Romania.

On the domestic market Miraj is the leader with a market share of 36.8%, as shown in Figure 1, (Appendix A). The breakdown of the demand for cosmetics from Miraj and its competitors is presented in Exhibit 4 (Appendix A). Almost 80% of the whole market demand for 1992 will be covered by Miraj.

In distributing its products MIRAJ uses, generally, wholesalers all around Romania, and in Bucharest the main retailer is MIRALON - a Romanian-Israeli joint venture, part of MIRAJ company. Until 1987 MIRAJ had its own distribution system, with MIRAJ stores, but under new decrees for reorganization and centralization, these were done away with. For the future MIRAJ is planning to reopen the MIRAJ chain stores.

The economic dimensions define the quality and extent of the evolution of consumption patterns and consumers' behavior due to the fact that these are closely linked with the socioeconomic structures of society. It is important to understand the changes

in the Romanian environment for, these changes have consequences in transforming consumption in its entirety and they impact upon the meanings consumers acquire and have in their consumption activities and life patterns in general. One particular meaning Romanian consumers acquired, as a result of the transformations in their society, is that they are no longer willing to lead unexamined lives. This attitude generates the Romanian consumers' increasing need for information and leads to the rise of the consumerism issues discussed in the previous chapters.

IV RESEARCH AND METHODOLOGY

This descriptive and exploratory study is designed to assess the Romanian consumers' attitude toward informations in buying cosmetics, the use and importance of information in this process, attitudes toward complaining, and changes in consumption patterns since 1989. It is based on qualitative and quantitative research methods - survey, interviews, and personal observations.

Data Collection

The first source of the observations reported in here is my own personal experience, as a Romanian who lived under the former regime's conditions and as one who could observe and understand the changes and the main causes that generated these changes. The data about the Romanian economic situation are secondary data from national statistical reports and European studies; data related to demand for cosmetics and cosmetics consumption

features are from company reports and two interviews.

In addition, a survey on Romanian consumers was conducted in order to assess how much information consumers need and use to buy cosmetics, what information is available at present and how relevant this is for the consumers, which is consumers' opinion about information, attitude towards complaining, and how consumers' consumption desires have changed since 1989.

Questionnaire Design

The present questionnaire contains six parts. Part I part II and part IV were designed to assess the Romanian consumers' need for information and their attitude toward complaining - when unsatisfied -. Part III was designed to rank different types of information in order to assess their importance to the consumer. Part V is to identify the most used sources of information as well as their reliability and influence over the consumer. Part VI reveals the changes in the consumers' perceptions of 34 items and consumption activities, before and after the 1989 Revolution. All questions in the survey were closed ended except the questions numbered 1, 2, 3, 4, 5, 6, 7, 10a, of Part I (Appendix B). These are open-ended due to lack of a priori information which is needed to construct closed ended ones. Questions in Part II, III, IV, and V, are closed-ended and were designed based on the answers to a pre-questionnaire. Part VI of the questionnaire (Appendix B) inquires for consumers' perceptions of 34 items and consumption activities in a given list.

Sample

The surveyed sample is a convenience sample that consisted of 31 people living in Romania. Three of the surveyed people failed to fill out a large number of questions therefore their answers are not included in the present study. The subjects selected for the survey were people I know personally or their friends. I made an effort to include among the subjects people representing various social groups and different ages. The main difficulty faced was to persuade unknown people to cooperate in filling out the questionnaire therefore, the sample was limited to 31 subjects. The attempts made, in front of people's flats, to convince them to fill out a questionnaire failed because they hesitate to talk to strangers that come to their doors.

The majority of the sample (65%) was in the 24 - 31 age bracket with a minimum age of 23 and a maximum age of 65. For 55% of the sample the monthly income is below 20,000 ROL, while 45% have an over 20,000 ROL income. The 20,000 ROL income was the median income in the sample and corresponds to the middle socioeconomic level. The majority of the subjects have university studies. The whole sample is from urban area - Bucharest. The description of the sample is presented in Table 1, Appendix C.

Field Work

The two interviews for the firm study, were conducted with

Sample

The surveyed sample is a convenience sample that consisted of 31 people living in Romania. Three of the surveyed people failed to fill out a large number of questions therefore their answers are not included in the present study. The subjects selected for the survey were people I know personally or their friends. I made an effort to include among the subjects people representing various social groups and different ages. The main difficulty faced was to persuade unknown people to cooperate in filling out the questionnaire therefore, the sample was limited to 31 subjects. The attempts made, in front of people's flats, to convince them to fill out a questionnaire failed because they hesitate to talk to strangers that come to their doors.

The majority of the sample (65%) was in the 24 - 31 age bracket with a minimum age of 23 and a maximum age of 65. For 55% of the sample the monthly income is below 20,000 ROL, while 45% have an over 20,000 ROL income. The 20,000 ROL income was the median income in the sample and corresponds to the middle socioeconomic level. The majority of the subjects have university studies. The whole sample is from urban area - Bucharest. The description of the sample is presented in Table 1, Appendix C.

Field Work

The two interviews for the firm study, were conducted with

5.1. Firm Study

As the interview revealed, at MIRAJ, they think consumers need information to buy cosmetics and for this reason the company already started to improve the information disclosure. More information is, now, written on the package, (e.g. benefits, product attributes, expire date, composition, producer), and for all types of creams, lotions, hair dyes and other products that require it, the package contains a prospectus or instructions for use. On the other hand, a new department for advertising, was organized, to create and realize the commercials and printed ads. At present MIRAJ advertises on television, on radio, in newspapers and magazines, and ads are mainly showing the products and the producer, without disclosing any additional information. However, to provide more information, MIRAJ organizes technical meetings and panel discussions with salespersons, especially at MIRALON, to train them about the products, their usage, and expected benefits. Because of the distribution system used, MIRAJ is a little far from the consumers, therefore all information about consumers is gathered from the wholesalers and MIRALON's staff.

The interview conducted at MIRALON shows that the only sources of information provided to the consumers are the information disclosed or contained in the package and the salespersons' knowledge or advise. Generally consumers are already informed when they buy and ask directly for the products

they want. The information consumers seek frequently is the expire date, composition, instructions for use and for the imported products the producer and the country of origin. Prices are always written on the shelves, below the products, so consumers don't need to ask for the price. At present MIRALON doesn't advertise at all.

Regarding the complaints about the products and the services, MIRAJ has an office to handle the complaints, but because they have no direct relations with the consumers the complaints are coming from the wholesalers and are mainly concerned with damages during the transportation of products. Also MIRALON informs this office about eventual complaints from the consumers in the case of broken caps or malfunctioning of deodorant tubes. At MIRALON there is no office or staff to keep track of the complaints because they are usually handled at once. MIRAJ gave MIRALON complete freedom in handling the complaints, but from the interview it results that consumers usually do not complain neither about the products nor about the service, because the eventual damages or misfunctions of products are detected before disclosing the products on the shelves or before getting them to the consumers.

5.2. Consumer Study

Since the categorization of large number of data is more manageable and was a practical necessity, the next step was the

grouping of data and reduction of variables to: occasion to use cosmetics; need, use, and importance of information about cosmetics; opinions and attitudes towards information and complaining; perceptions about different items and consumption activities. Then, different classifications were formed, based on demographic variables and the groups were analyzed using comparisons and t-tests. To discover if there are any significant differences across gender, age, and income, t-tests were run using $p < 0.05$ significance level. This imply that p values below 0.05 would reveal significant deferences between the compared groups.

These tests showed that, irrespective of groups, answers to most of the question are not significantly different from each other, therefore, most of the issues will be treated irrespective of the classification, unless some interesting observation can be made regarding the differences.

Cosmetics Related Findings

Necessity, beauty, and grooming products are the frequent associations with cosmetics (Table 2, Appendix C). Cosmetics are used as a necessity, for beauty and pleasure. In the usage pattern small differences arose between the two age groups and the two income groups: younger (<30 years) and lower income (below 20,000 ROL) groups use cosmetics as a necessity and for beauty more than older (>30 years) and higher income (>20,000 ROL) groups (Tables 3 and 4, Appendix C).

Mainly, people buy cosmetics when they run out of stock, or have the product recommended by friends (Table 5, Appendix C) although friends are a more reliable than influential source of information in the buying decision (Table 9, Appendix C).

Need for, Use of, and Opinions about Information

Consumers vary in the amount of prior experience they have with cosmetics, therefore they seek for different information in different amount, they use various sources of information and perceive dissatisfaction in a different manner. To buy cosmetics consumers feel the need to make an informed choice, (mean = 4.58, Table 8, Appendix C), and the most desired piece of information (mean = 4.4, Table 7, Appendix C) is about the expected benefits of the product, the first read information and the information recommended to friends, for a good choice, is the brand name (Table 6 Appendix C), the existing useful information is instruction for use and indication (Table 6 Appendix C), and the missing information from the package is about the contents of the product (Table 6 Appendix C).

Concerning the sources of information not all consumers use same sources of information or concentrate on a single source of information, or sometimes the information already at hand may not be sufficient, and the consumer may actively seek more information. Therefore, they use several methods which complement each other. Own experience has come out as the most used source of information followed by information from friends, (Table 9,

Appendix C). Package information also is used as a complement for the other sources of information but still it is neither a very reliable nor a very influential source of information to the consumers (Table 9, Appendix C) for they don't know whether this information is truthful or not (Table 8, Appendix C).

As for consumers' opinion about product information, findings show that they are certainly willing to make an informed choice when buying cosmetics, (mean = 4.58, Table 8, Appendix C), and read the information written on the package, (mean = 4.45, Table 8, Appendix C). Moreover, they disagree that there is sufficient information written on the package (Table 8, Appendix C) but they rarely feel difficulty in choosing cosmetics (mean = 2.96, Table 10, Appendix C), and yet for 52% of the surveyed sample, more information would be helpful in overcoming this difficulty (Table 10, Appendix C).

Importance, Reliability, and Influence of Information

When buying cosmetics consumers do not make complicated analyses or engage in extensive processing, rather they use simple heuristics such as: "I buy what I bought last time, it was fine", or "I buy the brand with the highest content of fluoride", or "I buy what I saw my friend bought". Consumers rely on the used sources of information but these are not always influencing them in the same amount. Therefore, the means for the reliability of different sources of information are higher than the means for influence (Table 9, Appendix C). Basically, consumers' most reliable and most influential source of information is their own

experience (mean for reliability = 4.93 and for influence = 4.86, Table 9, Appendix C).

Deceit and Attitude Towards Complaining

After information is processed and the alternatives are evaluated and the product is bought, postpurchase behavior is also to be considered and interpreted. For example, if the product did not perform satisfactorily, or as expected, the consumer thinks it was because the product itself was inadequate and he will not purchase it again, or it was because the directions for using the product were not followed properly and he may try the product again. However, everyone from the sample was disappointed by at least one product, at a point in time (Table 11, Appendix C), and none of them ever complained. This complaining issue can be thought as having different causes. Some of them did not know where to complain but the majority did not (or would) not complain since they thought and still think in terms of the old regime, when all products were "scientifically" produced and nobody had to complain; anyway the complaint was not handled, by that time, or for the worse it could have had "unexpected consequences".

Although nowadays the complaint is handled in the best possible way, there is no office, or organization to keep track or handle the complaints. Therefore, consumers don't want to "show off" with their complaints, in the store. They simply don't buy the product anymore, they dispose of it and they will never

use it in the future (Table 11, Appendix C).

Based on the above findings a profile of the Romanian consumer of cosmetics is summarized in Exhibit 5, Appendix C.

5.3. Changes in Consumption Patterns

Consumption patterns and desires seem to have changed since 1989. For example, before 1989 most consumers perceived as necessities items like cosmetics, books, furniture, university studies, radio, hot water, house and others (Table 13, Appendix C), while items like holiday house, air conditioner in the house, microwave oven, personal computer, free Saturday and/or Sunday were perceived as luxuries. After 1989, fewer people perceive them as luxuries. As a result of the economic reforms that liberalized the prices accompanied by the rise in inflation, some of the necessities before 1989, like furniture, house, university studies are perceived, now, more and more as luxuries, yet luxuries, before 1989, like free Saturday and/or Sunday, a month holiday, personal computer are becoming necessities (Table 13, Appendix C).

However, overall changes in perceptions are not very significant (Table 12, Appendix C). Although there are no significant differences across gender and income, worth mentioning are the differences across the two age groups. Before 1989, the older group (>30 years) consumed, more of the 34 items and consumption activities than the younger group (<30 years),

therefore the older wanted less than the younger. After 1989, the same pattern holds but, both groups increased the average number of items wanted, although for the older group the average number of the items wanted increased at a higher rate than for the younger group (Table 12, Appendix C).

On a more general level, it seems that the population changed from a quantity oriented satisfaction to a more quality oriented satisfaction. Abundance and scarcity are still of a major concern for the population but the freedom in choice, as a result of the wider variety of consumer goods, increases their satisfaction.

VI CONCLUSIONS AND RECOMMENDATIONS

Conclusions

This work can be considered as a pioneer in researching the right to be informed - as one consumerism issue - for the Romanian consumers of cosmetics. It explores on a small scale, the consumers need and use of the information about cosmetics. The work can be a starting point for more extensive research on this issue. As a result of the presented problems that faced the actual research, it seems that shorter questionnaires, short on-street interviews, are better means to obtain feedback from consumers.

Concerning the firms, this work can give the idea about

consumers' opinion about information and attitude toward complaining and recommends some steps that could be implemented. As for the consumers, it is a mean to understand the advantages of having timely, complete, and truthful information and is an alarm signal that they have to get organized to protect their rights.

However, the study, has some limitations too. First, although the sample cuts across age, gender, and income levels, it is still a convenience sample. Second, the sample size is small. Therefore, the findings of the research as well as the interpretations cannot be generalized for all Romanian consumers of cosmetics. Significant existing differences across age, gender, and income, might not have been uncovered due to small sample size and resulting lack of statistical power.

Findings suggest that information is an important element in the decision and the buying process for cosmetics and that at present information is not always available in a complete form, at the right time, and the right place, and that more information is needed. Consumers have little prior experience with choosing cosmetics therefore, their choice is mainly based on own experience because the other sources of information do not seem too reliable for them. The little prior experience consumers have is due to the conditions previous to 1989 when consumers could not choose among various alternatives and had to limit their cosmetics consumption to the barely existing cosmetics. Given its

refrigerators, cosmetics, etc. Although the market creates an apparent equality within the domain of consumption, many differences still remain due to income, work experiences, social classes, and social images of the consumers.

Recommendations

Information can be presented to consumers through special in-store displays on store shelves or counters. If booklets and leaflets are available (MIRALON interview, Exhibit 7, Appendix C), consumers confer a lower level of attention but for the special displays in the shelves or in the store attention increases because these are departures from the usual and standard display of products.

If we name the Romanian consumer's choice as "Brand choice with little prior experience", then the consumer is expected to use benefit processing instead of brand processing to do the information processing in the store; out of store advertising alone would be less than adequate. If it were combined with an in-store display organized by benefits it would help substantially. Perhaps better would be to put in the ads the benefits and then direct consumers to the special in-store display where the information can be found. Moreover, the volume and quality of the printed ads has to increase accompanied by more complex information about products and their benefits, and the used media diversified.

Both the producer and the distributor should orient their marketing activity also towards advertising more heavily on TV. in order to provide more product information to the public about the existing and the new products. Yet consumers search for any new products that may mean to them more benefits, better quality. Understanding the consumer's point of view aids marketing managers in several respects. First, a marketing manager concerned with an understanding of consumer's interests realizes that by providing the consumers with the information they need, the company's own interest can be better served. Second, the marketing managers are more likely to be aware of the company's needs if they participate in trade activities, if they always keep up with the public's requirements. Therefore, both interests are served if companies have in the organizational structure a consumer research department or office, that will continuously assess consumers' needs and problems and will engage in providing better information and in persuading consumers about the advantages of using and relying on this information.

In the world there are numerous institutions designed to protect consumers' interests but the traditional one is, of course, the market. "It is the function of a market to bring together buyers and sellers who wish to exchange goods and money (Stigler, 1952, p.56). In the Romanian market, because consumers, are "hungry" for information and often lack information and access to information and because are not being organized, they are a weaker party. Thus there must be a growing concern of "protecting the consumer from the seller". Consumers have to get

organized, to achieve power to protect their rights and to create pressure for businesses to provide more and better quality information so that better and more rational decisions can be made. At the same time there is a need for outside agencies to assess consumers' aspiration and satisfaction, to be involved in setting legal or regulatory constraints to protect consumers, and to undertake specific consumer protection activities. Consumer Protection, however, by and large has to do with the adequacy of information and its availability to the consumer for choosing among the options in the market.



REFERENCES

1. Assael H., "Consumer Behavior and Marketing Action," PWS-Kent, Boston, 1987, p.644.
2. Bettman J.R., "Information Processing Theory of Consumer Choice," Addison Wesley Publishing Company Inc., 1979.
3. Bloom P.N., Belk Smith R., "The Future of Consumerism," Lexington Books, 1986.
4. Day G.S., Aaker D.A., "A Guide to Consumerism," Journal of Marketing, No.34 (July) 1970, p.13.
5. Day G.S., Brandt W.K., "Consumer Research and the Evaluation of Information Disclosure Requirements," Journal of Consumer Research, (June), 1974, p. 21-31.
6. Engel J.F., Blackwell R.D., Miniard P.W., "Consumer Behavior," The Dreyden Press, N.Y., 1986.
7. Firat A.F., "Towards a Deeper Understanding Of Consumption Experiences: The Underlying Dimensions," Appalachian State University, 1986, ACR vol.14.
8. Fuat A.F., Dholakia N., "Consumption Choices at the Macro Level," Journal of Macromarketing, No. 2(Fall), 1982, p. 6-15.
9. Herrman O.R., "Consumerism: Its Goals, Organizations and

Future," Journal of Marketing ,(October), 1970, p.55-60.

10. Howard J.A., "Consumer Behavior in Marketing Strategy,"
Prentice Hall Inc., 1989, p.298.

11. Kaynak E., "Marketing and Economic Development," Praeger
Publishers, N.Y.,1986, p.129.

12. Loudon D.L., Della Bitta A.J., Consumer Behavior: Concepts
and Applications, McGraw-Hill Book Co., 1988

13. Runyon K.E., Stewart D.W., "Consumer Behavior," 3rd Ed.,
Merrill Publishing Co., 1987, p.662.

14. Sproles G. S., Geistfeld L. V., Badenhop S.B., "Informational
inputs as Influences on Efficient Consumer Decision Making,"
Journal of Consumer Affairs, (Summer), 1978, p.88-114.

15. Stigler G.J., "The Theory of Price," Macmillan, 1952, p.56

16. The New York Times, 1983, January 21, P. A-16.

17. Thorelli H., "The Future for Consumer Information Systems," in
Olson J.C., ed., Advances in Consumer Research, 1980, vol.8,
p.222-232.

18. William W., "How Consumers Use Product Information,"
Washington D.C., U.S. Government Printing Office, 1975, p. 112.





APPENDIX A

THE ROMANIAN CONTEXT

Exhibits

EXHIBIT 1
THE DYNAMICS OF FOREIGN INVESTING
COMPANIES IN ROMANIA DURING 1990-1991

Year	Investments (US\$ mill)	Number of companies	No. of investing countries
1990	112.4	1589	69
1991	156.3	6433	98
Total	268.7	8022	

Source: Romanian Development Agency, No.33, 1992

EXHIBIT 2
THE BUDGET OF INCOME AND SPENDING

monthly average/family, lei-

INCOMES	YEAR 1991	1991/ 1990, %	SPENDING	YEAR 1991	1991/ 1990, %
Nominal income	19337	247.8	Total spending	18572	270.8
of which:			of which:		
- wages	14719	209.8	- consumption	13994	227.8
- other incomes	3821	167.1	- houses	670	17times
- credits and			- taxes	3218	244.2
borrowings	2254	215.7	- savings and		
			reimbursements	3019	244,0

Source: Informatii Statistice Operative, No.2, March 1992

EXHIBIT 3

DEMAND FOR COSMETICS, 1988-1991

thousands

PRODUCT GROUP	1988	1989	1990	1991
Deodorant	2000	2500	900	600
Cream	2900	3300	2600	1200
Shampoo	8000	11000	7500	8100
perfume	18000	21500	12200	8800
Lotion	1000	1500	1300	600
Make-up	1800	2250	1850	920
Lipstick	1200	1800	1400	430
Hair Dye	2800	3000	1200	2200

Source: Miraj Report, 1992

EXHIBIT 4

ESTIMATED DEMAND FOR COSMETICS FOR 1992

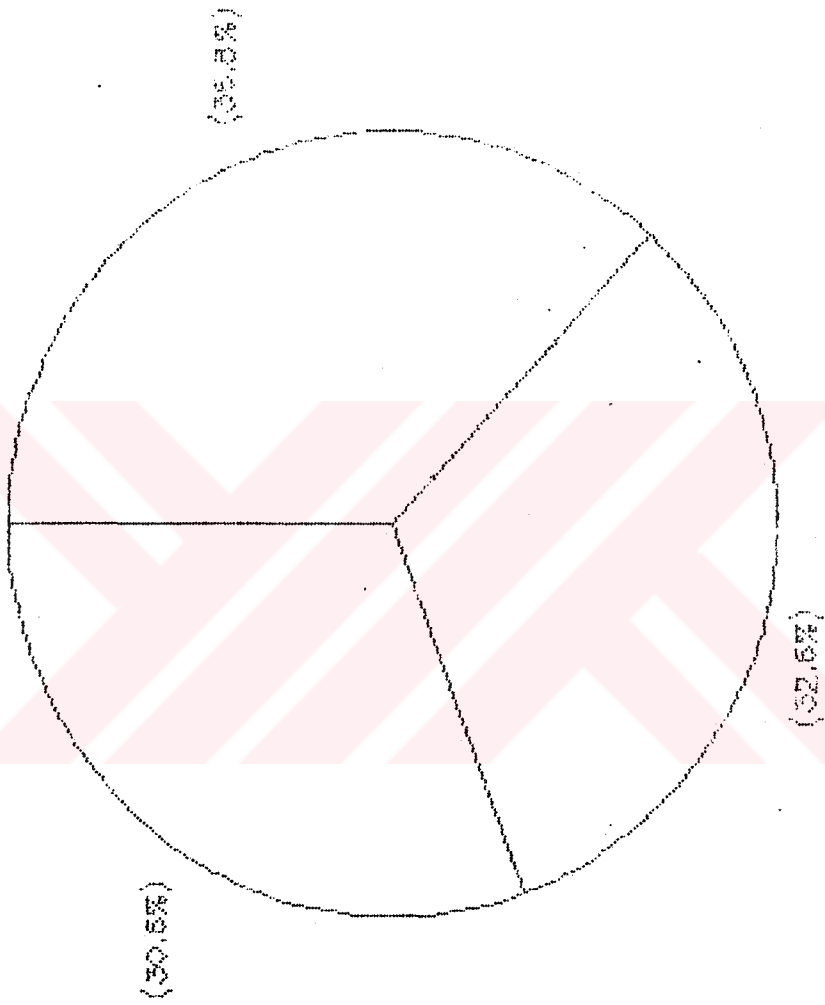
thousands

PRODUCT GROUP	DEMAND 1992	DEMANDED MIRAJ	DEMANDED FARMEC+NORVEA
Cream	9000	6000	3000
Shampoo	20000	12500	7500
Make-up	2300	1600	700
lipstick	1000	600	400

Source: Miraj Reports, 1992

Figure 1

MARKET SHARE OF THE COSMETICS PRODUCERS



APPENDIX B

1. QUESTIONNAIRE USED IN THE SURVEY

English

Romanian Translation

2. QUESTIONS ASKED TO THE FIRMS' MANAGERS

1. Questionnaire Used in the Survey

English

DEAR PARTICIPANT,

I am a student completing my studies for a Masters of Business Administration Degree. Attached is a questionnaire that I will use in my graduating thesis. The study is designed to investigate the consumption of grooming products in Romania.

Please be sure that all your answers will be confidential, and that your questionnaire will be placed among many others, in a closed envelope. The validity of this study depends on your honest and sincere answers.

You are of great help in conducting the research.

Thank you for your time, your effort, and useful cooperation.

I). Please write your answers to the following questions in the space provided.

1. What are the first 5 things that come into your mind when you think of cosmetics?

1. _____
2. _____
3. _____
4. _____
5. _____

2. A friend of yours wants to buy a grooming product. S/he asks you what s/he should do to choose the best one. What would you tell her/him? (Which criteria would you suggest her/him to use?)

3. What information would you wish was written on packages that is now not written?

4. What information on packages exists and you are glad it is written there?

5. What information written on the package do you read first?

6. People buy grooming products because _____

7. Have you ever been disappointed by a grooming product you

6. People buy grooming products because _____

7. Have you ever been disappointed by a grooming product you bought? yes no

If "yes", please answer:

a) what product _____

b) when? before 1989 after 1989

c) what disappointed you? _____

d) how did you react? _____

e) did you complain somewhere or to somebody?

yes no

f) if "yes", where or to whom? _____

g) how was your complaint handled?

II). Please mark the answer you think is appropriate for the following questions.

8. Do you usually buy cosmetics when you: (you can check more than one if necessary).

find a foreign brand

run out of stock

see it advertised

see a new product

someone recommends it to you

see your friends use it

find a cheap one

under other conditions

(please name) _____

9. How often do you feel a difficulty in choosing among grooming product types (brands):

very often

often

rarely

very rarely

never

5

4

3

2

1

10. Do you think more information about them would overcome this difficulty: yes no may be

If "yes" or "may be", please write below what kind of information would be helpful.

11. Why do you think people use grooming products?

necessity luxury pleasure hygiene

beauty habit see others use it

other reasons (please name) _____

III). Please check the box that best matches your opinion.

How important is each of the following types of information in buying/choosing a grooming product?

5 stands for the extremely important, 4 for very important,

3 for important, 2 for not so important, and 1 for not

important at all. (e.g. if you believe COLOR is very important you would check 4)

	extr. imp.	very imp.	not so imp.	not imp.	
TYPE OF INFORMATION	5	4	3	2	1
* PRICE	_____	_____	_____	_____	_____
* PRODUCT ATTRIBUTES	_____	_____	_____	_____	_____
* EXPECTED BENEFITS	_____	_____	_____	_____	_____
* CONTENTS	_____	_____	_____	_____	_____
* EXPIRY DATE	_____	_____	_____	_____	_____
* RISKS	_____	_____	_____	_____	_____
* INSTRUCTIONS FOR USE	_____	_____	_____	_____	_____
* PRODUCTION DATE	_____	_____	_____	_____	_____
* SPECIALIST'S ADVISE	_____	_____	_____	_____	_____
* OTHERS (please name)	_____	_____	_____	_____	_____

IV). Check the number to indicate much you agree or disagree with each of the following statements.

	strongly agree		neither agree nor disagree		strongly disagree
1. There is sufficient information written on the grooming products packages.	5 []	4 []	3 []	2 []	1 []
2. There is too much information written on the grooming products packages.	5 []	4 []	3 []	2 []	1 []
3. When I buy grooming products I want to make an informed choice	5 []	4 []	3 []	2 []	1 []
4. I don't need any information in order to buy grooming products	5 []	4 []	3 []	2 []	1 []
5. When I buy a grooming product I always read the information written on the package.	5 []	4 []	3 []	2 []	1 []
6. Information disclosed on the package of the grooming products is truthful.	5 []	4 []	3 []	2 []	1 []
7. If a grooming product doesn't satisfy my expectations I complain.	5 []	4 []	3 []	2 []	1 []
8. If the information written on the package of a grooming product, doesn't match with the actual product, I complain.	5 []	4 []	3 []	2 []	1 []
9. The price of each grooming product should be disclosed either in the store or on the package.	5 []	4 []	3 []	2 []	1 []

VI) Several items are listed below. People perceive some of them as Necessities and the others as Luxuries.

a) please circle the N for "Necessity", and the L for "Luxury" corresponding to the items you perceive as being so. Do this as you perceived each them to be Before 1989(as much as you can remember), and as you perceive them now After 1989.

b) then, please go over the list again and circle the C for "Consumed", and the V for "Wanted". Circle the C corresponding to the items you have consumed/used, and circle the V corresponding to the items you want to buy/use. Do this for:Before1989 and After 1989

ITEMS	BEFORE 1989				AFTER 1989			
	N	L	C	V	N	L	C	V
1. automobile	N	L	C	V	N	L	C	V
2. books	N	L	C	V	N	L	C	V
3. bus (public)	N	L	C	V	N	L	C	V
4. designer clothing	N	L	C	V	N	L	C	V
5. hot water	N	L	C	V	N	L	C	V
6. dishwasher	N	L	C	V	N	L	C	V
7.furniture	N	L	C	V	N	L	C	V
8. family picnic	N	L	C	V	N	L	C	V
9. electricity	N	L	C	V	N	L	C	V
10.hand made clothing	N	L	C	V	N	L	C	V
11.watch	N	L	C	V	N	L	C	V
12.theatre	N	L	C	V	N	L	C	V
13.apartment (house)	N	L	C	V	N	L	C	V
14.museum	N	L	C	V	N	L	C	V
15.freezer	N	L	C	V	N	L	C	V
16.microwave oven	N	L	C	V	N	L	C	V
17.university studies	N	L	C	V	N	L	C	V
18.personal computer	N	L	C	V	N	L	C	V
19.color TV set	N	L	C	V	N	L	C	V
20.air conditioner in the house	N	L	C	V	N	L	C	V
21.radio	N	L	C	V	N	L	C	V
22.television set	N	L	C	V	N	L	C	V
23.video (VCR)	N	L	C	V	N	L	C	V
24.stereo in the car	N	L	C	V	N	L	C	V
25.free Saturdays or Sundays	N	L	C	V	N	L	C	V
26.one month holiday	N	L	C	V	N	L	C	V
27.food	N	L	C	V	N	L	C	V
28.sewing machine	N	L	C	V	N	L	C	V
29.refrigerator	N	L	C	V	N	L	C	V
30.electric mixer	N	L	C	V	N	L	C	V
31.cosmetics	N	L	C	V	N	L	C	V
32.medicines	N	L	C	V	N	L	C	V
33.vacation house	N	L	C	V	N	L	C	V
34.sporting goods	N	L	C	V	N	L	C	V

Please fill in your:

age: _____

gender: female

male

profession: _____

education: _____

monthly income: (include: salary, scholarships,
pensions, rents, and other income sources)

below 10.000 lei

10.000 - 20.000 lei

20.000 - 30.000 lei

30.000 - 40.000 lei

40.000 - 50.000 lei

50.000 - 70.000 lei

70.000 - 90.000 lei

above 90.000 lei

THANK YOU !

Romanian Translation

STIMATE PARTICIPANT,

Chestionarul de fata va fi folosit la intocmirea unei lucrari de absolvire a cursurilor postuniversitare ale Universitatii Bilkent, Facultatea de Management.

Acest studiu investigheaza consumul de produse cosmetice pe piata româneasca. Validitatea studiului depinde de sinceritatea Si corectitudinea raspunsurilor dumneavoastra.

Asigurându-va de deplina confidentialitate a chestionarelor va multumesc pentru timpul rezervat, pentru efortul depus Si pentru utila dumneavoastra colaborare.

In acest chestionar produsele "cosmetice" se refera la: sapun, sampon, pasta de dinti, crema de ras, fard, parfum, after-shave, deodorant, creme si alte produse care se gasesc la raioanele de cosmetice sau in magazinele de specialitate.(parfumerii)

I) Va rog sa completati raspunsurile la urmatoarele intrebari, in spatiile rezervate.

1. Numiti primele 5 lucruri (idei) care va vin in minte cind va ginditi la cosmetice.

1. _____
2. _____
3. _____
4. _____
5. _____

2. Prietena(ul) dvs. vrea sa cumpere un produs cosmetic si va intreaba cum sa procedeze ca sa-l aleaga/cumpere pe cel mai bun. Ce ii raspundeti ? (Ce criterii ii sugerati sa foloseasca ?)

3. Ce informatii ati dori sa fie scrise pe ambalajele produselor cosmetice dar care la ora actuala nu sint scrise ?

4. Care dintre informatiile scrise pe ambalajele produselor cosmetice va bucura ca exista ?

5. Cind cumparati un produs cosmetic care dintre informatiile de pe ambalaj le cititi in primul rind ?

6. In general, lumea cumpara produse cosmetice pentru _____

7. Ati fost vreodata nemulțumit de vreun produs cosmetic pe care l-ati cumparat ?

Da

Nu

Daca Da va rog raspundeti:

a) ce produs ? _____

b) cînd ? înainte de 1989 dupa 1989

c) ce v-a nemulțumit ? _____

d) cum ati reactionat ? _____

e) ati reclamat undeva sau cuiva ?

Da

Nu

f) daca Da, unde sau cui ? _____

g) care a fost rezultatul reclamatiei dvs.? _____

II) Va rog sa bifati raspunsul care credeti ca este cel mai potrivit pentru întrebările urmatoare.

8. In general, cumparati un produs cosmetic atunci cînd:(puteti bifa mai multe raspunsuri)

- | | |
|--|--|
| <input type="checkbox"/> se termina cel pe care-l aveti | <input type="checkbox"/> vi-l recomanda cineva |
| <input type="checkbox"/> vedeti ca prietenii îl folosesc | <input type="checkbox"/> vedeti un produs nou |
| <input type="checkbox"/> gasiti un produs de import | <input type="checkbox"/> gasiti unul ieftin |
| <input type="checkbox"/> alte situatii (numiti care) _____ | <input type="checkbox"/> îl vedeti în reclame |
- _____

9. Cît de frecvent aveti dificultati în alegerea unui tip/unei marci de cosmetice ?

foarte des

5

des

4

rar

3

foarte rar

2

niciodata

1

10. Daca ati avea mai multe informatii despre produsele cosmetice credeti ca ati putea depasi aceste dificultati ?

Da

Nu

Poate

Daca ati raspuns cu Da sau Poate, specificati care ar fi informatiile utile pentru a depasi aceste dificultati.

11. In opinia dvs., de ce cumpara lumea produse cosmetice ?

necesitate

lux

placere

igiena

frumuseti

obicei

pt. ca si altii folosesc

alte motive (numiti care) _____

III) Va rog marcati dreptunghiul care reprezinta cel mai bine opinia dvs.

Cit de importanta este fiecare dintre informatiile din tabel, in cumpararea/alegerea unui produs cosmetic ?

5- reprezinta extrem de importanta; 4 -reprezinta foarte importanta; 3-reprezinta importanta; 2-reprezinta putin importanta; 1-reprezinta nesemnificativa. (De exemplu: daca credeti ca greutatea este foarte importanta marcati 4)

TIPUL DE INFORMATIE	extr. foarte		putin nesem-		
	imp.	imp.	imp.	imp.	nific.
	5	4	3	2	1
* PRET					
* ATRIBUTELE PRODUSULUI					
* EFICACITATE					
* INGREDIENTE/COMPOZITIE					
* TERMEN DE VALABILITATE					
* PRECAUTII/RISURI					
* MOD DE INTREBUINTARE					
* DATA FABRICATIEI					
* SFATUL UNUI SPECIALIST					
* ALTE (numiti care)					

IV) Bifati cifra care reflecta acordul sau dezacordul dvs. fata de fiecare dintre urmatoarele afirmatii:

	acord total	acord	nedecis	dezacord	dezacord total
1. Exista suficiente informatii scrise pe ambalajele de cosmetice	5 []	4 []	3 []	2 []	1 []
2. Exista prea multe informatii scrise pe ambalajele de cosmetice	5 []	4 []	3 []	2 []	1 []
3. Când cumpar cosmetice vreau sa fiu bine informat(a).	5 []	4 []	3 []	2 []	1 []
4. Nu am nevoie de nici o informatie pentru a cumpara cosmetice.	5 []	4 []	3 []	2 []	1 []
5. Când cumpar cosmetice intotdeauna <u>citesc</u> informatiile scrise pe ambalaj.	5 []	4 []	3 []	2 []	1 []
6. Informatiile de pe ambalajele produselor cosmetice sint reale si corecte.	5 []	4 []	3 []	2 []	1 []
7. Când un produs cosmetic ma nemultumeste, îl reclam.	5 []	4 []	3 []	2 []	1 []
8. Daca informatia de pe ambalaj nu corespunde cu produsul cosmetic respectiv, îl reclam.	5 []	4 []	3 []	2 []	1 []
9. Pretul fiecarui produs cosmetic trebuie sa fie expus în magazin sau scris pe ambalaj.	5 []	4 []	3 []	2 []	1 []

VI) Mai jos aveti o lista cu diverse articole. In general, lumea considera unele dintre ele ca fiind "necesitati", altele ca fiind "lux"

a) incercuiti N pentru necesitate Si L pentru lux, in dreptul articolelor care fac parte din categoria respectiva. Procedati astfel pentru coloana Inainte de 1989, Si respectiv Dupa 1989.

b) recititi lista Si incercuiti C pentru articolele pe care le-ati cumparat/folosit, Si V pentru cele pe care vreti sau doriti sa le cumparati/folositi. Deci C reprezinta consumat/folosit Si V reprezinta vreau sa cumpar/folosesc. Procedati astfel pentru coloana Inainte de 1989-(in masura in care va amintiti), Si pentru coloana Dupa 1989.

ARTICOLE	INAINTE DE 1989					DUPA 1989				
	N	L	C	V	☐	N	L	C	V	☐
1. automobil	N	L	C	V	☐	N	L	C	V	☐
2. carti	N	L	C	V	☐	N	L	C	V	☐
3. transport public	N	L	C	V	☐	N	L	C	V	☐
4. imbracaminte de la case de moda	N	L	C	V	☐	N	L	C	V	☐
5. apa calda	N	L	C	V	☐	N	L	C	V	☐
6. maSina de spalat vase	N	L	C	V	☐	N	L	C	V	☐
7. mobila	N	L	C	V	☐	N	L	C	V	☐
8. picnic cu familia	N	L	C	V	☐	N	L	C	V	☐
9. curent electric	N	L	C	V	☐	N	L	C	V	☐
10.confectii manuale	N	L	C	V	☐	N	L	C	V	☐
11.ceas	N	L	C	V	☐	N	L	C	V	☐
12.a merge la teatru	N	L	C	V	☐	N	L	C	V	☐
13.casa(spartament)	N	L	C	V	☐	N	L	C	V	☐
14.a vizita muzee	N	L	C	V	☐	N	L	C	V	☐
15.congelator	N	L	C	V	☐	N	L	C	V	☐
16.cuptor cu microunde	N	L	C	V	☐	N	L	C	V	☐
17.studii universitare	N	L	C	V	☐	N	L	C	V	☐
18.computer personal	N	L	C	V	☐	N	L	C	V	☐
19.televizor color	N	L	C	V	☐	N	L	C	V	☐
20.aer conditionat in casa	N	L	C	V	☐	N	L	C	V	☐
21.radio	N	L	C	V	☐	N	L	C	V	☐
22.televizor	N	L	C	V	☐	N	L	C	V	☐
23.video	N	L	C	V	☐	N	L	C	V	☐
24.casetofon in maSina	N	L	C	V	☐	N	L	C	V	☐
25.simbete/duminici libere	N	L	C	V	☐	N	L	C	V	☐
26.o luna de concediu	N	L	C	V	☐	N	L	C	V	☐
27.mincare (alimente)	N	L	C	V	☐	N	L	C	V	☐
28.maSina de cusut	N	L	C	V	☐	N	L	C	V	☐
29.frigider	N	L	C	V	☐	N	L	C	V	☐
30.mixer electric	N	L	C	V	☐	N	L	C	V	☐
31.cosmetice	N	L	C	V	☐	N	L	C	V	☐
32.medicamente	N	L	C	V	☐	N	L	C	V	☐
33.casa de vacanta	N	L	C	V	☐	N	L	C	V	☐
34.articole sportive	N	L	C	V	☐	N	L	C	V	☐

Va rog sa completati:

vîrsta: _____

sexul: [] feminin
[] masculin

profesia: _____

studii: _____

venitul lunar (salarii, burse, pensii, chirii, alte venituri):

- [] sub 10.000 lei
- [] 10.000 - 20.000 lei
- [] 20.000 - 30.000 lei
- [] 30.000 - 40.000 lei
- [] 40.000 - 50.000 lei
- [] 50.000 - 70.000 lei
- [] 70.000 - 90.000 lei
- [] peste 90.000 lei

VA MULTUMESC !

2. Questions Asked to the Firms' Managers

1. Do you think consumers need information in order to buy your company's products?
2. What sources to provide information about the products does your company use?
3. In your opinion, which is the most important information consumers would want to have?
4. Is this information available to the consumers? How? Where?
5. Do you have advertisements for your products? Through which media?
6. What are the future plans concerning information disclosure?
7. Is consumers' opinion important for you and your company?
8. Did your company do any research on consumer satisfaction or any other research?
9. Do you have an educational program or participate in educational programs for the consumers?
10. How do you get feedback from the consumers?
11. Did you receive complaints from the consumers?
12. What were the frequent complaints about?
13. Do you have a consumer complaint office or department?
14. What type of policy do you have here for handling complaints?

APPENDIX C

RESULTS OF THE RESEARCH

TABLES - Results of the Survey

EXHIBITS - Summaries of Findings and Interviews

TABLE 1
DESCRIPTION OF THE
SURVEYED SAMPLE

Audience Composition		%
Total	31	100
Females	15	48
Males	16	52
<30 years	17	55
>30 years	14	45
<20,000 ROL	17	55
>20,000 ROL	14	45

TABLE 2

FREQUENCY OF OF DIFFERENT
ASSOCIATIONS WITH COSMETICS

Associations	All	The First That Comes to Mind
Necessity	26	8
Beauty	12	4
Elegance	10	1
Freshness	9	
Gr. Product	47	10
-cream	13	2
-perfume	8	4
-soap	7	2
-shampoo	7	1
Others:	25	
-pleasant smell	6	
-expenditure	5	
-attraction /women	5	
-personality	4	2
-utility	3	
-confort	2	
TOTAL	189	34

TABLE 3

FREQUENCY OF DIFFERENT
OCCASIONS TO USE COSMETICS
Open Ended Answers

	n	GENDER		AGE		INCOME	
		Female	Male	<30	>30	<20000	>2000
Necessity	24	13	11	16	8	14	10
Beauty	13	9	4	8	5	5	8
Pleasure	3	1	2	1	2	2	1
Luxury	2	0	2	2	0	0	2
Others:	8	2	6	3	5	3	5
Gifts	5	1	4	3	2	2	3
Personality	0						
Education	1	0	1	0	1	1	0
Brand Name	2	1	1	0	2	0	2

Note: frequencies given are for 31 subjects;
multiple answers were allowed

TABLE 4

FREQUENCY OF DIFFERENT
OCCASIONS TO USE COSMETICS
Closed Ended Answers

	n	GENDER		AGE		INCOME	
		Female	Male	<30	>30	<20000	>2000
Necessity	47	23	24	27	20	28	19
Beauty	20	10	10	12	8	11	9
Pleasure	16	9	7	7	9	8	8
Luxury	11	6	5	6	5	6	5
Others:	6	2	4	3	3	3	3
Gifts	0						
Personality	1	1	0	1	0	1	0
Education	0						
Brand Name	0						
Habit	3	1	2	1	2	2	1
Sex	1	0	1	1	0	0	1
others use	1	0	1	0	1	0	1

Note: frequencies given are for 31 subjects;
multiple answers were allowed

TABLE 5
MENTIONED OCCASIONS TO
BUY COSMETICS

Occasions	Frequency	Percentage
Run out of stock	28	34
Someone recommends it	17	20
See a new product	12	15
See it advertised	11	13
Find a foreign brand	5	6
See friends use it	2	2
Others	8	10
Total	83	100

Note: although there were no differences between male, female; young, old; rich, poor, in terms of frequencies of different occasions mentioned the overall number of occasions varied: younger people indicated more occasions than older people, males more than females, and lower income people more than higher income people.

TABLE 6

INFORMATION USED IN
BUYING/CHOOSING COSMETICS

	Existing Useful Info.	First Read Info.	Info. Recommended To Friends	Missing Info.
Brand Name	4	11	22	5
Content	10	2	2	10
Indication	12	7	1	2
Price	3	3	5	3
Producer (Origin)	5	7	5	2
Production Date	3	5	1	5
Expiry Date	5	7	1	6
Instruction for use	12	7	1	2
Benefits	1	5	2	2

TABLE 7

IMPORTANCE OF INFORMATION IN
BUYING/CHOOSING COSMETICS

Type of Information	5	4	3	2	1	n	Mean
Benefits	* 18	7	4	1		30	4.4
Production date	15	10	4	2		31	4.225
Expiry Date	11	12	8			31	4.096
Risks	16	7	5	2		30	4.233
Attributes	14	6	7	4		31	3.967
Contents	12	3	10	4		29	3.793
Instructions for use	4	12	8	3	3	30	3.466
Specialist advise	7	3	14	5		29	3.413
Price	1	8	11	9	2	31	2.903
Others:	4	1	4	0	0	9	4
*Smell		1	1			2	3.5
*Color			2			2	3
*Producer	4		1			5	4.6

* Numbers given are the frequencies of the importance attributed to the information where 5 = extremely important 1 = not important at all

TABLE 8
 OPINIONS ABOUT PRODUCT INFORMATION
 AND COMPLAINTS

QUESTION	5 Agree	4	3	2	1 Disagree	n	MEAN
Sufficiency of information on pack	2	2	5	18	4	31	2.354
Excesiveness of information on pack	0	1	6	14	10	31	1.935
Need for informed choice	22	7	1	0	1	31	4.580
No need for information	1	1	0	11	17	30	1.6
Read package information	18	10	2	1	0	31	4.451
Truthfulness of information on pack	2	2	17	3	7	31	2.645
Complain for unsatisfactory product	2	2	6	15	6	31	2.322
Complain for unsatisfactory information on the pack	3	2	11	5	9	31	2.451
Necessity of price disclosure on pack or in the store	21	7	3	0	0	31	4.580

TABLE 9
 RELIABILITY AND INFLUENCE
 OF USING DIFFERENT SOURCES OF
 INFORMATION

Source of Information	n	RELIABILITY		INFLUENCE	
		Mean	Standard Deviation	Mean	Standard Deviation
Own Experience	28	4.928	0.934	4.857	0.440
Friends	22	3.727	1.173	2.954	1.147
Ads in Magazine	21	3.238	0.749	3.333	0.835
Packages	20	3	0.707	2.95	0.804
Ads on TV, Radio	17	2.764	0.941	2.470	1.035
Colleagues	17	3.176	0.922	2.470	1.143
Salesperson	16	2.437	1.170	2.5	1.172
Booklets	15	3.066	0.997	3.133	0.884
In Store	15	2.666	1.299	2.666	1.299
Family	14	4.142	0.742	3.5	1.401
Others:	9	3.888	0.874	3.888	0.874
-Cosmetician	8	4	0.866	4	0.866
-Exhibitions	1	3	0	3	0

Note: means and standard deviations given for reliability and influence were 5 = extremely reliable, 1 = not reliable at all, 5 = extremely influential, 1 = not influential at all

TABLE 10

POSSIBILITY OF OVERCOMING THE
 DIFFICULTY IN CHOOSING COSMETICS
 BY GIVING MORE INFORMATION

	Yes	No	Maybe	Total
All	18	8	7	31
Percentage	52%	26%	22%	100%

Note: frequency of facing a difficulty in choosing:
 mean response (when 5 = very often and 1 = never),
 is 2.96.

TABLE 11

FREQUENCY OF DISSATISFACTIONS
AND ATTITUDE TOWARD COMPLAINING

	Frequencies
Dissappointed Consumers	31
Before 1989	15
After 1989	16
Reaction to Dissappointments	
Not Bought the Product	13
Thrown the Product	6
Told to Friends	5
Others	7
Consumers that Complained	0

TABLE 12

MEANS AND STANDARD DEVIATIONS OF ITEMS AND
CONSUMPTION ACTIVITIES SEEN AS NECESSITY, LUXURY,
AND CONSUMED AND WANTED BEFORE AND AFTER 1989, FOR
ALL RESPONDENTS AND FOR THOSE CLASSIFIED INTO TWO AGE GROUPS

	Before 1989			After 1989		
	n	Mean	Standard Deviation	n	Mean	Standard Deviation
All						
Necessity	31	24.25	4.69	31	25.00	4.35
Luxury	31	9.25	5.25	31	8.90	5.49
Consumed	31	19.93	3.87	31	19.29	4.50
Wanted	31	9.54	5.56	31	11.32	6.02
Under 30 years						
Necessity	17	23.53	5.21	17	24.47	4.68
Luxury	17	10.35	5.52	17	9.24	4.19
Consumed	17	18.70 ^A	3.67	17	18.65	5.50
Wanted	17	12.59 ^B	4.84	17	13.76 ^C	5.40
Above 30 years						
Necessity	14	25.14	4.00	14	25.64	3.99
Luxury	14	7.93	4.76	14	8.50	6.90
Consumed	14	21.42 ^A	3.63	14	20.07	2.89
Wanted	14	5.86 ^B	3.98	14	8.36 ^C	5.43

Note: no significant difference emerged across gender and income.
A, B, and C, same letters for any two numbers in the table
indicate comparisons significant at the $p < 0.005$ level for t-tests


Note: the list comprised 34 items and consumption activities

TABLE 13

FREQUENCY OF ITEMS AND
CONSUMPTION ACTIVITIES SEEN AS
NECESSITY, LUXURY AND CONSUMED
AND WANTED BEFORE AND AFTER 1989

	BEFORE 1989				AFTER 19 89			
	N	L	C	W	N	L	C	W
1 radio	31	0	31	0	31	0	29	0
2 books	31	0	31	0	31	0	27	1
3 hot water	31	0	24	3	31	0	25	1
4 food	31	0	31	1	31	0	31	1
5 watch	31	0	29	3	30	2	19	7
6 refrigerator	30	1	30	1	29	1	26	5
7 free Saturday or Sunday	25	9	19	12	29	0	21	6
8 TV	31	1	26	1	29	1	25	1
9 cosmetics	31	0	30	2	29	0	28	4
10 medicines	30	1	30	0	29	0	27	0
11 sport articles	28	6	26	4	27	7	23	7
12 one month holiday	27	7	11	17	26	4	15	13
13 university studies	31	0	22	3	26	4	19	2
14 electricity	28	2	30	1	25	0	27	1
15 public transport	30	0	26	0	25	0	24	0
16 color TV	25	8	13	19	24	6	22	8
17 theatre	28	0	24	5	24	4	23	7
18 freezer	23	10	13	13	24	8	11	14
19 electric mixer	24	8	20	12	24	6	21	7
20 furniture	31	0	24	8	24	5	12	16
21 museums	27	5	22	6	24	3	14	10
22 house	29	3	13	15	22	8	13	14
23 car	26	7	10	16	22	8	12	18
24 sewing machine	24	6	19	9	20	7	18	8
25 car stereo	17	13	12	11	19	12	11	11
26 video	18	12	20	10	18	12	17	11
27 P.C	11	22	6	19	16	14	12	15
28 dishwasher	14	18	2	24	15	14	4	21
29 hand-made cloths	15	14	23	3	13	13	16	9
30 family picnic	14	11	15	11	11	11	8	11
31 microwave oven	9	25	4	22	9	22	2	25
32 air conditioner in house	6	27	3	22	8	24	3	21
33 designer cloths	6	26	8	11	5	24	3	14
34 holiday house	4	27	0	25	4	26	0	23

Note: items were ranked using Necessity after 1989 as primary key; N, L, C, W stand for necessity, luxury, consumed, wanted.



EXHIBITS

EXHIBIT 5

Summary Profile of a Romanian Consumer of Cosmetics

- * Cosmetics are a necessity; people buy and use them for this reason (Table 2, 3, 4).
- * Cosmetics were a necessity before 1989 and are still a necessity after 1989; I consumed them in both periods (Table 13).
- * I usually buy cosmetics when I run out of stock, when someone recommends it to me, or when I see a new product (Table 5).
- * I rarely feel I have difficulties in choosing cosmetics but more information would be helpful in overcoming this difficulty (Table 10).
- * I also need to know the origin (country) of the product I buy and the product benefits in more detail (Table 7).
- * When I buy cosmetics the most important piece of information is about the benefits of the product (Table 7).
- * Price is not important for me when I buy/choose cosmetics but I strongly agree that it should be either disclosed on the package or in the store (Table 6, 7, 8).
- * I think there is not sufficient information written on the package of cosmetics (Table 8).
- * I strongly disagree that there is excessive information

disclosed on the package of cosmetics (Table 8).

* I strongly disagree that I don't need any information in order to buy cosmetics (Table 8).

* When I buy cosmetics I want to be informed so that I can make a good choice (Table 8).

* When I buy cosmetics I almost always read the information written on the package (Table 8).

* I don't know whether the information disclosed on the package of cosmetics is truthful or not (Table 8).

* To buy cosmetics I base my choice on my own experience; this is the most reliable source of information for me and it influences me in my decision (Table 9).

* Friends are also a good source of information; they are neither reliable nor unreliable but they don't influence me too much in my decision (Table 9).

* I am not sure if I would complain when a cosmetic product disappoints me (Table 8).

* I was disappointed by various cosmetics, before and after 1989, but I never complained (Table 11).

* I am not sure I would complain when the information written on the package of a cosmetic doesn't match with the actual product (Table 8).

EXHIBIT 6 - Summary of the Interview Conducted at MIRAJ

* before 1988, we didn't disclose almost any information to the consumers. Nowadays, we provide the information as follows:

- written on the package
- instructions for use and prospectus are contained by the package for creams, lotions, hair dyes and all other types of products that require more information for the consumers
- we advertise in different media: TV, radio, newspapers, and magazines
- we inform the wholesalers and train the salespersons from MIRALON through booklets, technical meetings, panel discussions.

* consumers need information in order to buy cosmetics. The most important information consumers would want to have, I think, is the prospectus, that is available now for all products that require it, then the expiry date, the expected benefits - this should be written to "catch the eyes", and also composition is important, not the chemical one but for example telling the consumers that a certain product has natural extracts, liposomes.

* for the future we plan to reopen our stores chain, to open a school - in cooperation with WELLA - for cosmeticians.

* we have a complaints office but it is dealing only with complaints from the wholesalers and from MIRALON, since we have no direct contacts with the consumers.

* we don't receive complaints very often but when we do they are generally about damages during transportation and very rarely about malfunctioning of the products. Concerning the complaints MIRALON informs us about, we gave them complete freedom to handle them, and here, we take all measures to prevent any situation that would generate a complaint.

* we did not do any research on consumers satisfaction, we'll probably do it after reopening our stores. At present we have done some research about our clients (the wholesalers), about the competition the Romanian market, and about personnel and wages in the cosmetics industry.

EXHIBIT 7 - Summary of the Interview Conducted at MIRALON

* information for the consumers is available on and in the package of the products, and from the salespersons knowledge; we tried also with disclosing booklets and leaflets but they quickly disappeared-people took them away. Then we disclose the prices on the shelves below each type of product.

* for Romanian products consumers usually know exactly what they want so they simply ask for the product, but for the imported brands they ask the seller about the producer, country of origin and expiry date.

* the information consumers want to have is the expiry date, composition, instructions for use and this is already available.

* for perfumes and deodorants consumers wants to smell them

* at present we don't advertise at all, "we don't even need it, our store is always crowded, people know us"

* our salespersons are trained by the staff from MIRAJ or by people who worked in the cosmetics industry, and we also have some salespersons who attended a courses for cosmeticians.

* we have no research on consumers' needs or satisfaction, all we know is from their reaction in the store and from the sales volume.

* we have no complaints office or person in charge with complaints, we all observe and handle the eventual complaints.

Usually we don't receive complaints but when they arose they were related to improperly closed caps or malfunctioning of the deodorant tubes. We try to detect these problems before the product gets to the consumer.

* if consumers are right when they complain we try to handle the complaint at once by changing the product, apologizing for an unsatisfactory service or by taking any necessary measure.

* we always inform MIRAJ about the problems and complaints that we received but not on a regular basis.



VITA

Diana Marginean, born on the fifth of September 1964, in Sighetul Marmatiei, Romania, has a BS degree in Finance and Accounting from the Academy for Economic Studies, Bucharest.

She worked for four years as an economist before attending the M.B.A. programme of Bilkent University.

