

THE RELATIONSHIP OF LIPSTICK EFFECT WITH SUSTAINABLE MANAGEMENT PROCESSES OF BUSINESSES: A QUALITATIVE RESEARCH ON COSMETICS INDUSTRY EXECUTIVES

RUJ ETKİSİNİN, İŞLETMELERİN SÜRDÜRÜLEBİLİR YÖNETİM SÜREÇLERİ İLE İLİŞKİSİ: KOZMETİK SEKTÖRÜ YÖNETİCİLERİ ÜZERİNDE NİTEL ARAŞTIRMA

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Abstract: Periods of economic recession unsettles businesses all over the world. Excluding no sector or commercial discipline, businesses develop strategies to be prepared for situations such as economic recession and economic crisis. In this context, it is observed that businesses in some sectors (cosmetics, beauty centres, personal care products/services) are more fortunate than others. It is also observed that the concept of “Lipstick Effect” is significant in these sectors deemed as privileged. First, it is essential to understand the advantages of the lipstick effect in terms of marketers and to determine the strategies to be developed in terms of management. The aim of the study is to reveal the advantage of the lipstick effect when developing the strategies of the businesses in the cosmetics sector during the crisis or recession periods. In the study, semi-structured interviews were conducted with 7 general managers in the cosmetics industry to reveal the relationship between the lipstick effect and economic recession, and it is concluded that customers under the lipstick effect have a mitigating effect during the difficult periods (economic crisis, recession, etc.) of businesses.

Keywords: Lipstick Effect, Economic Recession, Consumer Purchasing Behaviour, Sustainable Management

JEL: M30, M31, M1, M19

Öz: Ekonomik durgunluk dönemleri, Dünya'nın her yerindeki işletmeleri, tedirgin etmektedir. Hiçbir sektör ve iş kolu ayırmaksızın, ekonomik durgunluk, ekonomik kriz gibi durumlar karşısında işletmeler hazırlıklı olmak adına stratejiler geliştirmektedir. Bu bağlamda bazı sektörde yer alan işletmelerin (kozmetik, güzellik merkezleri, kişisel bakım ürünleri/hizmetleri) diğerlerine göre daha şanslı oldukları görülmektedir. Şanslı olarak ifade edilen sektörlerde “Ruj Etkisi” kavramının önemi olduğu görülmektedir. Öncelikle pazarlamacılar açısından ruj etkisinin ifade ettiği avantajları anlamak ve yönetsel açıdan geliştirilecek stratejileri belirlemede faydalanmak gerekmektedir. Bu çalışmanın amacı; ruj etkisinin, işletmelerin kriz ya da durgunluk dönemlerindeki stratejilerini geliştirirken, sağladığı avantajı ortaya koymaktır. Yapılan çalışmada, ruj etkisi ve ekonomik durgunluk ilişkisini ortaya koyabilmek adına, kozmetik sektöründe yer alan 7 yönetici ile sıkı yapılandırılmış mülakat çalışması yapılmış olup, ruj etkisinin işletmelerin zorlu dönemlerinde (ekonomik kriz, resesyon vb.) hafifletici etkisi olduğu sonucuna ulaşılmaktadır.

Anahtar Kelimeler: Ruj Etkisi, Ekonomik Durgunluk, Müşteri Satın Alma Davranışı, Sürdürülebilir Yönetim

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1. Introduction

In recent years, businesses have to develop challenging strategies to maintain their existence in the face of the shrinking domestic market. Of course, while the managers determine their managerial strategies; they plan according to the purchasing behaviour of consumers, the characteristics of the sector they are in and the overall economic conjuncture.

The most difficult situation for businesses is economic crises and economic stagnation periods that occur due to various reasons (pandemic, war, political instability, foreign exchange and interest policies, etc.). Such reasons, which develop out of respective businesses' control and yield them no opportunity to intervene, affect businesses deeply. So much so that sometimes even short and medium-term planning renders making predictions a tough task. Market contractions that develop suddenly or gradually over time can cause serious economic crises.

Especially in times of economic crisis, it is known as one of the most common behaviours of consumers to make savings in expenditures unless they are necessary. This situation forces businesses to make managerial decisions and often drags them down to downsizing strategies. However, consumer purchasing behaviours do not develop in the same way for every sector. The concept of 'lipstick effect' first emerged as an economic theory proposed in the 1930s. The concept of Lipstick Effect, mentioned by the chairman of Estee Lauder Leonard Lauder in an interview in the New York Times in 2001, also turned into a debate in the industry and conceptually attracted attention. It is claimed that the lipstick effect increases the tendency of consumers to buy rather than to save in the cosmetic products market, which is also titled as personal care products. It is noted that this concept, which has resonated with the mood of the sector and generated substantial research literature, means consumers resist giving up such items of expenditure to feel good during bad times.

In line with this information, it is required for businesses to know how the "lipstick effect" affects the purchasing behaviour during economic recession and to develop sustainable management strategies within this framework. Instead of making generalizations, it is essential to recognise that each sector has its own dynamics and not to disregard the importance of valuation of businesses in their own right.

The aim of the study is to reveal the impact of the "lipstick effect" on the purchasing behaviour of consumers during economic recession and to explain the business methods of cosmetics companies that implement sustainable management strategies.

2. Lipstick Effect

According to Toffler (1984), the "lipstick effect" is as an economic theory introduced in the 1930s. It is stated that the mentioned years witnessed a post-industrial economic society and the experience of the Great Depression. The economy, experiencing a period dominated by the rich, shows that people who strive to attain and lead a life in spiritual satisfaction tend to meet their needs (Ling, 2012: 115). In its most basic form, the "lipstick effect" explains the trend people making small expenses according to the means at their disposal when they cannot afford luxury expenses such as houses or cars due to increasing pressure during economic crises and economic recessions. Hefty living conditions originating from economic recession also cause consumers, who wish to relax, to seek a way out. Some expenditure items, while meeting the

consumption needs of people on the one hand, also provide spiritual relaxation. This is also termed a kind of spiritual consolation (Ling, 2012: 116).

These theoretical approaches in mention *manifest* themselves in various sectoral studies. The product spending made by most consumers in recent years shows they are not unusually affected by the recession (Allison and Martinez, 2010; Schaefer, 2008). Elliott (2008) states that the sales figures of L'Oreal, one of the largest cosmetics companies in the world, experienced a sales increase of 5.3 percent in 2008, while the rest of the economy saw record declines in sales (Hill et al., 2021: 275).

The lipstick effect has been discussed in several economic crises in recent years, and there has been considerable debate over these economic crises having been affected by the lipstick effect. The boom in the sales of women's cosmetic products during the Great Depression is cited as a proof to this notion (Koehn, 2001). In their columns, journalists refer to the impression that women can spend relatively more money and the tendency of female consumers to opt products that boost their appeal and well-cared appearance during economic recession as the lipstick effect (Nelson, 2001).

In this context, even though consumer spending decreases during recessions, some researchers associate the economic downturn with the increase in women's beauty spending. The research conducted by Hill et al. (2021), examining the consumption behaviours of women during recession periods, also confirms the lipstick effect. Experiments that test how and why recessionary periods affect the purchasing behaviour of female consumers show that consumer spending priorities develop independently of the economy. When the real-world data of the last 20 years are examined; evaluating the judgments that consumers' consumption priorities change during periods of increased unemployment, decreased expenditure items are revealed. It is observed that expenditures have decreased in sectors unrelated to personal appearance such as furniture or electronics, but have increased in sectors such as cosmetics and clothing for personal care. It is stated that consumers spend their money on products that will relatively improve their physical appearance as unemployment increases and the economic recession makes its effects felt (Hill et al., 2021: 287). In addition, when household expenditure data during the Great Recession was analysed, it was observed that average cosmetics expenditures increased among women aged 18-40, while there was no difference between married and unmarried women. It has been stated that the lipstick effect has been a solution for consumers who wish to "cure" themselves more sparingly by purchasing new cosmetic products instead of spending money on products such as clothing or jewellery (Macdonald and Dildar, 2020:1-2). In this context, it is impossible to say that the expenditures made under the influence of lipstick effect are for definitely low-priced goods; yet they are based on the principle that the demand does not decrease in line with the decrease in the income of the consumers (Macdonald and Dildar, 2020: 3).

3. Conceptual Framework: Economic Recession

Purchasing behaviours of final consumers who buy products and services for personal consumption create consumer behaviour, and the combination of final consumers also creates consumer markets (Kotler, 2005: 178). Consumer buying behaviour is defined as the decision-making stages and behaviours exhibited by individuals in purchasing and using products or services for personal or collective use without business purposes (Kelisha, Krishna, 2013). According to Kotler and Keller (2018), a consumer's

purchasing behaviour is influenced by sociodemographic factors such as age, gender, culture, education level, income level; social factors such as culture, family and reference groups; personal factors such as motivation, character, perception, learning, and technological, economic and political factors. Among these, cultural factors varying according to countries and markets show the widest and deepest impact (Kotler and Keller, 2018). In addition, adverse developments such as wars, internal conflicts, economic crises, natural disasters, epidemics and unemployment, which deeply affect the national economies on a global scale, can negatively and similarly affect consumer purchasing behaviour and cause economic problems and ultimately economic stagnation (Kotler and Armstrong 2012; Voinea and Filip, 2011).

An economic recession is defined as a period of general economic downturn on a national or international scale. Defined as two or more quarterly declines in the Gross Domestic Product (GDP), economic recessions are experienced due to financial factors such as increase in inflation, decrease in stock market, fluctuation in exchange rates, decrease in commercial investments and increase in deflation, sudden societal factors such as the Covid-19 epidemic, natural disasters and increased unemployment, and technological factors such as the concern that artificial intelligence and robots may cause unemployment by eliminating job categories. If the GDP falls by over ten percent and lasts for over three years, it is called depression (Amedeo, 2017). The National Bureau of Economic Research (NBER) describes recession as “a significant reduction in economic activity spanning the economy, lasting more than a few months, normally witnessed as drop in real GDP, real income, employment, industrial production, and wholesale-retail sales” (NBER, 2021). The negative effects of economic recession are observed especially in industrial production, employment, real income and wholesale-retail trade (Sultan, 2016). Recessions often occur when there is a significant reduction in consumer spending and a negative demand shock. This shock can be triggered by various financial crises such as unemployment and inflation (Solomon, 2009). A recession can also occur with a country's decision to reduce inflation by implementing contractionary monetary or fiscal policies. When such policies are used excessively, they can lead to a decrease in consumer demand for goods and services, and eventually to stagnation (Stijn and Köse, 2009).

Sharp increases in asset prices and rapid credit expansion often clash with rapid debt accumulation, reducing investment and consumption as companies become over expanded and find it difficult to meet their debt obligations, which eventually lead to a decline in economic activity. Recessions may result from the decline in foreign demand, especially in countries with strong export sectors (Stijn, Köse, and Terrones, 2008). For example, the “Great Recession”, which started with the real estate crisis in the United States of America and made its impact all over the world, was the worst recession since the Great Depression; unemployment peaked around 10% in this period, and the recession officially lasted a year and a half roughly between December 2007 and June 2009. Some economists state, given the worldwide Covid-19 pandemic in recent years, the Covid-19 recession may evolve into a depression depending on how long it lasts; because unemployment reached its highest level at 14.7% in May 2020 since the Great Recession.

In parallel with the increase in unemployment, rise in inflation and fall in income level, consumer purchasing behaviour is hurt. This may cause fluctuations, contraction and further recession in the national economy.

Sustainable management strategy includes strategic management processes that are economically competitive, socially responsible and in balance with the cycles of nature. In traditional strategic management, the term 'sustainable' is used to refer to a business's ability to continually renew itself to survive in the long run, while 'sustainable management strategy' also refers to the survival and renewal of the larger economic system, social system and ecosystem to which the business belongs. In addition to expanding, reducing, and consolidating the corporate strategies of traditional strategic management, corporate-level strategies include creative, ecologically performance-oriented, productive processes designed to manage the configuration of the firm's portfolio of strategic business units so it creates synergies between the firm's economic and social relations (Stead and Stead, 2004:6). Researchers argue that, thanks to sustainable management strategies and policies, businesses gain a solid brand image and competitive advantage in their sectors (Bebbington, Brown, and Frame 2007; Hahn and Kühnen, 2013).

Extending traditional macro-environmental screening processes to include the ecological sector is at the centre of the strategies of governments that adopt and develop sustainable strategies. The process needs to be expanded to include multiple stakeholders (suppliers, customers, employees, NGOs, etc.) who represent the collective ecological, social and economic wisdom of the firm. Also, while expanding these strategy formulation processes, it is important to both reformulate the firm's industry analysis processes and broaden the firm's perspective of conducting resource analysis. About the expansion of industry analysis processes, the open systems perspective of sustainable management strategies requires companies to establish symbiotic, co-evolutionary relationships with other organisations, the larger society and ecosystem. In this evolutionary perspective, industry analysis is viewed as a cyclic interactive process, where the structure of the environment both influences and is influenced by the behaviour and performance of the firm (Stead and Stead, 2008). Industry structure is a group of companies united around some innovation and developing together. These companies are both competitors and alliance partners in an empowering system of symbiotic relationships. These relationships go beyond direct suppliers and buyers to include all participants in relevant stakeholder and industrial ecosystem networks in society. The basis for expanding the firm's perspective on resource analysis is to create a more open system view of the firm's value chain (Figure 1) (Stead and Stead, 2004).

The value chain model in Figure 1 focuses on creating both cost and competitive advantages through pollution prevention, resource reduction, process redesign, ecological efficiency from recycling and reuse. This model requires the completion of the ecological value chain of sustainable management strategies. Thus, the system can function on renewable energy and resources, and these resources transform wastes into products that can be used as inputs for other biological and/or industrial cycles, and this cycle is called eco-efficiency.

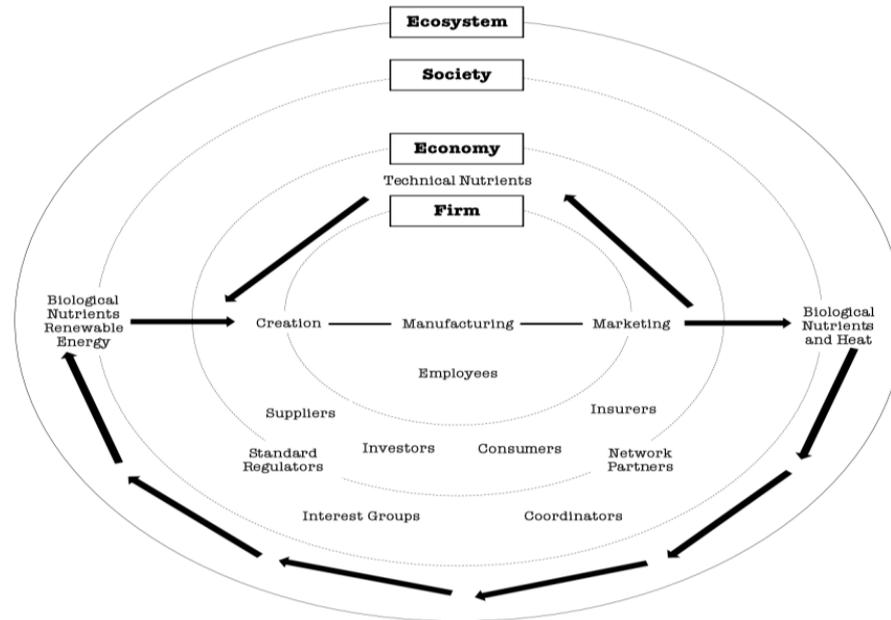


Figure 1. Stead and Stead (2004) 's Distribution of Sustainable Management Strategies Flowchart

Source: Stead and Stead, 2008: 74.

In this value chain, products should be designed to contain only two types of materials. These are biological nutrients (biodegradable and recyclable materials and technical nutrients) and non-biodegradable materials that can circulate continuously through the industrial cycle (Dyllick and Hockerts, 2002). This model, which is termed as socio-efficiency, introduces the value chain up to the final resources, wastes and the stakeholder impact of the society, improves both the social capital of the society and the human capital of the firm while contributing to the economic sustainability of the institution. The value chain of sustainable management strategies also requires considering the absolute rights and limits of human and social capital. The value chain of sustainable management strategies includes issues such as child labour, human rights, economic justice, increasing human population, disease and poverty in the southern hemisphere, excessive consumption of resources and energy in the northern hemisphere, preservation of indigenous cultures, and global warming (Hart, 2005).

In this context, sustainability integrated into the corporate strategy bears great significance. Therefore, integrating the basic strategies of the organization with the components of the concept of sustainability and turning them into a common strategy is the determinant of the “sustainable management strategy”. Within this framework, the sustainable management strategy includes determining the risk factors related to both ecological, social and ethical management and taking necessary precautions and actions. A successful management strategy requires a balanced management by considering the expectations of all internal and external stakeholders of the enterprise. So much so businesses that adopt a sustainable strategy manage their ecological and social risk and advantage factors with an effective and effective approach. Businesses

can gain a significant advantage in the competitive environment by increasing their brand values (Lee and Saen, 2012).

Sustainable management strategies are multi-level and multidimensional. It is designed to create opportunities for companies by dealing with the ecological and social dimensions of their products, services and processes. It applies the open systems sustainability model to reflect the cumulative, co-evolutionary processes of formulation of these multilevel and multidimensional strategies. This realization means that sustainable management strategies require the development and implementation of a strategy that includes integrated functional level and competitive level strategies (Stead and Stead, 2004).

Sustainable management strategies include both ecological and social practices in the conscious consumer market and all efforts to increase the quality of life and economic welfare of the society. These strategies positively affect consumer purchasing behaviour by positively affecting the increasing consumer awareness in recent years, and this affects both organizational, sectoral and global economies (Bebbington, et al., 2007).

In this context, consumer purchasing behaviour is considered one of the most significant factors in sustainable management strategies. Strategies determined by anticipating possible crisis situations such as economic crises and pandemics positively affect the success and competitive advantage of business management. It has been found that the lipstick effect, one of the most significant effects of crisis periods, is one prominent factor determining consumer behaviour. Therefore, considering factors like lipstick effect and determining strategies accordingly bears great importance in developing sustainable management strategies.

4. Research Method and Sampling

In this study, examining the purchasing behaviour of cosmetic products during the economic recession of consumers under the lipstick effect and the way they are managed with a sustainable management approach have been evaluated qualitatively. The study opined that the effect of economic, social and psychological factors was strong. In this context, it has been concluded that it is more accurate to evaluate occurrences in a unique way, rather than generalizing for both consumers and managers. It is aimed to have managers in the cosmetics industry evaluate occurrences from a holistic perspective.

The interview technique, a data collection method in qualitative research, was used in this study. Interviews have advantages in terms of allowing respondents to express themselves more comfortably and in detail. Since there was no interview study in the research literature about managers providing their opinions about consumers under the lipstick effect, it has been decided to use the semi-structured interview technique, which is more flexible than the structured interview technique. In this type of interview, questions are prepared in advance and sub-questions (probe) are asked during the interview, expecting respondents to provide thorough explanatory answers (Smith, 1992). This is why, the semi-structured interviews remain not only within the framework of the question statement, but also allows the research to be done in depth (Hutchinson and SkodolWilson, 1994). The research is also an effective method for

the reliability of its data, allowing the elucidation of noteworthy and relevant information. Thus, the researcher can control and guide the respondents (Barriball and While, 1997:331).

In this study, interviews were conducted with general managers in the cosmetics industry to understand whether there is a decrease in the purchasing behaviour of consumers under the lipstick effect during economic recession. An answer has been sought to determine to what extent the managers apply their understanding of sustainable management, and whether their intellectual and management systems exhibit a sustainable approach according to this management and previous years' experiences. Purposive sampling was used under *the* objective of the research. In particular, the criterion sampling method was preferred in purposive sampling. The criterion sampling method needs people or objects with knowledge, experience and features to clarify the research problem (Büyükoztürk et al., 2008). The main reason for selecting managers, who have experience and knowledge in the cosmetics sector, as responders in this study is to ensure compatibility with the sampling method.

In this research, semi-structured interview technique was applied to the general managers of 7 cosmetic companies to understand the purchasing behaviour of female customers under the lipstick effect during unemployment, recession and economic crisis. During interviews, 10 questions were asked. There are 5 questions on the lipstick effect and 5 probe questions, besides 5 questions on firm/corporate strategies and 6 probe questions. Homogeneous sampling method was applied.

The interview form was prepared in two parts. The first part aimed to determine whether there are female customers under the lipstick effect and their purchasing behaviour. The second part aimed to have an insight into the business in terms of sustainable management practices. Before starting the interviews, the participants were informed about the purpose and duration of the research. Within the scope of the research, the questions were answered with 60-minute interviews with people working as general managers in companies in Turkish cosmetics industry between 22.02.2022 and 25.03.2022. During the interviews, the responses of consenting administrators were audio-recorded and those who did not consent for recording were asked to fill their responses in the respective form after the interview in presence of the researcher.

The interview method yielded benefits by obtaining detailed information with probe questions meant to reveal the issues not elucidated in the interview, directing additional questions about the subject, facilitating orientation according to the feedback provided by in-person interaction with observing the instant body language and verbal reactions of the respondents. Since it is a semi-structured interview, the limitations of the research include exceeding the planned time limit, the respondents' likelihood of sharing their subjective views and, occasionally, raising issues that are not central to the interview framework.

5. Research Scale

In the research, semi-structured interview method was used to obtain information. In the statements in the interview, there are 5 questions on the lipstick effect and 5 probe questions, besides 5 questions on firm/corporate strategies and 6 probe questions. The set of interview questions was developed by utilizing the conceptual frameworks in “*Social and psychological determinants of consumption: Evidence for the lipstick effect during the Great Recession*” by Macdonald and Dildar (2020) and “*Boosting beauty in an economic decline: mating, spending, and the lipstick effect*” by Hill et al. (2012). In addition, the questions were fine-tuned by taking the opinions of 4 experts working as managers in the service and cosmetics sectors.

The interview questions were grouped under two concepts according to the lipstick effect and the business strategies being applied, and were formed as follows:

Questions on the Lipstick Effect

Q1. Do you know of the concept ‘the lipstick effect’?

Q1a. If you do not know this concept, would you like us to explain?

Q1b. Do you think the lipstick effect is a central theory that influences the cosmetics industry?

Q2. Are there any women under the lipstick effect in your target customer group?

Q2a. How have you concluded that the customers in your target audience are under the lipstick effect?

Q2b. What is the ratio of your customers under the lipstick effect in your total target audience?

Q3. What are the primary product preferences of women under the lipstick effect?

Q4. Do your female customers under the lipstick effect change the amount or frequency of purchases during economic recession, unemployment and economic crisis?

Q4a. If the purchasing frequency does not change, what do you think might be the reasons?

Q5. When you compare your female customers under the lipstick effect with your other customers, what differences can you tell in terms of their expectations from your firm?

Questions on Firm/Corporate Strategies

Q6. How many years has your firm been operating in the sector?

Q7. Evaluating your firm from a managerial viewpoint, can you mention its strategies about sustainable competitive advantage?

Q7a. Do you think the strategies you are implementing are sufficient?

Q7b. At which management level are the decisions about the strategies you apply made?

Q7c. Do you think your firm's sustainable management strategies are sufficient when compared to those of your competitors?

Q7d. When you compare your firm with your competitors, what are your strengths/weaknesses?

Q8. Is there any research showing that the sustainable management strategies implemented by your firm have a positive effect on increasing the loyalty of the customers under the lipstick effect?

Q8a. How do you evaluate the results of the research you conducted?

Q9. Do you think that the sustainable strategy approaches you follow for your customers under the lipstick effect are adopted by all employees in your firm?

Q9a. Do your employees know about customers under the lipstick effect?

Q9b. What do you do to encourage your employees to participate in the strategies of the firm?

Q10. In general, do you archive customer suggestions, opinions, expectations and complaints formed as a result of your relations with all your customers?

6. Analysis of Data and Findings

In this part of the study, as a result of the semi-structured interviews made with the general managers of 7 companies operating in the cosmetics sector, information about business strategies was obtained and the managers were asked to define their customers under the lipstick effect. The answers obtained were compared and interpreted.

Before starting the open-ended questions directed to the participants, they were asked whether they knew the concept of lipstick effect and the participants who did not know this concept were provided explanations drawn from the research literature on the concept and its significance. In addition, comments and opinions that went beyond the responses to the interview questions were not considered, and care was taken to remain within the scope as per the moderator ship of the interviewer.

6.1. Demographic Characteristics of Participants

2 of the general managers of 7 cosmetic companies participating in the research voluntarily are male, whereas 5 are women. 1 is aged between 20 and 29, 3 are aged between 30 and 39, and 3 are aged between 40 and 49. Considering their industry experience, 1 participant has 1 to 5 years of experience, 4 participants have 6 to 10 years of experience, and 2 participants have 10 or more years of experience. While there is 1 high school graduate among the participants in the research, 6 hold postgraduate degrees.

Table 1. Demographic Characteristics of the Participants

		Quantity
Gender	Female	5
	Male	2
Educational Qualification	High School	1
	Associate Degree	
	Undergraduate	
	Graduate	6
Age	20-29	1
	30-39	3
	40-49	3
	50 and above	
Sectoral Experience	1-5 years	1
	6-10 years	4
	10 years and more	2
Total		7

6.2. Findings on the Interview Questions Used in the Study

6.2.1. Responses to the Lipstick Effect

Q1. Do you know of the concept 'the lipstick effect'?

General Manager 1: *Yes, I have. I have been serving this concept for 2-3 years.*

General Manager 2: *No, I do not have.*

General Manager 3: *Yes, I have information.*

General Manager 4: *No.*

General Manager 5: *Yes, I have information.*

General Manager 6: *Yes.*

General Manager 7: *No.*

Q1a. *If you don't know this concept, would you like us to explain?*

General Manager 1: *No, I have information.*

General Manager 2: *Yes, I would.*

General Manager 3: *No.*

General Manager 4: *Yes, I would be glad.*

General Manager 5: *No.*

General Manager 6: *No.*

General Manager 7: *Yes, please.*

Q1b. *Do you think the lipstick effect is a central theory that influences the cosmetics industry?*

General Manager 1: *Actually, it is the most important theory affecting the cosmetics industry.*

General Manager 2: *I think the lipstick effect you have explained is an effective theory in the cosmetics industry. If there is lipstick, which is one of the most important products of cosmetics, in the concept, I assume that it is an important theory.*

General Manager 3: *Yes, it definitely is.*

General Manager 4: *As far as I have learnt from you just recently, absolutely yes.*

General Manager 5: *Yes, because it is a theory that can influence the brand strategies in the sector, especially during economic turbulence and recession periods.*

General Manager 6: *The lipstick effect is a theory that definitely influences the cosmetics industry. Most women, regardless of income, wish to look and feel good and even become superior to their peers. In a way, women put on make-up for women and compete with other women. To stay ahead of this competition, they produce creative solutions within their budget and show interest especially in cosmetic products that will make them feel good.*

General Manager 7: *I didn't know until now. Thanks to what I have learned, I think the significance of terminology in cosmetics and/or luxury consumption has been defined accurately. If we consider the last few months, it would not be wrong to presume that consumption in the luxury brand category will decrease due to the price increase caused by the exchange rate. Yet, even at small costs, women wish to continue to feel "special" through luxury consumption.*

Q2. Are there any women under the lipstick effect in your target customer group?

General Manager 1: *Of course, there are. 80 percent of our target audience are women under the lipstick effect. The reason the sector is so popular and innovative is the high interest of women in personal care and cosmetics.*

General Manager 2: *I think there are.*

General Manager 3: *Yes.*

General Manager 4: *Yes.*

General Manager 5: *Yes.*

General Manager 6: *Yes.*

General Manager 7: *When evaluated in this context, yes.*

Q2a. How have you concluded that the customers in your target audience are under the lipstick effect?

General Manager 1: *From women's ongoing personal care demands.*

General Manager 2: *Lipstick is a make-up product; albeit it is used regardless of gender nowadays, it still has a place in our perceptions as an object solely used by women. This is why, even though I do not know what the lipstick effect really is, I have come to the conclusion that our target audience, the consumers of make-up products, are under the lipstick effect. After all, we also have several customers who continue to buy regardless of the financial trends.*

General Manager 3: *Because our sales are not affected much in times of crisis.*

General Manager 4: *It is an important indicator that the sales of cosmetic products do not decrease in times of crisis.*

General Manager 5: *Considering that the segment who spends the largest amount in the cosmetics and personal care sector are urban women over the age of 30, this fits with our target audience of women, the end consumers, excluding the hairdresser channel. This segment is of urban and modern women who closely consider hair care, are diligent in product selection, prefer affordable luxuries, and can fall under the lipstick effect. Instead of a luxury shoe or bag, they may prefer to buy a luxury hair care product which she can afford more easily.*

General Manager 6: *We observe the lipstick effect the most during hard economic conditions. Customers increase their demands for promotional and discounted products. More affordable products of the same brands can be preferred, or more luxury brands can be preferred to brands with more mass appeal.*

General Manager 7: *We might feel the effects in a different way in these months, but we can say there has been no numerical regression until now, which I can interpret as a negative “hedonic adaptation”, but an increase in numbers. For example, during the New Year sales, we observed the sale of more general product sets, including travel-size items specific to one's needs at the price of a luxury item, instead of buying a single item bearing a hefty price. A set with more but smaller items may be selected for purchase by people due to their need to feel more special or not giving up on gifting an item of a luxury brand, notwithstanding a small one.*

Q2b. *What is the ratio of your customers under the lipstick-effect in your total target audience?*

General Manager 1: *80%, a high ratio. Indeed, due to this ratio, investment in the sector is increasing each day.*

General Manager 2: *Although I do not know the meaning of the lipstick effect and its place in the sector, I think it means significantly to our target audience.*

General Manager 3: *It is hard to make an accurate guess. In the current period, even those with high income avoid luxury consumption and choose alternatives that can make them happy for a lesser price.*

General Manager 4: *At least 70%.*

General Manager 5: *Around 15% to 2%.*

General Manager 6: *It is very difficult to give a percentage, but I would say ‘the majority’.*

General Manager 7: *Compared to last year, we can say that the sale of small category products below a certain price has moved us one step further in the top 10 ranking, according to the ranking provided by one of our retail stores.*

Q3. *What are the primary product preferences of women under the lipstick effect?*

General Manager 1: *The primary preference of women is skin care products, followed by hair care products.*

General Manager 2: *I think women under the lipstick effect primarily prefer personal care products. Since make-up products do not have a significant function for skin care, priority is given to skin care (moisturizers, under eye concealers, tonics, etc.).*

General Manager 3: *Skincare and make up products.*

General Manager 4: *Perfumes, mascaras and lipsticks.*

General Manager 5: *Top segment skin care and cosmetics, perfumes, hair care and anti-aging products and applications.*

General Manager 6: *Products with direct effect such as lipsticks, nail polishes, mascaras.*

General Manager 7: *Multi-functional make-up products and products providing skin care effect, products mostly priced lower than skin care products but inspires the same level of luxury feeling; mascaras and lip balms.*

Q4. *Do your female customers under the lipstick effect change the amount or frequency of purchases during economic recession, unemployment and economic crisis?*

General Manager 1: *I haven't done a survey about it, but my personal opinion is no, there has been no reduction.*

General Manager 2: *Although purchases are decreasing in terms of make-up products; on the skincare side, I think sales are not decreasing but even increasing. The frequency may be moderate, but especially in the New Year and holidays, sales increase.*

General Manager 3: *Yes, I frequently witness segment shifts.*

General Manager 4: *It does not change.*

General Manager 5: *Yes, it can change. However, I think it is a controversial issue.*

General Manager 6: *I can say people generally have tendency towards more expensive and luxury brands when mass brands are concerned.*

General Manager 7: *Loyalty is important in skin care; if after a certain period of time customers observe skin care benefits and are satisfied, it will not be easy for them to quit. In the make-up category, people can change their minds more often, and can also prefer brands. They use skin care products for at least 3-4 months. I can say the frequency changes little in skin care, but we can observe such tendencies in specific or regional products.*

Q4a. If the purchasing frequency does not change, what do you think might be the reasons?

General Manager 1: *Maybe it is because cosmetics are the most convenient and easy luxury consumption items in consumers' lives.*

General Manager 2: *I think its frequency will decrease, but even though there may be economic recession, unemployment and economic crisis at the end of a year, sales do not change predictably, only consumption will shift to more special days or discount campaign periods.*

General Manager 3: *I think the results obtained in using the product and trust in the brand are effective for those who do not change.*

General Manager 4: *The psychological need to feel good.*

General Manager 5: *It may be more accurate to interpret this as short-term and long-term. When faced with any crisis period, a decrease in purchasing can be observed first. Priority shifts to basic needs. For example, in the early stages of the pandemic, people primarily turned to staple food items. However, after adapting to the current crisis, an increase in the purchase rate can be observed following the need for psychological well-being and relaxation.*

General Manager 6: *That may be a desire to look good by spending less money and at a low cost.*

General Manager 7: *Trust and loyalty to the product and its benefits/result features.*

Q5. When you compare your female customers under the lipstick effect with your other customers, what differences can you tell in terms of their expectations from your firm?

General Manager 1: *In this question, we classify women into two groups. There are women who are constantly well-groomed and women who receive care when needed. Well-groomed women carry you up, they always expect an innovation; this is beneficial for the business. Women who receive care when needed, on the other hand, just wait for their work to be done. They expect no innovation from you. This adds little to you and your business.*

General Manager 2: *Our female customers under the lipstick effect are probably those who follow the campaigns more often, chase discounts and know what they want better. They noted their needs long ago and felt the pulse of the market by asking those around them about the products they wanted to buy. Our female customers under the lipstick effect expect discounts, campaign arrangements and a profile that knows when respective customers consume more and designs special offers for those periods.*

General Manager 3: *Enjoying the same benefits and happiness but paying less or offering alternative products.*

General Manager 4: *Our lower price policies than competitors.*

General Manager 5: *While customers who have established brand loyalty, know the products well and buy constantly want to avail special benefits and advantages, customers under the lipstick effect want to get more instant benefits with the psychological buying tendency on the spur of the moment like a hefty short-term price reduction.*

General Manager 6: *Although there is little difference for us, it is effective in showing us what new product opportunities we have in different price segments. It helps us organize our promotional periods and the product variety during the promotion.*

General Manager 7: *The lipstick effect makes consumers search for products with a low-price range but provide the same comfort and luxury with expensive products. If they find price/performance ratio good, our other customers do not inquire the price of any product beforehand.*

6.2.2. Responses to Corporate Strategies

Q6. How many years has your firm been operating in the sector?

General Manager 1: *My firm has been operating in the sector for 10 years.*

General Manager 2: *Since the firm is affiliated with a US firm, I can tell you that it has been in business since 1946. We have been operating in Turkey since 2006.*

General Manager 3: *12 years.*

General Manager 4: *40 years.*

General Manager 5: *We have been serving for 48 years.*

General Manager 6: *Our firm has been operating in this sector for over 30 years.*

General Manager 7: *We have a deep-rooted experience of 68 years.*

Q7. Evaluating your firm from a managerial viewpoint, can you mention its strategies about sustainable competitive advantage?

General Manager 1: *Our strategies change annually. They change according to the economic conditions of the country and the customer demands. For example, they also vary in terms of geography.*

General Manager 2: *There are multiple independent brand groups within the firm and they all are managed under a single roof with different strategies. I can say the strategies of my brand group are sufficient and yield good results.*

General Manager 3: *We endeavour implementing overall competitive strategies. For example, new product development, advertising, etc.*

General Manager 4: *There are several strategies, but the strongest is our low prices.*

General Manager 5: *A slower but surer growth strategy is pursued with the right moves. Besides the steps to protect its existing market share, our firm aims to avail the market opportunities and elevate its market position annually with the right pricing and customer relationship, and offering customers a rich variety in terms of products and prices.*

General Manager 6: *We strive to maintain the price/performance balance.*

General Manager 7: *We follow the competitors. By developing new products, we create new benefits for our customers.*

Q7a. Do you think the strategies you are implementing are sufficient?

General Manager 1: *This is sufficient for the time being, but we need to develop more different and innovative strategies for the future.*

General Manager 2: *Yes. Although I find it sufficient for the time being, I think improvements should definitely be made against market competition, because the market is not static.*

General Manager 3: *No. In the Omni channel, we lack in coverage and communicating the distinction of the product to the customer.*

General Manager 4: *Yes.*

General Manager 5: *Yes.*

General Manager 6: *It is sufficient because we update our portfolio two times a year by constantly following the trends.*

General Manager 7: *No, the luxury industry and the luxury experience we inhabit require more experiential space, that is, more investment.*

Q7b. At which management level are the decisions about the strategies you apply made?

General Manager 1: *Sometimes personal, sometimes colleagues.*

General Manager 2: *Decisions are made by group discussion and considering a horizontal hierarchical order. It is important everyone has an opinion on a topic from the lower to the higher level.*

General Manager 3: *Decisions are made at the senior management level according to the suggestions from the Global.*

General Manager 4: *At the general manager level.*

General Manager 5: *Besides the decisions made at the top managerial level, the opinions of employees from all levels are received.*

General Manager 6: *Our strategies are created by our marketing team and evaluated by our board of directors. The role of our product and brand managers in creating our strategies is massive. As the owner of our categories and brands, we create our own portfolio and brand strategies in line with consumer needs, trends and strategic growth targets in the markets we inhabit.*

General Manager 7: *Actually, the head office of our region is in Dubai and the brand strategy planning takes place there.*

Q7c. Do you think your firm's sustainable management strategies are sufficient when compared to those of your competitors?

General Manager 1: *Of course, I do not find it sufficient. I do not determine this according to my competitors. Frankly, I think what I always do not find sufficient is the notion, "Can this be better?" This always carries me forward in my profession.*

General Manager 2: *I witnessed that prime decisions were made in terms of sustainability. Before working in this firm, I had read the sustainability reports and been impressed. For now, it is a firm registering high performance in meeting the requirements of today's conditions.*

General Manager 3: *No. We know there are opportunities to seize.*

General Manager 4: *Yes.*

General Manager 5: *Yes.*

General Manager 6: *It is yes in the categories in which we lead; because the notion that makes us leaders is being always one step ahead of our competitors. We consistently and sustainably fulfil the common aspects that benefit all of our stakeholders, especially our end consumers.*

General Manager 7: *No, I can say the potential is high, but the dynamism is not enough.*

Q7d. When you compare your firm with your competitors, what are your strengths/weaknesses?

General Manager 1: My strengths are to enable my teammates to work as if it is their own firm and to foster high mutual trust. I don't make comparisons with our competitors as superior or weak. We are ahead in certain matters, and they are ahead in certain matters.

General Manager 2: One of the most important aspects with which our firm surpasses its competitors is that it has respectful corporate framework and experienced personnel. Relatively, its weakness compared to its competitors may be its deficit in addressing the Generation Z. That's why we endeavour by recruiting more young professionals and listening to their ideas.

General Manager 3: Our superior features are the wide product range and a robust brand perception. Being pricey and having thin coverage can also be expressed as our weaknesses.

General Manager 4: Superior through more flexible and faster decision-making mechanism. Weak because of limited marketing investments as we work with a weak distributorship model.

General Manager 5: Our superior aspects are acting faster, communicating more easily among ourselves, adapting quickly to crises, and offering a higher quality product portfolio. Our weak points include having to proceed in a much more limited framework than other brands in terms of budget, because we are a distributor firm.

General Manager 6: I can say that understanding consumer needs and trends are our strengths. Among our weaknesses, I can mention our search of ways for adapting to market dynamics faster, especially in the digitalized environment, and ways for adapting to changing lifestyles faster.

General Manager 7: Our strength is our deep-rooted and very effective brand. But we still have a long way to go with awareness and building impact domain.

Q8. Is there any research showing that the sustainable management strategies implemented by your firm have a positive effect on increasing the loyalty of the customers under the lipstick effect?

General Manager 1: The sector we inhabit is dominated by seeking new ways to draw more women's attention and making productivity and permanence more loyal. We do a lot of research during the day. We start the next day by eliminating the shortcomings.

General Manager 2: I know research on this discipline is conducted. Yet, I have not had the opportunity to examine the data because I am quite new to the firm.

General Manager 3: Unfortunately, no.

General Manager 4: No.

General Manager 5: No.

General Manager 6: Yes.

General Manager 7: No, unfortunately we have yet to conduct such research.

Q8a. How do you evaluate the results of the research you conducted?

General Manager 1: We continue with the same strategy, if the research we conducted have yielded efficiency and the desired feedback from customer. If the research has yet to yield perpetual outcomes, we continue to develop new strategies.

General Manager 2: If I remember correctly, a special team deals with this issue, but I'm not so sure.

General Manager 3: Since we conducted no research, I cannot make an evaluation.

General Manager 4: *We do not conduct research.*

General Manager 5: *No research is done.*

General Manager 6: *As a result of research, we discover clear opportunities and areas of improvement or diverse and new product/category opportunities. We act on these issues.*

General Manager 7: *Since no research has been done, I cannot make an evaluation.*

Q9. Do you think that the sustainable strategy approaches you follow for your customers under the lipstick effect are adopted by all employees in your firm?

General Manager 1: *Of course, we develop the strategy together as a common intellect.*

General Manager 2: *Everyone is eager to be informed about every development within the firm. Teams have no trouble coordinating. Everyone is keen on integrating this sustainable strategy into their line of business.*

General Manager 3: *Of course, it is an issue discussed in meetings with employees, but decisions are taken at the global level.*

General Manager 4: *No.*

General Manager 5: *No.*

General Manager 6: *Yes.*

General Manager 7: *Yes.*

Q9a. Do your employees know about customers under the lipstick effect?

General Manager 1: *They do, at an advanced degree.*

General Manager 2: *Yes, the first priority is always to know the customer; this is prioritized as the first step before starting all work.*

General Manager 3: *I think most of them do not know.*

General Manager 4: *No.*

General Manager 5: *No, I don't think so.*

General Manager 6: *Absolutely yes. In the continuous personal and professional development trainings we provide to our personnel, we also cover the topics on consumer needs and motivations.*

General Manager 7: *No.*

Q9b. What do you do to encourage your employees to participate in the strategies of the firm?

General Manager 1: *Since we take decisions jointly, they kind of determine their incentives, which brings lasting success.*

General Manager 2: *There are even special calendars for involving employees in corporate strategies. For example, can managers appear before cameras while creating such-and-such content? As a part of natural communication, it may be necessary at times to emphasize everyone in the firm is not different from the consumer. These decisions are taken in inspiring meetings, or ideas are noted to be implemented during a future campaign.*

General Manager 3: *Like bonus and personal rights on sales.*

General Manager 4: *Open opinions are encouraged.*

General Manager 5: *Exchanging ideas with regular meetings, creating synergy by enabling different departments to carry out joint projects, evaluating the suggestions coming from the global as a team and adapting them to local strategies.*

General Manager 6: *We organize information-sharing and open idea-sharing meetings on a monthly or quarterly basis.*

General Manager 7: *We exchange information about processes by getting the personnel's ideas.*

Q10. In general, do you archive customer suggestions, opinions, expectations and complaints formed as a result of your relations with all your customers?

General Manager 1: *I do not archive; we resolve expectations and complaints in a short time.*

General Manager 2: *I think they are archived, but since I'm pretty new, I didn't see them with my own eyes. I guess they have been archived because it is very important.*

General Manager 3: *Since we conducted no research, we do not have an archive of this sort.*

General Manager 4: *No. We do not have an archive.*

General Manager 5: *In general, complaints and suggestions are archived.*

General Manager 6: *Yes. Customer feedback sheds light on where we need improvement. In this respect, we act by examining the feedback and categorizing the similar issues.*

General Manager 7: *Yes, we archive, but it remains at an initiative level. So far, we have not had a prescribed methodology. In other words, we do not have a systematic work plan for this.*

7. Discussion and Conclusion

The study consists of two main themes related to the concept of lipstick effect and sustainable management strategies. Introduced especially in the cosmetics sector, the 'lipstick effect' has also been studied in the research literature and is a topic of trending debate, revealing the purchasing preferences of consumers. It is essential to understand how businesses direct these preferences with their sustainable management approaches and the managerial strategies they implement.

The interview applied in the study consists of two parts. The first of these is about the concept of lipstick effect. In the question about whether the concept of lipstick effect is known or not, except for the 2nd, 4th and 7th managers, the other respondent stated they knew of the concept. The managers who did not know the concept were provided explanations and were asked whether the lipstick effect was a significant concept in the cosmetics industry. All of the participants stated the importance of the lipstick effect for the cosmetics industry, and this importance increases especially during economic recession and periods of crisis. However, the participants who said the consumers under the lipstick effect were in their target audience added that the percentage of such customers should not be underestimated. Although the managers 2,3,6 and 7 did not provide a clear numerical ratio, they said the majority of their customers were under the lipstick effect. The answers to the question "What are the primary product preferences of women under the lipstick effect?" include skin care products, such as lipstick and mascara, and have been defined as products preferred by consumers who wish to look good emotionally. The answers given to the Question 4, asked to understand the lipstick effect on purchases especially in times of crisis, are striking. Except for Manager 3, all managers stated consumers' purchasing tendencies did not decrease. Manager 3, noting there could be only a segment shift, actually emphasized changing product preferences, but not falling sales. Based on this question, the probing question (4a) was directed to learn the reason the purchase amounts did not decrease and it has been discovered that consumers continue to spend for reasons such as feeling psychologically good, continuing to consume easily-

accessible luxury, looking good at lower costs, and professing brand trust/loyalty. In general, the answers to the last question on the lipstick effect, “What differences can you talk about in terms of expectations from your firm when you compare your female customers under the lipstick effect with your other customers?” manifest that expectations are influenced by low price policies and that women under the lipstick effect wish to get higher benefits at a lower price, follow hefty price reductions, and are affected by promotional campaigns.

In the second part of the research, 5 questions and 6 probe questions were asked about the firm and corporate strategies. First, the respondents were asked how many years they had been operating in the sector and it was observed that they had deep-rooted experiences up to 76 years (12, 40, 48, 68, 30 years, and the like), and at least 10 years. When asked about the sustainable competitive strategies of their companies, the managers said they apply the generally known strategies such as low price, product variety, product development and advertising. To obtain more detailed information about managerial strategies, 4 probe questions related to this question (Question 7) were asked. When questioned whether they found their strategies sufficient or not, managers 4, 5 and 6 said they do not find them sufficient. There were statements about the need for investment, that the changing market conditions were not followed closely enough, that their companies are weak in conveying information about the products to the customer, and that the Generation Z was not sufficiently addressed. In another probe question, it was asked at which level the management strategies were taken and all of the managers stated the decisions are taken by the general managerial posts and at the top level. In the probe Question 7d, companies were asked to express a summed-up SWOT analysis by asking them their opinions about their weak/superior aspects. Most of the respondents' strengths include the deep-rootedness of their corporate experience, their internal customers (firm employees) being knowledgeable, experienced and having loyalty to the firm. Among other common superior aspects mentioned is the companies' ability to take quick decisions. Regarding their weaknesses, the respondents said they could not adapt to digitalization (Manager 6), product prices remain high (Manager 3), the distributorship system has narrowed their working areas (Manager 4 and 5), and brand awareness was weak (Manager 7). In Question 8, the participants answered in the negative, except for the answer (Manager 1,2 and 6) to the question whether they conducted research on exploring if sustainable management strategies increase the loyalty of customers under the lipstick effect. In the related probe Question 8a, only the managers of the companies conducting the research were asked to evaluate the results. According to the results of their research, it was observed the managers have identified their deficiencies and worked for improvement. In the answers given to the question on whether their “sustainable strategy approaches are adopted by the firm's employees” or not in Question 9, all except Managers 4 and 5 answered in the affirmative. In the probe Question 9a, most managers answered that the employees do not have information about the customers under the lipstick effect (Managers 3,4,5,7). It has been observed that the employees' opinions are taken in the decisions made on the methods for encouraging the employee participation in the corporate strategies, the perks and personal benefits are awarded and open ideas are shared for more. Regarding the archives of customer expectations and complaints, which is the last question, Managers 1,2,3 and 4 stated in Question 10 that they do not keep archives, while the others – Managers 5,6 and 7 - stated an overall and superficial archiving is in practice.

Evaluating the results obtained from the research findings and suggesting to businesses, it has been observed that the concept of lipstick effect is known by the participants. It is thought the fact this concept, known especially at the general managerial level and so closely related to the cosmetics industry, is not known to the internal customers (employees) will hurt sustainable management strategies. It is opined that senior management staff should inform employees about this concept and provide guidance about strategies. There may be several reasons why the lipstick effect is not known to the employees. This may be due to the insufficiency of in-house training, lack of conduciveness in the communication within the hierarchical structure, and employees' resistance to new methods. However, it should be noted that the success of an entity is possible with the participation of all employees from A to Z.

The most striking finding in this study is that the amount spent for purchases by female consumers under the lipstick effect does not decrease during periods of crisis. This evaluation, supported by the research literature and advocated by Hill et al. (2021), is a theory also manifested in the sectoral practices. Crises or economic recessions have revealed that consumers under the lipstick effect both desire to feel good psychologically and obtain personal care products with a lower cost because they cannot spend much on luxuries. Therefore, businesses need to observe customers under the lipstick effect more closely, archive their purchasing routines and win them as loyal customers. In the research findings, not using consumer research and archiving methods, which increase the success of sustainable management processes, also emerges as a major shortcoming. If businesses wish to gain sustainable competitive advantage beyond preserving their current market positions, they need to create corporate memories and store digital data. Another suggestion within this framework is for businesses with weaker firm awareness and promotional drives to address these deficiencies through advertising, personal sales and public relations activities for improvement. In branding and creating brand trust, it should not be forgotten that awareness, associations and quality perceptions are indispensable predecessors.

We think the businesses that have been involved in research and have maintained their presence in the sector for many years have succeeded in branding. We attribute their sustainable management strategies to what they have come to realize with their new generation managers. Finally, it has been observed that there are managers who do not find sustainable competitive strategies sufficient. The founding management staff or the CEOs should consider such businesses and take steps to integrate them with the market.

We suggest researchers for future studies to observe whether the lipstick effect only takes place in the cosmetics sector and examine the relationship between the lipstick effect and different management strategies other than those of sustainable management.

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