



Segmentation Study Example

Beauty Industry

March 2010

What is a Segmentation Study?

A segmentation study is conducted to determine similarities and differences among target groups in order to divide a market into segments. These segments are comprised of consumers who are as similar as possible to each other, but also as different as possible from those in other segments. Segments are then selected and profiled to target your marketing.

Questions often answered through segmentation:

- Who are my current and potential customers?
- What are the most profitable segments of our customer base?
- How do we reach the most profitable segments (channel & message)?
- How are consumers interacting with our competitors?
- Are there unmet consumer needs that could be addressed with our product/service?

Methodology

The sample for the **Segmentation Study** was randomly drawn from a national list of Adults 18+. Interviews were conducted between *xxxxxxxxx x, 2010 and xxxxxxxx x, 2010.*

The participants were qualified by:

- Correct Geography
- Completing the Survey
- Unique Respondent (no duplication of email addresses)
- Non-rejecters of XXXXXX Products

Participants then completed a 15 – 20 minute survey on topics including:

- Product usage
- Product spending
- Attitudes toward products
- Lifestyle statements and beliefs
- A self-esteem inventory
- Demographics

Data Analysis

Once collected, data from the survey were analyzed via a two-step process to identify Segments of customers within the total sample.

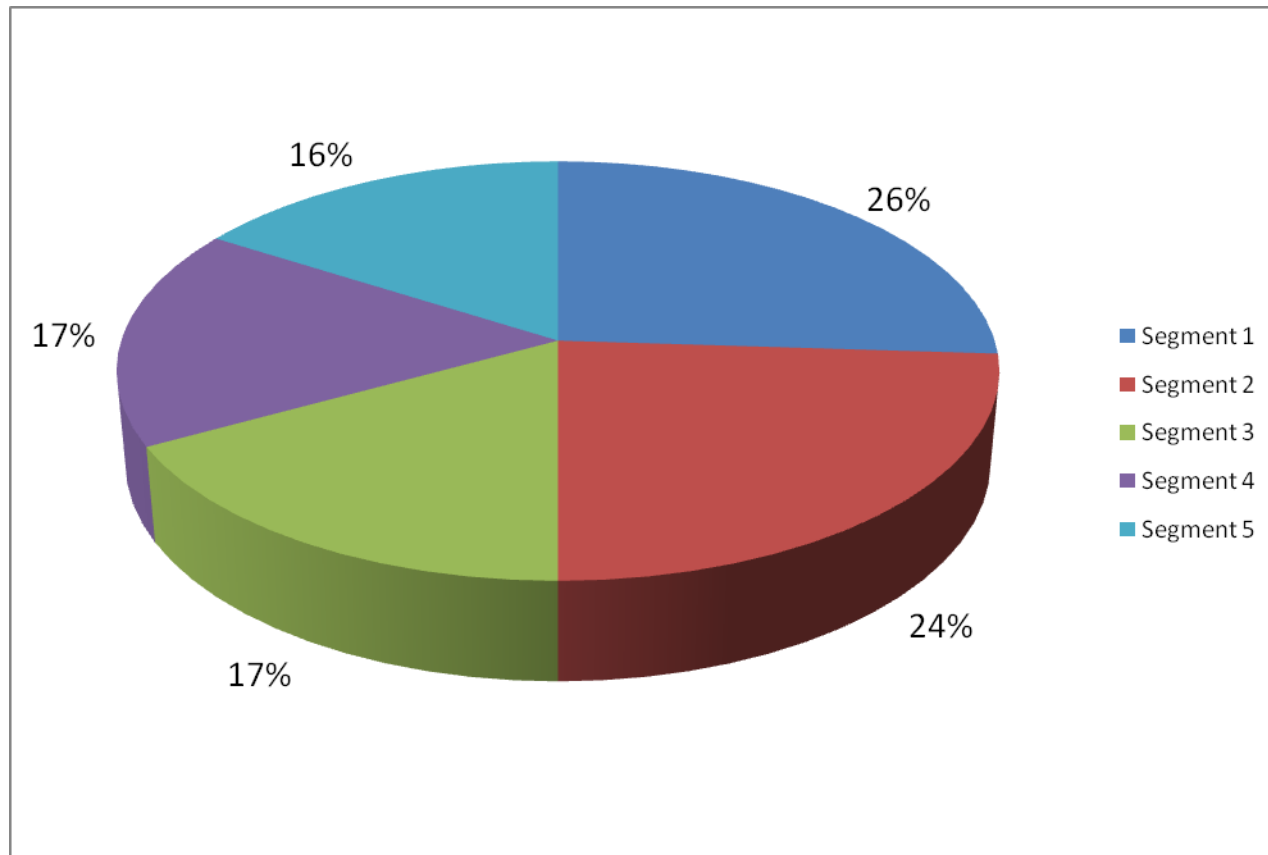
Step 1 involved a Factor Analysis of survey items.

Step 2 involved a K-Means Cluster Analysis on respondents' factor scores derived in Step 1.

This analytic process identified five segments.

Key Findings

Percentage of Sample by Segment



Segment 1 Profile: XXXX

They take their beauty seriously, but also enjoy it—beauty as sport.

This segment uses the most and spends the most on beauty care products, and they buy at drug stores and department stores.

They are looking for the best value. They are brand loyal and look to products that give something extra.

They want brands that embody the notions of “natural” and “youthful”. These are confident women that enjoy being as beautiful as they can be.

They see makeup and beauty products as the tools that give them power, and they see how achieving their best looks can help them in various aspects of their lives.

Attitudes and Perceptions by Segment

Segment 1	Segment 2	Segment 3
Attitudes & Perceptions		
<p>Agreement ratings for this segment are highest of all segments in most attitude and perception statements.</p> <p>Segment 1 respondents perceive women as powerful/successful and link appearance to the achievement of these. <i>See Pages 52, 53, 56</i></p> <p>Image (by way of appearance) is very important to them; most would like to improve the way they look. <i>See Page 53</i></p> <p>For respondents in S1, being well-groomed/made-up contributes to their sense of confidence. <i>See Page 54-55</i></p> <p>S1 respondents view grooming as something they do for themselves, but also are most likely to indicate that men notice. <i>See Page 63</i></p>	<p>Agreement ratings for this segment are among the lowest of the segments (along with S3) in most attitude and perception statements.</p> <p>S2 respondents agreed the most with statements related to women’s professional success and their right to indulge occasionally, (though their scores were proportionally lower than all other segments by far). <i>See Page 56</i></p> <p>S2 respondents had very low agreement scores on all statements related to appearance and linking appearance to confidence, success, status, power, etc. <i>See Pages 52-56</i></p> <p>S2 respondents view grooming as something they do for themselves. <i>See Page 63</i></p>	<p>Agreement ratings for this segment are among the lowest of the segments (along with S2) in most attitude and perception statements.</p> <p>S3 respondents agreed the most with statements related to women’s professional success and their right to indulge occasionally, (though their scores were proportionally lower than S1, S4, and S5). <i>See Page 56</i></p> <p>They all also had a moderately high agreement score for being happy with their natural looks. <i>See Page 56</i></p> <p>S3 respondents had low agreement scores on all other statements related to appearance and linking appearance to confidence, success, status, power, etc. <i>See Pages 52-56</i></p>

Price and Place by Segment

Segment 1	Segment 2	Segment 3
Price/Place		
<p>Price is not a priority for this segment <i>See Page 73</i></p> <p>At an average of \$29.12/month per person, they spend more than all other segments. <i>See Page 13</i></p> <p>While most of these respondents shop for beauty products at Supermarkets/drug stores, it is considerably fewer than for other segments. <i>See Page 74</i></p> <p>More Segment 1 respondents (45%) shop for beauty products at department stores than respondents in other segments. <i>See Slide 74</i></p>	<p>Price is more of a priority for this segment than S1, S4, and S5 <i>See Page 73</i></p> <p>At an average of \$13.00/month per person, they spend less than all other segments. <i>See Page 13</i></p> <p>Most of these respondents shop for beauty products at Supermarkets/drug stores and mass merchandisers. <i>See Page 74</i></p>	<p>Price is more of a priority for this segment than S1, S4, and S5 <i>See Page 73</i></p> <p>At an average of \$14.26/month per person, they spend considerably less than S1, S4, and S5. <i>See Page 13</i></p> <p>Most of these respondents shop for beauty products at Supermarkets/drug stores and mass merchandisers. <i>See Page 74</i></p>

Segment Value

Segments 1 and 4 represent the greatest value within the category on an Index basis.
Segments 2 and 3 do not represent valuable targets.

	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5
N in Sample	102	105	94	143	156
% of Sample	17%	18%	16%	24%	26%
% of Spending (Cat)	23%	10%	10%	30%	27%
Category Spend Index	133	59	65	126	103

Conclusions

Segments 1 and 4 represent XXXXXXXXXX.

Together, they represent XX% of customers and XX% of spending.

Segments 1 & 4 share xxxxxxxxx for the category, are relatively xxxxxxxxxx and spend xxxxxxxxx compared to the other segments. They are also both looking for the same basic brand characteristics—but as we'll see below, for different reasons.

Important differences between Segments 1 & 4 lie in the areas of:

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