



# Aquaphor Segmentation

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# 1

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## Executive Summary

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*Problem Statement*

*Project Goal*

# Executive Summary

## Problem Statement

Aquaphor is reevaluating their market segmentation and brand positioning as competitor Valeant Pharmaceuticals introduces a new product, CeraVe, directly aimed at Aquaphor customers in the healing ointment category.

## Project Goal

Our goal is to identify a new segment of the skincare market that represents the most valuable opportunity for Aquaphor to defend its position and reach new customers.

# 2

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## Creating a Market Segmentation

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*Factor Analysis*

*Cluster Analysis*

*Segment Profiles*

*Targeting – Criteria and Segment Portfolio*

*Target Segment Selection*

*Limitations*

# Market Segmentation Approach

*The goal of our approach was to identify key segment profiles that were representative of the consumers in the skincare market*

1

## Factor Analysis

Identify key customer needs and define them as factors for segmentation

2

## Cluster Analysis

Analyze size of clusters to determine appropriate number of segments to use

3

## Cross Tabulation Analysis

Map survey responses to segments to identify defining characteristics of each segment

4

## Build Segment Profiles

Create a unique consumer profile for each segment based on survey responses

5

## Select Target Segment

Select one ideal segment to target based on a competency and attractiveness segment analysis

# Factor Analysis

*We created a correlation matrix to extract principal components of the survey responses, which allowed us to identify seven key factors of customer needs (See Exhibit 1)*

- Factor 1 – The need for **exceptional skin care**

***The need to:** take very good care of my skin problems; feel cared for in my own skin; care for my mental and physical health through my skin; keep my skin in good shape; feel confident in my own skin*

- Factor 2 – The need for a **trustworthy brand**

***The need for:** a brand that has a long history of skin care excellence; a trustworthy brand; a brand that is a recognized authority in skincare; a brand that offers a full range of skin care products; a high quality brand with very effective products*

- Factor 3 – The need for **demonstrated efficacy**

***The need for:** products based on the latest scientific findings; skin care products based on rigorous medical science; skin care products with natural ingredients; proof that a skin care product really works before I buy it; skin care with ingredients that solve my problems*

- Factor 4 – The need for **increased self-esteem**

***The need to:** feel my inner self through problem-skin; have healthy skin that comes from the inside out, not the outside in; feel so happy about my skin, I don't have to cover it up*

- Factor 5 – The need for **beauty**

***The need for:** healthy beautiful skin; **The need to:** beautify my skin and remove problems*

- Factor 6 – The need for **corrective skin care**

***The need to:** take care of dry skin; care for skin blemishes; protect sensitive skin*

- Factor 7 – The need for **good value**

***The need for:** inexpensive skin care products that work well; private label brands with the same quality as top brands; products that offer good value for money*

# Cluster Analysis – 6 is better than 7

*We utilized a hierarchical cluster using the Ward's cluster method to reach a decision to use six segments in this segmentation analysis (See Exhibit 2)*

## 7 Cluster Analysis

Ward Method		* Ward Method		Crosstabulation					
Count		Ward Method							
		1	2	3	4	5	6	7	Total
Ward Method	1	223	0	0	0	0	0	0	223
	2	0	82	0	0	0	0	0	82
	3	0	0	268	0	0	0	0	268
	4	144	0	0	0	0	0	0	144
	5	0	306	0	0	0	0	0	306
	6	0	0	0	164	0	0	0	164
	7	0	0	0	0	185	0	0	185
	8	0	0	0	0	0	108	0	108
	9	0	0	0	0	0	0	105	105
	10	0	0	0	0	0	136	0	136
Total		367	388	268	164	185	244	105	1721
		21%	23%	16%	10%	11%	14%	6%	

- Clusters 4 and 6 are 10% and 6% of the sample size, which are too small
- There is opportunity to consolidate segments

## 6 Cluster Analysis

Ward Method		* Ward Method					Crosstabulation	
Count		Ward Method						Total
		1	2	3	4	5	6	
Ward Method	1	223	0	0	0	0	0	223
	2	0	82	0	0	0	0	82
	3	0	0	268	0	0	0	268
	4	144	0	0	0	0	0	144
	5	0	306	0	0	0	0	306
	6	0	0	0	164	0	0	164
	7	0	0	0	0	185	0	185
	8	0	0	0	0	0	108	108
	9	0	0	0	105	0	0	105
	10	0	0	0	0	0	136	136
Total		367	388	268	269	185	244	1721
		21.3%	22.5%	15.6%	15.6%	10.7%	14.2%	

- No cluster is less than 10% of the sample size
- Clusters are of approximately the same size with no outliers



# Cluster Analysis – 6 is better than 5

We utilized a hierarchical cluster using the Ward's cluster method to reach a decision to use six segments in this segmentation analysis (See Exhibit 2)

## 6 Cluster Analysis

Ward Method		* Ward Method						Crosstabulation	
Count		Ward Method							
		1	2	3	4	5	6	Total	
Ward Method	1	223	0	0	0	0	0	223	
	2	0	82	0	0	0	0	82	
	3	0	0	268	0	0	0	268	
	4	144	0	0	0	0	0	144	
	5	0	306	0	0	0	0	306	
	6	0	0	0	164	0	0	164	
	7	0	0	0	0	185	0	185	
	8	0	0	0	0	0	108	108	
	9	0	0	0	105	0	0	105	
	10	0	0	0	0	0	136	136	
Total		367	308	268	269	185	244	1721	
		21.3%	22.5%	15.6%	15.6%	10.7%	14.2%		

- No cluster is less than 10% of the sample size
- Clusters are of approximately the same size with no outliers

## 5 Cluster Analysis

Ward Method		* Ward Method				Crosstabulation	
Count		Ward Method					Total
		1	2	3	4	5	
Ward Method	1	223	0	0	0	0	223
	2	0	82	0	0	0	82
	3	0	0	268	0	0	268
	4	144	0	0	0	0	144
	5	0	306	0	0	0	306
	6	0	0	0	164	0	164
	7	0	185	0	0	0	185
	8	0	0	0	0	108	108
	9	0	0	0	105	0	105
	10	0	0	0	0	136	136
Total		367	573	268	269	244	1721
		21%	33%	16%	16%	14%	

- Cluster 2 is greater than double the size of Cluster 5
- A cluster that is too large creates the risk of attributing the same behavioral and demographic characteristics across different groups

# Segment Profiles

*Through detailed cross tabulation and mean scores analyses, we identified demographic and behavioral characteristics unique to each segment, allowing us to create the following profiles (See Exhibits 3, 4, 5, 7,9,10, 11, 12)*

## Mature Mildred



Mildred is a 65 year old female, married professional living in New Jersey who works more than 35 hours a week with a household income of \$62,920

**She has normal skin with acne that is not very sensitive, and she likes to ensure that she feels healthy and confident by taking good care of her skin.**

She uses skin care products daily but does not regularly choose one brand. When she purchases skin care products, she usually visits mass merchandise stores and buys Lubriderm or Aveeno because she has used those brands before.

## Best Bet Barbara



Barbara is a 45 year old married female, living in New Jersey who is likely unemployed or retired with a household income of \$54,860

**She has dry, sensitive skin with allergies and acne, and needs to ensure that the best quality skin care product will work very well to correct her variety of skin issues and boost her self-esteem.**

She uses skin care products daily but does not regularly choose one brand. When she purchases skin care products, she usually visits mass merchandise stores and buys Lubriderm, Gold Bond or Aveeno because she has used those brands before or it was recommended by a friend.

## Plain Jane



Jane is a 40 year old female, married manager living in New Jersey who works more than 35 hours a week with a household income of \$56,620

**She has very dry skin with acne that is not very sensitive and likes to use well-known brand products to beautify her skin, preferring not to use correcting healing ointments.**

She uses skin care products daily but does not regularly choose one brand. When she purchases skin care products, she usually visits mass merchandise stores or drug stores and buys Lubriderm or Gold Bond because she saw those brands at the store by chance.

## Greasy Grace



Grace is a 50 year old female, married professional living in New Jersey who works more than 35 hours a week with a household income of \$56,210

**She has mixed, part-dry party-greasy skin with acne and needs a product with demonstrated efficacy that will beautify her skin but does not need to be a recognizable brand.**

She uses skin care products daily but does not regularly choose one brand. When she purchases skin care products, she usually visits mass merchandise stores and buys Lubriderm, Gold Bond or Aveeno because she has used those brands before or it was recommended by a friend.

## Sensitive Sally



Sally is a 45 year old female, married professional living in New Jersey who works more than 35 hours a week with a household income of \$62,540

**She has highly sensitive, dry skin with allergies and acne and is willing to pay top dollar for any brand's product that will correct her skin issues.**

She uses skin care products daily but does not regularly choose one brand. When she purchases skin care products, she usually shops online, visits mass merchandise stores and buys Lubriderm or Aveeno because a friend recommended those products to her.

## Cheapskate Chandra



Chandra is a 44 year old female, married professional living in New Jersey who works more than 35 hours a week with a household income of \$59,560

**She has dry skin with allergies and acne, and relies on trusted, low cost brands to solve her skin issues.**

She uses skin care products daily but does not regularly choose one brand. When she purchases skin care products, she usually shops online or visits drug stores and buys Lubriderm or Aveeno because of a friend's recommendation or because she has used those brands before.

# Targeting – Criteria Chart

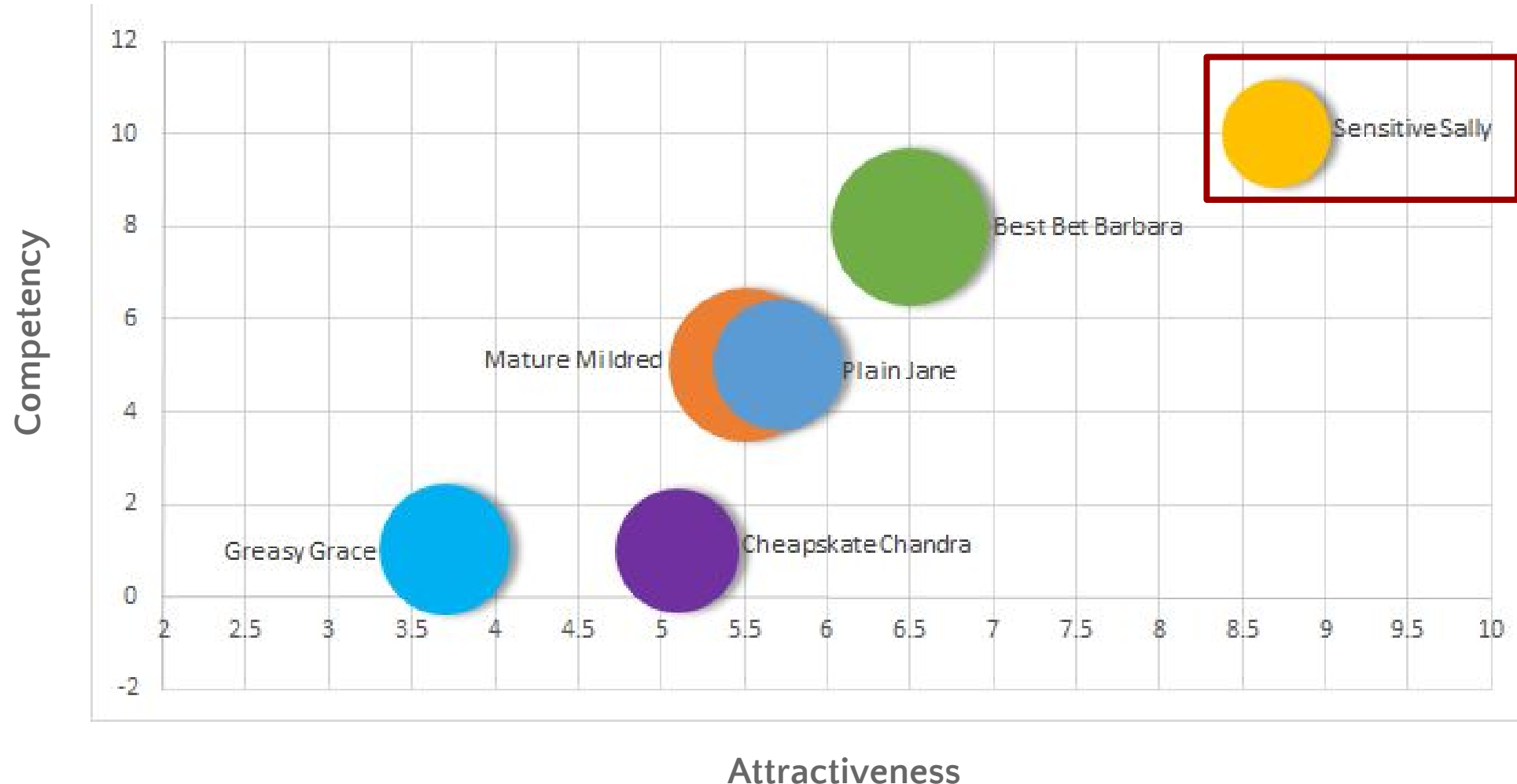
We allocated weights to key criteria to create a total weighted average value for each segment. Seg 5 Sensitive Sally had the highest weighted average and as a result is the best segment to target (See Exhibits 3, 4, 5, 7, 9, 10 ,12)

		ATTRACT								OWN					
		Mature Mildred		Best Bet Barbara		Plain Jane		Greasy Grace		Sensitive Sally		Cheapskate Chandra			
		Data	Value	Data	Value	Data	Value	Data	Value	Data	Value	Data	Value		
Size of Audience	20%	21.30%	8	22.50%	9	15.60%	6	15.60%	6	10.70%	4	14.20%	5		
Income Level	20%	60.92	8	54.86	2	56.62	4	56.21	4	62.54	10	59.56	6		
Skin Sensitivity	20%	18.10%	1	41.20%	9	30.60%	6	25.70%	5	42.70%	10	32.40%	6		
Age (40+)	10%	72.50%	10	67.40%	8	64.20%	5	62.50%	4	68.60%	9	65.60%	5		
Value-Concerned	10%	Low	1	Low	1	High	10	Low	1	High	10	High	10		
How well does Aquaphor address their needs?	20%		5		8		5		1		10		1		
Total Weighted Average			5.5		6.5		5.7		3.7		8.7		5.1		

- **OWN SEGMENT 5 – SENSITIVE SALLY** Though Segment 5 has the lowest **Size of Audience (4)**, it scores highest in all criteria **Income Level (10)**, **Skin Sensitivity (10)**, **Value-Concerned (High 10)**, and **Needs Addressed (10)**. High values for **Skin Sensitivity** and **Needs Addressed** contribute to Segment 5's highest **Total Weighted Average (8.7/10)**, making Sensitive Sally the ideal segment to target.
- **ATTRACT SEGMENT 2 – BEST BET BARBARA** Segment 2 has the second highest **Total Weighted Average (6.5/10)**, and has high **Skin Sensitivity (9)** and **Needs Addressed (8)** scores. Best Bet Barbara would be an ideal segment to attract after owning Segment 5.

# Targeting – Segment Portfolio

*Through detailed cross tabulation and mean scores analyses, we identified demographic and behavioral characteristics unique to each segment, allowing us to create the following profiles (See Exhibits 3, 4, 5, 7, 9, 10, 11, 12)*



**Sensitive Sally** scores highest on competency and attractiveness, which makes it an ideal segment to target.

After we **OWN Sensitive Sally**, we will seek to **ATTRACT Best Bet Barbara**, as that segment is the next most attractive and is also one of the largest segments.

# Target Audience – Select “Sensitive Sally”

*Through our criteria chart and segment portfolio analyses, we concluded that Sensitive Sally (Segment 5) is the most ideal to target. We then identified their awareness and consideration scores to identify how best to position Aquaphor’s products with this segment. (See Exhibits 4, 7, 9, 12)*

## Potential

Sensitive Sally’s significant skin problems align with Aquaphor’s core competency as a highly effective healing ointment. Her high income also makes her an attractive target segment for Aquaphor, despite the segment’s small size.

## Considerations

Sensitive Sally’s low awareness (28%) and low consideration for Aquaphor (16%) means that she is not currently an Aquaphor customer, but her propensity for brand loyalty indicates she is a potential repeat customer once she uses the product to heal her skin issues.

# Limitations In This Analysis

**We would like to highlight the following limitations we faced while conducting this segmentation analysis:**

- **Limited behavioral information** prevented us from creating segment profiles that included descriptions beyond purchase locations and usage levels
- **Limited demographic depth** contributed to segments that were very similar in age and gender (all female; overwhelming majority white; mean age 40-55)
- **Excluding key segments**– like male athletes – prevents us from identifying the different uses of Aquaphor and could result in misdirected messaging or gaps in our targeting conclusions

# 3

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## Creating a Marketing Strategy

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*Business and Brand Goals*

*Financials*

*Competitive Analysis - Competitors and Opportunity*

*Positioning Statement*

*Channel Placement Strategy*

*Promotion Strategy and Execution*

*Pricing Strategy*

*Product Strategy*

# Aquaphor Business and Brand Goals

Business Objective	Business Goal (Year 1)	Marketing Objective	Marketing Goals (Year 1)
Increase revenue by becoming the preferred choice of our target segment by 2025.	Grow revenue by 24%	Increase brand awareness by 10% in our target segment, emphasizing the brand's trustworthiness and the gentle, effective ointment formula that is safe for daily use	Increase consideration of purchase rate by 10% in our target segment



# Financials Align with Business Objective

*Through our criteria chart and segment portfolio analyses, we concluded that Sensitive Sally (Segment 5) is the most ideal to target. (See citation in slide notes)*

Our analysis shows that a 10% increase in awareness and consideration of purchase can **more than double the sales from this target segment** due to its high usage of skin corrective products.

	General Population	Segment- Base	Segment- Marketed
Population- women 30-60	63,996,362	6,847,611	6,847,611
Awareness	0.29	0.28	0.38
Awareness population	18,558,945	1,917,331	2,602,092
Consider purchasing	0.25	0.16	0.26
Consider population	4,639,736	306,773	676,544
Useage Annual (in oz)	12	36	36
Unit sales (in oz)	55,676,835	11,043,827	24,355,582
Price per (oz)	\$1.00	\$1.00	\$1.00
Total sales	\$55,676,834.94	\$11,043,826.59	\$24,355,581.86



10% awareness increase



10% consideration increase



120% sales increase

# Current Landscape – Competitors

*CeraVe, among other competitors, represents a significant threat to Aquaphor's business. The competitive landscape helps build Aquaphor's business objective to raise awareness in its target segment.*



**3% market share | 28% growth February 23rd, 2013 – February 23rd, 2014**

		52 weeks ending 2.24.13 \$million	Share of segment %	52 weeks ending 2.24.14 \$million	Share of segment %	Sales change 2013-14 %	Share change 2013-14 % point
<b>Total</b>		<b>1,737.40</b>	<b>100</b>	<b>1,822.70</b>	<b>100</b>	<b>4.9 -</b>	
Johnson & Johnson	Aveeno	148.1	8.5	160.3	8.8	8.2	0.3
	Lubriderm	86.5	5	86.3	4.7	-0.2	-0.2
	Nivea	118.9	6.8	118.6	6.5	-0.3	-0.3
Beiersdorf Inc.	Eucerin	110.3	6.3	113.6	6.2	3.1	-0.1
	Others	10.6	0.6	9.5	0.5	-10.8	-0.1
Sanofi Aventis LLC	Gold Bond	93.4	5.4	115.6	6.3	23.8	1
Galdema Laboratories	Cetaphil	74.4	4.3	79	4.3	6.2	0.1
Valeant Pharmaceuticals International	CeraVe	43.2	2.5	55.1	3	27.6	0.5

Source: Mintel

CeraVe has seen a **.5% increase** in share growth YoY. Beiersdorf "Other"\* brands have seen a **-.1% decrease** during the same time.

\*Assumes "Other" contains Aquaphor among other ancillary Beiersdorf brands.

Source: Mintel, "Body, Hand and Footcare – US – June 2014 Brand Share – Hand and Body Care"

# Competitive Analysis – Aquaphor Opportunity

*Through industry research, we identified Aquaphor's competitive positioning on a 2x2 matrix measuring price point and value delivered to the customer. This competitive landscape helps build Aquaphor's business objective to raise awareness in its target segment.*



Industry research points to Aquaphor's competitive positioning as a skincare solution priced at approximately **\$1 per 1 oz** with highly scientific ingredients formulated to soothe sensitive, dry skin.

Aquaphor's positioning in relation to CeraVe positioning is that it is **less expensive** and **relatively less clinical**.

# Positioning Statement

**For: Sensitive Sally,** working women on-the-go with dry and itchy problematic skin

**Who need:** reliable and effective skin care solutions

**Aquaphor is the only brand of:** healing ointment cream















**That beats the competition because:** it provides the most gentle, concentrated healing power of any competitor, and is intended for daily use unlike more clinical brands.

**The reason why is:** Aquaphor offers a unique, scientific healing formula that has been trusted to soothe skin conditions for over 90 years. It provides gentle and effective care to heal a variety of skin woes – from simple dryness to severe sensitivity – and safe for daily use.

**The positioning connects with the core brand vision by:** being the most trusted and effective healing ointment brand on the market that is gentle enough for daily use – “gentle” being the core concept of Aquaphor’s overall brand vision.

# Channel Placement Strategy

*Based on Sensitive Sally's purchasing behavior, the ideal placement strategy will incorporate mass merchandise stores, drug stores, grocery stores, and online retailers.*

Location	Examples
Mass Merchandise Stores	   
Drug Stores and Pharmacies	   
Online Retailers – primarily Amazon	 
Grocery Stores	   

# Promotion Strategy and Execution

*Based on Sensitive Sally's purchasing behavior, the promotion strategy will include dermatologist recommendations, word-of-mouth marketing, shelf optimization, and online promotions.*

Channel	Execution
Dermatologist recommendation	<ul style="list-style-type: none"><li>- Increase distribution of samples and communication to dermatologists about the benefits of Aquaphor to increase trial among end users.</li></ul>
Family or friend recommendation	<ul style="list-style-type: none"><li>- Create an online referral program where current users can share a unique coupon code via social media that can be applied to a new user's order through online outlets.</li></ul>
Shelf placement	<ul style="list-style-type: none"><li>- Create shelf-level signage that reinforces the trusted brand, gentle formula and many uses of Aquaphor.</li><li>- Utilize drug store loyalty programs to issue targeted coupons for skin condition purchase patterns.</li></ul>
Online promotion	<ul style="list-style-type: none"><li>- Use Google AdWords to target users who search for skin related issues like eczema and psoriasis.</li><li>- Create targeted campaigns for Facebook, Twitter and Instagram</li></ul>
Word of mouth	<ul style="list-style-type: none"><li>- Target relevant skin health blogs and lifestyle influencers to recommend Aquaphor</li><li>- Create a thought leadership platform of white papers and conferences presences to build credibility</li></ul>

# Pricing Strategy

*Based on Sensitive Sally's purchasing behavior, the ideal placement strategy will incorporate mass merchandise stores, drug stores, grocery stores, and online retailers.*

**Recommendation:** Maintain the current unit price point to align with Aquaphor's positioning as premium skin care product

## Reasoning:

- **Sensitive Sally** is the **highest earning segment** with an average household income of \$62,540. This segment's income bracket of \$100,000+ is also the second largest of all the segments (24.6%).
- Industry research demonstrates a willingness to pay for effective skincare products: 42% of body care users would be interested and **willing to pay more** for a product that calms and soothes dry, itchy skin<sup>1</sup>

<sup>1</sup> Source: Mintel, "Body Care - US - June 2013 Body Care Usage". See appendix, exhibit 15.



# Product Strategy

*Based on Sensitive Sally's skincare needs and purchasing behavior, we recommend that Aquaphor does not change its product strategy.*

**Recommendation:** Maintain current product formula and packaging

## Reasoning:

- **The current Aquaphor product formulation meets Sensitive Sally's needs** for a gentle and effective skincare solution, and therefore shouldn't be changed
- **The current Aquaphor packaging is a recognizable part of Aquaphor's trusted brand image** and it clearly describes the curative efficacy of Aquaphor's gentle formula.
- Maintaining the product formula and packaging also mitigates the risk of any backlash or confusion from Aquaphor's current loyal customers who are not in the new Sensitive Sally target segment.



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Final Recommendations

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# Final Recommendations

*Through our detailed segmentation and targeting analysis, we recommend that Aquaphor target Segment 5, “Sensitive Sally”*

Our recommendation is for Aquaphor to target Segment 5 **“Sensitive Sally”** because:

- **Aquaphor meets her skincare needs:** Sensitive Sally has highly sensitive, problematic skin<sup>1</sup>
- **Aquaphor is within her budget:** Sensitive Sally has a high willingness to pay for a product that will correct her skin issue<sup>1</sup>
- **This segment guarantees an increase in revenue:** Increasing awareness and purchase consideration in this target segment directly increases Aquaphor’s sales more than 100%

Our related recommended marketing strategy is designed to execute on the decision to target Sensitive Sally, and **serves to defend Aquaphor’s competitive position against CerAve in the healing ointment market category.**

<sup>1</sup>Note: Sensitive Sally received the following criteria scores (see Criteria Chart on Slide 11)  
Income Level (10/10), Skin Sensitivity (10/10), Value-Concerned (10/10), Needs Addressed (10/10): Total Weighted Average (8.7/10)

5

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Appendix

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# Exhibit 1: Factor Analysis

	Component						
	1	2	3	4	5	6	7
Q8.15 The need to take very good care of my skin problems	.782	.240	.151	.030	.070	.119	-.028
Q8.16 The need to me feel cared for in my own skin	.754	.215	.039	.137	.106	.096	.031
Q8.11 The need to care for my mental and physical health through my skin	.732	.215	.209	.168	.012	.069	-.024
Q8.19 The need to keep my skin in good shape	.716	.186	.281	.011	.040	.017	-.023
Q8.12 The need to feel confident in my own skin	.714	.209	.138	.240	-.094	.083	-.003
Q8.25 The need for a brand that has long history of skin care excellence	.196	.745	.156	.067	.122	.065	-.088
Q8.22 The need for a trustworthy brand	.212	.726	.152	.116	-.202	.017	.027
Q8.26 The need for a brand that is a recognized authority in skin care	.269	.704	.143	-.029	.199	.121	-.096
Q8.23 The need for a brand that offers a full range of skin care products	.242	.638	.129	.048	.119	.114	.032
Q8.21 The need for a high quality brand with very effective products	.263	.606	.344	.047	-.223	.016	-.078
Q8.3 The need for products based on the latest scientific findings	.211	.204	.728	-.063	.290	.075	-.008
Q8.10 The need for skin care products based on rigorous medical science	.167	.177	.716	-.043	.278	.101	.010
Q8.9 The need for skin care products with natural ingredients	.070	.060	.633	.278	-.152	.159	.079
Q8.4 The need to have proof that a skin care products really works before I buy it	.226	.163	.599	.048	.151	.282	.007
Q8.2 The need for skin care with ingredients that solve my problems	.248	.337	.597	.127	-.172	.131	-.097
Q8.17 The need to feel my inner self through problem-free skin	-.044	.082	-.016	.801	.036	-.054	.126
Q8.14 The need to have healthy skin that comes from the inside out, not the outside in	.244	.041	.197	.677	-.026	.023	.013
Q8.18 The need to feel so happy about my skin, I don't have to cover it up	.282	.067	.014	.611	-.033	.149	.059
Q8.13 The need for healthy beautiful skin	.049	-.015	.004	-.018	.776	.038	.007
Q8.7 The need to beautify my skin and remove problems	.037	.032	.211	.005	.738	.063	.045
Q8.8 The need to take care of dry skin	.091	-.034	.175	.010	.189	.738	.156
Q8.6 The need to care for skin blemishes	.158	.163	.266	.037	.006	.735	-.117
Q8.24 The need to protect sensitive skin	.057	.488	.079	.115	-.122	.556	-.007
Q8.5 The need for inexpensive skin care products that work well	-.131	-.111	-.071	.036	.260	.041	.743
Q8.1 The need for private label brands with the same quality as top brands	.029	-.160	.088	.104	-.054	.022	.735
Q8.20 The need for products that offer good value for the money	.095	.437	-.033	.094	-.174	-.033	.617

Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization.  
a. Rotation converged in 6 iterations.

# Exhibit 2: Cluster Analysis

Ward Method		* Ward Method						Crosstabulation	
Count		Ward Method							
		1	2	3	4	5	6	Total	
Ward Method	1	223	0	0	0	0	0	223	
	2	0	82	0	0	0	0	82	
	3	0	0	268	0	0	0	268	
	4	144	0	0	0	0	0	144	
	5	0	306	0	0	0	0	306	
	6	0	0	0	164	0	0	164	
	7	0	0	0	0	185	0	185	
	8	0	0	0	0	0	108	108	
	9	0	0	0	105	0	0	105	
	10	0	0	0	0	0	136	136	
Total		367	388	268	269	185	244	1721	
		21.3%	22.5%	15.6%	15.6%	10.7%	14.2%		

# Exhibit 3: Needs Based Segmentation

6 Segment Solution	1	2	3	4	5	6
Need for Exceptional Skin Care	0.425	-0.174	0.004	-0.070	0.035	-0.317
Need for a Trustworthy Brand	-0.293	0.288	0.359	-0.452	-0.623	0.559
Need for Demonstrated Efficacy	0.175	0.442	-0.929	0.313	-0.444	0.044
Need for Increased Self-Esteem	0.080	0.534	-0.072	0.086	0.237	-1.164
Need for Beauty	-0.364	-0.528	0.455	1.309	-0.458	-0.209
Need for Corrective Skin Care	-0.879	0.397	-0.114	-0.050	1.055	0.071
Need for Good Value	0.178	0.233	-0.487	-0.001	-0.675	0.409



# Exhibit 4: Skin info

[illegible][illegible]

# Exhibit 5:

## Skin Conditions by Segment

6 Segment Solution	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Segment 6	Total
Q11.1 Rosacea/Couperose	8%	9%	8%	5%	13%	11%	9%
Q11.2 Allergies (dust mite, animal hair, pollen etc.)	22%	38%	27%	23%	42%	30%	30%
Q11.3 Contact allergies (nickel, fragrances etc.)	14%	28%	12%	9%	30%	16%	18%
Q11.4 Atopic dermatitis	3%	5%	1%	2%	5%	2%	3%
Q11.5 Psoriasis	2%	6%	6%	5%	8%	4%	5%
Q11.6 Acne	36%	46%	38%	35%	48%	46%	41%
Q11.7 Eczema	7%	15%	12%	12%	21%	15%	13%
Q11.8 Sun allergy/Summer acne	8%	15%	7%	10%	15%	11%	11%
Q11.9 Keratosis Pilaris	2%	2%	2%	1%	3%	1%	2%
Q11.10 Lentigo senilis/Age spots	5%	12%	7%	3%	11%	7%	7%
Q11.11 Cosmetic intolerance	6%	19%	8%	6%	26%	11%	12%
Q11.12 Contact dermatitis	4%	14%	3%	7%	12%	12%	9%
Q11.13 Excessively dry skin	23%	38%	24%	19%	42%	34%	30%
Q11.14 Excessively greasy skin	9%	16%	10%	7%	16%	9%	11%
Q11.15 Very sensitive skin	11%	29%	16%	13%	30%	20%	19%
Q11.16 Other	4%	2%	2%	0%	5%	3%	3%
Q11.17 None of the above/Have no skin problems	32%	15%	26%	29%	6%	18%	22%
Q11.18 Don't know	2%	2%	4%	6%	2%	2%	3%



# Basis for Use

[illegible]

# Exhibit 7: Usage

[illegible]

# Exhibit 8: Awareness

6 Segment Solution	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Segment 6	Total
Q2.1 Aware of Aquaphor	.32	.32	.24	.28	.28	.28	.29
Q2.2 Aware of Aveeno	.85	.84	.74	.67	.83	.84	.80
Q2.3 Aware of CeraVe	.51	.57	.37	.40	.52	.47	.48
Q2.4 Aware of Curel	.77	.79	.70	.68	.73	.73	.72
Q2.5 Aware of Eucerin	.71	.73	.65	.57	.74	.73	.69
Q2.6 Aware of Gold Bond	.81	.78	.72	.64	.72	.74	.73
Q2.7 Aware of Lubriderm	.86	.86	.81	.70	.81	.83	.82

# Exhibit 9: Consideration and Usage

## Consideration

6 Segment Solution	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Segment 6	Total
Q3.1 Would consider purchasing Aquaphor	.22	.24	.22	.20	.16	.21	.21
Q3.2 Would consider purchasing Aveeno	.61	.63	.54	.55	.63	.62	.60
Q3.3 Would consider purchasing CeraVe	.25	.29	.19	.26	.26	.29	.26
Q3.4 Would consider purchasing Curel	.60	.66	.60	.54	.56	.64	.61
Q3.5 Would consider purchasing Eucerin	.54	.57	.49	.47	.58	.60	.54
Q3.6 Would consider purchasing Gold Bond	.61	.64	.54	.43	.53	.58	.57
Q3.7 Would consider purchasing Lubriderm	.68	.74	.63	.56	.67	.76	.68

## Usage

6 Segment Solution	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Segment 6	Total
Q4.1 Use Aquaphor on a regular basis	.03	.02	.04	.01	.02	.02	.02
Q4.2 Use Aveeno on a regular basis	.14	.16	.09	.14	.19	.18	.15
Q4.3 Use CeraVe on a regular basis	.02	.04	.02	.03	.06	.02	.03
Q4.4 Use Curel on a regular basis	.04	.09	.06	.06	.08	.04	.06
Q4.5 Use Eucerin on a regular basis	.08	.07	.08	.09	.08	.09	.08
Q4.6 Use Gold Bond on a regular basis	.08	.14	.10	.06	.08	.09	.09
Q4.7 Use Lubriderm on a regular basis	.12	.14	.11	.14	.12	.17	.13

# Exhibit 10: Demographics

Q13. How old are you? * 6 Segment Solution Crosstabulation										
			6 Segment Solution						Total	
			1	2	3	4	5	6		
Q13. How old are you?	+25.0 UNDER 25	Count	8	7	5	9	5	4	38	
		% within 6 Segment Solution	2.2%	1.8%	1.9%	3.3%	2.7%	1.6%	2.2%	
	+27.0 25-29 YEARS	Count	19	17	24	24	12	20	116	
		% within 6 Segment Solution	5.2%	4.4%	9.0%	8.9%	6.5%	8.2%	6.7%	
	+32.0 30-34 YEARS	Count	38	53	33	39	25	28	216	
		% within 6 Segment Solution	10.4%	13.7%	12.3%	14.5%	13.5%	11.5%	12.6%	
	+37.0 35-39 YEARS	Count	36	50	34	29	16	32	197	
		% within 6 Segment Solution	9.8%	12.9%	12.7%	10.8%	8.6%	13.1%	11.4%	
	+42.0 40-44 YEARS	Count	48	42	34	29	21	27	201	
		% within 6 Segment Solution	13.1%	10.8%	12.7%	10.8%	11.4%	11.1%	11.7%	
	+47.0 45-49 YEARS	Count	69	55	40	53	33	46	296	
		% within 6 Segment Solution	18.8%	14.2%	14.9%	19.7%	17.8%	18.9%	17.2%	
	+52.0 50-54 YEARS	Count	66	87	49	48	36	47	333	
		% within 6 Segment Solution	18.0%	22.4%	18.3%	17.8%	19.5%	19.3%	19.3%	
	+59.5 55-64 YEARS	Count	83	77	49	38	37	40	324	
		% within 6 Segment Solution	22.6%	19.8%	18.3%	14.1%	20.0%	16.4%	18.8%	
	Total		Count	367	388	268	269	185	244	1721
			% within 6 Segment Solution	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



# Exhibit 10: Demographics cont.

[illegible][illegible][illegible]

# Exhibit 11:

## Primary Purchase Location

Q7. From which one location have you purchased body care products most often? \* 6 Segment Solution Crosstabulation

			6 Segment Solution						Total
			1	2	3	4	5	6	
Q7. From which one location have you purchased body care products most often?	1. AT DERMATOLOGIST OFFICE	Count % within 6 Segment Solution	1 0.3%	7 1.8%	5 1.9%	0 0.0%	3 1.6%	0 0.0%	16 0.9%
	2. DEPARTMENT STORE (LIKE MACY'S, SAKS, ETC.)	Count % within 6 Segment Solution	3 0.8%	8 2.1%	3 1.1%	3 1.1%	2 1.1%	0 0.0%	19 1.1%
	3. DRUG STORE (LIKE CVS, WALGREENS, RITE AID, ETC.)	Count % within 6 Segment Solution	63 17.2%	57 14.7%	30 11.2%	44 16.4%	23 12.4%	46 18.9%	263 15.3%
	4. NATURAL FOOD STORE (LIKE WHOLE FOODS, WILD OATS, ETC.)	Count % within 6 Segment Solution	7 1.9%	5 1.3%	3 1.1%	7 2.6%	3 1.6%	0 0.0%	25 1.5%
	5. SPECIALTY STORES (LIKE BODY SHOP, BATH & BODY WORKS, SEPHORA	Count % within 6 Segment Solution	35 9.5%	41 10.6%	29 10.8%	21 7.8%	21 11.4%	21 8.6%	168 9.8%
	6. SUPERMARKET/GROCERY STORE (LIKE STOP N SHOP, KROGER, ETC.)	Count % within 6 Segment Solution	30 8.2%	32 8.2%	16 6.0%	27 10.0%	18 9.7%	26 10.7%	149 8.7%
	7. MASS MERCHANDISER/DISCOUNT STORE (LIKE K-MART, WALMART, TARG	Count % within 6 Segment Solution	157 42.8%	171 44.1%	145 54.1%	116 43.1%	80 43.2%	107 43.9%	776 45.1%
	WAREHOUSE 8. LUB STORE (LIKE COSTCO, SAM'S OR BJ'S)	Count % within 6 Segment Solution	10 2.7%	17 4.4%	16 6.0%	15 5.6%	11 5.9%	14 5.7%	83 4.8%
	9. ONLINE SHOP/INTERNET	Count % within 6 Segment Solution	24 6.5%	19 4.9%	8 3.0%	11 4.1%	9 4.9%	9 3.7%	80 4.6%
	10. OTHER	Count % within 6 Segment Solution	37 10.1%	31 8.0%	13 4.9%	25 9.3%	15 8.1%	21 8.6%	142 8.3%

# Purchase Location cont.

[illegible]

**Q6.5 Purchased at specialty stores (like Body Shop, Bath & Body Works, Sephora, Ulta, etc.) ^ 6 Segment Solution Crosstabulation**

			6 Segment Solution						
			1	2	3	4	5	6	Total
Q6.5 Purchased at specialty stores (like Body Shop, Bath & Body Works, Sephora, Ulta, etc.)	No	Count	299	313	224	237	145	209	1427
		% within 6 Segment Solution	81.5%	80.7%	83.6%	88.1%	78.4%	85.7%	82.9%
	Yes	Count	68	75	44	32	40	35	294
		% within 6 Segment Solution	18.5%	19.3%	16.4%	11.9%	21.6%	14.3%	17.1%
Total		Count	367	388	268	269	185	244	1721
		% within 6 Segment Solution	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Q6.7 Purchased at mass merchandiser/discount store (like K-Mart, Walmart, Target, etc.) ^ 6 Segment Solution Crosstabulation**

[illegible]

#### Q6.9 Purchased at online shop/internet ^ 6 Segment Solution Crosstabulation

[illegible]



# Income Levels by Segment

			6 Segment Solution						Total
			1	2	3	4	5	6	
Q21. Which category best describes you average annual household income?	+ 5.00 UNDER \$5,000	Count % within 6 Segment Solution	5 1.4%	13 3.4%	7 2.6%	9 3.3%	3 1.6%	6 2.5%	43 2.5%
	+ 6.50 \$5,000-\$7,999	Count % within 6 Segment Solution	4 1.1%	8 2.1%	5 1.9%	10 3.7%	3 1.6%	7 2.9%	37 2.1%
	+ 9.00 \$8,000-\$9,999	Count % within 6 Segment Solution	5 1.4%	10 2.6%	2 0.7%	4 1.5%	0 0.0%	2 0.8%	23 1.3%
	+ 11.00 \$10,000-\$11,999	Count % within 6 Segment Solution	5 1.4%	16 4.1%	2 0.7%	9 3.3%	2 1.1%	5 2.0%	39 2.3%
	+ 13.50 \$12,000-\$14,999	Count % within 6 Segment Solution	10 2.7%	8 2.1%	9 3.4%	5 1.9%	3 1.6%	5 2.0%	40 2.3%
	+ 17.50 \$15,000-\$19,999	Count % within 6 Segment Solution	12 3.3%	15 3.9%	12 4.5%	11 4.1%	3 1.6%	8 3.3%	61 3.5%
	+ 22.50 \$20,000-\$24,999	Count % within 6 Segment Solution	21 5.7%	31 8.0%	21 7.8%	17 6.3%	12 6.5%	13 5.3%	115 6.7%
	+ 27.50 \$25,000-\$29,999	Count % within 6 Segment Solution	12 3.3%	18 4.6%	15 5.6%	16 5.9%	5 2.7%	10 4.1%	76 4.4%
	+ 32.50 \$30,000-\$34,999	Count % within 6 Segment Solution	22 6.0%	16 4.1%	16 6.0%	9 3.3%	7 3.8%	12 4.9%	82 4.8%
	+ 37.50 \$35,000-\$39,999	Count % within 6 Segment Solution	20 5.4%	14 3.6%	18 6.7%	12 4.5%	12 6.5%	13 5.3%	89 5.2%
	+ 42.50 \$40,000-\$44,999	Count % within 6 Segment Solution	20 5.4%	18 4.6%	14 5.2%	14 5.2%	9 4.9%	11 4.5%	86 5.0%
	+ 42.50 \$40,000-\$44,999	Count % within 6 Segment Solution	20 5.4%	18 4.6%	14 5.2%	14 5.2%	9 4.9%	11 4.5%	86 5.0%
	+ 47.50 \$45,000-\$49,999	Count % within 6 Segment Solution	15 4.1%	16 4.1%	6 2.2%	12 4.5%	13 7.0%	10 4.1%	72 4.2%
	+ 55.00 \$50,000-\$59,999	Count % within 6 Segment Solution	41 11.2%	29 7.5%	25 9.3%	25 9.3%	19 10.3%	28 11.5%	167 9.7%
	+ 65.00 \$60,000-\$69,999	Count % within 6 Segment Solution	24 6.5%	41 10.6%	15 5.6%	11 4.1%	15 8.1%	17 7.0%	123 7.1%
	+ 85.00 \$70,000-\$99,999	Count % within 6 Segment Solution	59 16.1%	66 17.0%	45 16.8%	47 17.5%	39 21.1%	37 15.2%	293 17.0%
	+100.00 \$100,000 AND OVER	Count % within 6 Segment Solution	92 25.1%	69 17.8%	56 20.9%	58 21.6%	40 21.6%	60 24.6%	375 21.8%
	Total	Count % within 6 Segment Solution	367 100.0%	388 100.0%	268 100.0%	269 100.0%	185 100.0%	244 100.0%	1721 100.0%

# Exhibit 13:

# Employment

Q16. Which one best describes your current employment status? * 6 Segment Solution Crosstabulation									
			6 Segment Solution						Total
			1	2	3	4	5	6	
Q16. Which one best describes your current employment status?	1. Student	Count	10	21	7	9	6	6	59
		% within 6 Segment Solution	2.7%	5.4%	2.6%	3.3%	3.2%	2.5%	3.4%
	2. Employed Fulltime	Count	175	154	116	129	90	111	775
		% within 6 Segment Solution	47.7%	39.7%	43.3%	48.0%	48.6%	45.5%	45.0%
	3. Employed Part-time	Count	40	59	44	34	30	44	251
		% within 6 Segment Solution	10.9%	15.2%	16.4%	12.6%	16.2%	18.0%	14.6%
	4. Unemployed	Count	94	113	77	81	42	67	474
		% within 6 Segment Solution	25.6%	29.1%	28.7%	30.1%	22.7%	27.5%	27.5%
	5. Retired	Count	48	41	24	16	17	16	162
		% within 6 Segment Solution	13.1%	10.6%	9.0%	5.9%	9.2%	6.6%	9.4%
Total		Count	367	388	268	269	185	244	1721
		% within 6 Segment Solution	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Q18. What is your occupation? * 6 Segment Solution Crosstabulation			6 Segment Solution						Total
			1	2	3	4	5	6	
Q18. What is your occupation?	1. Professional	Count % within 6 Segment Solution	64 17.4%	78 20.1%	35 13.1%	49 18.2%	42 22.7%	50 20.5%	318 18.5%
	2. Proprietor, Manager, Official	Count % within 6 Segment Solution	50 13.6%	68 17.5%	39 14.6%	35 13.0%	28 15.1%	36 14.8%	256 14.9%
	3. Clerical	Count % within 6 Segment Solution	21 5.7%	11 2.8%	13 4.9%	11 4.1%	12 6.5%	15 6.1%	83 4.8%
	4. Sales	Count % within 6 Segment Solution	23 6.3%	16 4.1%	15 5.6%	16 5.9%	7 3.8%	16 6.6%	93 5.4%
	5. Craftsman/Foreman	Count % within 6 Segment Solution	51 13.9%	51 13.1%	44 16.4%	31 11.5%	16 8.6%	34 13.9%	227 13.2%
	6. Operator/Transportation	Count % within 6 Segment Solution	28 7.6%	24 6.2%	28 10.4%	22 8.2%	8 4.3%	17 7.0%	127 7.4%
	7. Military	Count % within 6 Segment Solution	5 1.4%	3 0.8%	0 0.0%	4 1.5%	4 2.2%	2 0.8%	18 1.0%
	8. Services/Retail/Healthcare	Count % within 6 Segment Solution	22 6.0%	16 4.1%	12 4.5%	18 6.7%	12 6.5%	12 4.9%	92 5.3%
	9. Farm owner, manager, worker	Count % within 6 Segment Solution	1 0.3%	2 0.5%	0 0.0%	4 1.5%	1 0.5%	3 1.2%	11 0.6%
	10. Student - Employed under 30 hours per week	Count % within 6 Segment Solution	3 0.8%	7 1.8%	3 1.1%	4 1.5%	3 1.6%	3 1.2%	23 1.3%
	11. Factory worker, assembler, etc.	Count % within 6 Segment Solution	11 3.0%	4 1.0%	12 4.5%	4 1.5%	4 2.2%	8 3.3%	43 2.5%
	12. Retired/Unemployed	Count % within 6 Segment Solution	88 24.0%	108 27.8%	67 25.0%	71 26.4%	48 25.9%	48 19.7%	430 25.0%
Total		Count % within 6 Segment Solution	367 100.0%	388 100.0%	268 100.0%	269 100.0%	185 100.0%	244 100.0%	1721 100.0%

# Exhibit 14: Segment Profiles (Notes)

- Segment 1 – Mature Mildred (old lady, just wants to keep skin healthy)
  - They still need exceptional skin care (care for mental and physical health, need to keep skin healthy)
  - Do not care about beauty or the need to feel good about skin
  - Not very sensitive skin, but a little dry. Mostly normal.
  - Don't go to dermatologist
  - Allergies, acne, dry skin
  - Average 46 years old → high income (age 55-60)
  - High usage of skincare (like others); use stuff daily

# Exhibit 14: Segment Profiles (Notes)

- Segment 2 – ATTRACT – (Best Bet Barbara – wants the best quality scientific product that will work to help her variety of skin issues and make her feel good from the inside out)
  - Factor 3 – Need for products based on scientific findings and natural ingredients; proof that it works.
  - Factor 4 – healthy skin that comes from the inside out
  - Factor 6 – corrective skin – take care of dry skin; care for skin blemish and protect sensitive skin.
  - Sensitive and dry skin with allergies and acne
  - Dermatologist/recommendation by a doctor

# Exhibit 14: Segment Profiles (Notes)

- Segment 3 (Plain Jane – wants a trusted brand but doesn't have skin issues. She would like to beautify skin with an expensive product line, but doesn't seek out healing ointments for her skin)
  - Factor 2 – need for a trusted brand, brand with multiple product lines
  - Factor 5 – need to beautify skin and remove problems
  - Doesn't need an inexpensive brand; Doesn't need demonstrated efficacy
  - Not very sensitive skin, but very dry → just want premium lotions
  - By chance, saw in store.
  - Mid-40s; low awareness and consideration of aquaphor
  - Have young kids

# Exhibit 14: Segment Profiles (Notes)

- Segment 4 (Greasy Grace – has mixed and kind of greasy skin, she needs demonstrated efficacy in a product that will make her beautiful, but doesn't have to be a recognizable brand)
  - Need demonstrated efficacy and beauty
  - Doesn't need brand recognition
  - Not very sensitive, highest grouping of mixed skin, and lowest grouping of dry skin → only have acne issues
  - Youngest segment → in their 40s but a little younger than other segments
  - Slightly less educated; make less than 70K
  - Mid-40s; low awareness and consideration of aquaphor
  - Only 11% have kids under age of 6

# Exhibit 14: Segment Profiles (Notes)

- Segment 5 – OWN (Sensitive Sally – has highly sensitive skin and will try and pay for pretty much anything in the hopes that it will work to solve her variety of skin issues)
  - 10% smallest segment
  - HIGH need for corrective skin care and to protect sensitive skin; doesn't need trustworthy brand or brand recognition; willing to pay
  - Have sensitive skin (higher compared against other segments)
  - Using products daily
  - Low awareness and low consideration of aquaphor
  - WOM and have tried other products in line
  - Very college educated – most likely to purchase online shop

# Exhibit 14: Segment Profiles (Notes)

- Segment 6 – Cheapskate Chandra – wants a cheap brand that she can trust and regularly use to solve her dry skin issues.
  - Small segment
  - High need for brand recognition and value; Don't need beauty or exceptional skin care
  - Have dry skin
  - Regularly use brand
  - Low awareness and low consideration of aquaphor
  - Mostly working women who need value
  - Very college educated – most likely to purchase online shop



# Exhibit 15: Mintel – Body Care US, June 2013

FIGURE 54: Interested in and would be willing to pay more for body care claims based on price, by presence of children in household, February 2013

“Thinking about body care products, how interested are you in the following claims and benefits? If interested, would you be prepared to pay more when compared to the cost of your normal body care products?”

	All	No children	Children under 18
Base: internet users aged 18+ who use body care	1,758	1,135	623
	%	%	%
<b>Interested and would be willing to pay more</b>			
Calms or soothes dry, itchy skin	42	39	48
Contains sun protection	33	29	40
Helps to reduce chaffing	24	21	31
Has anti-bacterial or deodorizing properties	24	19	33
Contains anti-aging ingredients	30	26	35
Products that are not tested on animals	22	23	22
Provides light coverage to minimize the appearance of :	30	26	37
Has firming, toning or slimming properties	28	25	33
Contains Fair Trade or sustainably sourced ingredients	18	16	20
Offers scents for stress relief or aromatherapy	21	17	29