Short Term Industry Project for Radico

Defining entry strategy of a Cream Based hair colour product

Reasearch Report Submitted by

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We would also like to thank Alumni Relationship Committee, IMT Ghaziabad for arranging this short term project and acting as able coordinator.

Team

Executive Summary

The project study begins with the analysis of the hair colour industry, followed by the competitor analysis.

Qualitative study at the saloons and the malls suggests that there is a gap in terms of supply and expected shelf space for Radico. Also, the retailers are promoting competitor brands.

The quantitative study finds out the variables considered important by the consumers. The top five variables are

1. Softness of hair
2. Brand Name
3. Natural content in the product
4. Time the colour remains after applying
5. Word of mouth publicity.

Six factors are also identified based on consumer responses. They are

1. Natural content
2. Convenience
3. Usage
4. Value for money
5. Promotion of products
6. Additional perceived benefits.

Cluster analysis was done based on the responses from the clients. Five segments which were identified are

1. Concerned about the content and performance of the brand,
2. Does not trust hair colour category. Can be reached through communication,
3. Price sensitive and change the product based on price,
4. Uses brands.Not too price concious. About 50% uses L'Oreal,
5. Aspires for using brands. However price concious too. May change to a cheaper brand.

The report recommends to target segment 1(primary) and segment 5(secondary) above based on variables - natural content and softness of hair. Appropriate communication strategy, mainly BTL as of now has been suggested. The supply chain concerns have been raised.

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Introduction

Hair color market

Features

- Size of the market in 1999: Rs 200 crore to Rs 1,100 crore in 2009
- The hair colour industry grew by more than five times in the last 10 years and is currently growing at 14 per cent year-on-year
- Change in Target market –
    - Traditionally aimed at the 15-45 age female segment but there was a growing population of 15-45 males
- Genesis
    - Early '90s, the popular hair colors were powder dyes (Godrej Powder Hair Dye) or oil-based liquids (Super Vasmol)
    - 1997, Ultra Doux launched its premium brand Excellence Crème, which introduced the concept of hair colour other than just the regular black and dark brown
    - In 2001, HUL's (then HLL) Sunsilk brand had launched the Pro-Colour range of hair colors.
    - Other premium hair colorants that entered the market were Wella, Schwarzkopf and Revlon
    - Godrej too moved on from powder dyes to launch liquid and cream based variants of Colour Soft, Renew and Expert
- Behavioral change in consumers towards hair colors
    - 'Traditional' Indian women were not experimenting with hair care and hairstyling, preferring mainly shikakai powder and henna
    - Steady improvement in purchasing power of women and the increasing exposure to global hair trends leading to influx of new shades
    - The new male consumer helped the category grow
    - Global hair colour trends and media exposure aided this, where they saw actresses and models flaunting shiny, rich coloured tresses

- Problem of hair colour causing damage to hair was tackled when companies began launching ammonia-free hair colors

- New trends in hair color industry
  - The target audience is the lower-end salons in smaller cities.
  - L'Oreal, which is constantly revamping its retail colour palette, is now concentrating on the high value salon business
  - L'Oreal, launched Matrix (Rs 119), the brand acquired from Bristol Myers five years ago. It is positioned as 'fun and lively' compared to its 'sophisticated' counterpart

PORTER'S FIVE FORCES MODEL

The Porter's five forces model is a framework that helps to identify the sources of competition in an industry or sector. Thus it's a way of assessing the attractiveness of different industries.It is used at the level of strategic business units and it helps in understanding the connections between competitive forces and the key drivers in the macro-environment.

The five forces are:

1. Bargaining power of suppliers
2. Bargaining power of customers
3. Threat of potential new entrants
4. Threat of substitutes
5. Present competition

For Radico, we have analysed all these forces as follows,

Bargaining power of suppliers

With the company's plans to develop its own manufacturing facilities in India, it is attempting to decrease the bargaining power of the suppliers by decreasing its dependence on them. By doing so, it is also decreasing the costs and risks of switching the suppliers.

Company's move into herbal & natural products would definitely help it to explore a better supplier market in future.

Bargaining power of customers

The bargaining power of the customers, which should have been high, due to the low switching costs involved, is actually low due to the brand loyalty. The buyers are ready to pay premiums for their brand rather than switch to other brands.

However, to establish Brand loyalty, Radico has to fight out a lot with existing strong players to match the bargaining power of customers.

Threat of potential new entrants

Since the capital investments are low, growing market, other companies which are already present in hair care market will enter hair color market, so the threat of newer entrants is higher. But this can be decreased by achieving economies of scale and huge customer loyalty.

Also, lots of foreign players are entering into a very lucrative Indian market,which has to be considered as a serious threat to existing & future product portfolio.

Threat of substitutes

There is little differentiation between different types of hair color products in the Indian market. On the other hand, the customers preferring 100% natural products will not like to go for non-natural products.

Also, Natual Mehandi which has been used traditionally for years by Indians is a very easy, cheap & trusted alternative.

Present competition

The present competitive rivals of the company are mainly, Godrej, Revlon, Wella (P&G), Schwarzkopf and L'oreal, with the L'oreal and Garnier brands. Other competitors are Bigen and Blackrose, etc. Godrej is the market leader with approximately 40% (which consists of their hair dye, powdered colour and their hair colour Godrej Coloursoft). L'oreal has a market share of 25% (it does not compare with Godrej as they want to increase their profit margins over the next few years). Revlon has a market share of about 12% and Wella has 8%.

Competitor Analysis

Market Share & Financial

	Brand	Country of Origin	Market Share	Pricing (in INR)	Revenue
Existing Strong Players	Garnier	France		Mass Product, Moderate(100-250)	Rs. 170 Cr
	Loreal	France	20% (combined)	Premium(400-500)	
	Godrej	India	40.00%	Lower to Moderate(60-150)	Rs. 230.5 Cr
	Revlon	US	12%	Moderate(225-325)	NA
	Wella	Germany	8%	Premium(400-500)	NA
New Entrants	Streax	India	Small	Moderate(75-125)	Rs. 40 Cr
	Schwarzkopf (Henkel)	Germany	Small	Moderate -premium(150-425)	Rs. 20 Cr

Product

Brand	Product Range	Herbal Hair color products
Garnier	Garnier Nutrisse priced at Rs 100-250 and Garnier Color Naturals at Rs 99, Garnier men introductory offer rs.75	Garnier Herbal Essence
Loreal	Rs. 400-500 for 160 ml ,launched Matrix(top in US) with price tag of Rs.320	Loreal Excellence herbal
Godrej	Godrej Hair dye, Godrej Expert, Renew cream hair color	Inecto Powder hair color & Heena
Revlon	ColorSilk, ColorSilk Root Perfect, Color N Care'	None
Vella	Tie up with exclusive saloon like Habibs	None
Streax	Streax for Men, Powder, cream based hair color	Streax cream based herbal hair color
Schwarzkopf (Henkel)	Pallete	None

Marketing Initiatives

Brand	Distribution	Communication	Promotion	Celebrity endorsement
Garnier	Metros & Tier 2, 3 cities, malls	TV, Print ads, Malls	Free Garnier shampoo/creams/conditioners	John Abrahm, Esha Deol
Loreal	Metros & Tier 2, 3 cities, malls	TV, Print ads, Malls	Shampoo on selected colours	Aishwarya Rai, Sonal Kapoor
Godrej	Pan India, 3000000 outlets	TV, print ads	Similar offers	Katrina Kaif
Revlon	Metros & Tier 2, malls	Print, TV, Malls	Promotion in Malls through special stores	Global celebrity
Wella	Only through high end saloona	Exclusive magazine	Through Saloon	None
Streax	Metros, malls	Malls, TV, Prints ads	Pack of hair oil, shampoo,color worth Rs. 186 (Bundling)	Malaika Arora
Schwarzkopf (Henkel)	Metros, malls	Print Ads	Special offers, more than 1500 Saloons	None

Company wise analysis

L'Oreal & Garnier

- L'Oreal Professional Products prides itself on a product they believe is technologically unmatched – 3.5% sales revenue into R&D
- Skim the top 100 cities in India and have the largest salon base in the country, of which 20 per cent is exclusive to us, contributing to 40 per cent of our revenue
- L'Oreal Professional has announced Colour trophy, a nationwide quest to find the most creative hairdressers in the country – engaging the hairdressers of the country – targeting opinion leader
- L'Oreal Professional Products began by selling through Parisienne salons – selling by opinion leaders – new distribution strategy
- Sustain their competitive advantage - the arrival of Matrix (their number one brand in the US), an affordable range of hair products to add to their existing offering
- In-salon marketing, and salon promotions remains the main focus of L'Oreal
- Matrix, intended to thrive on depth of distribution, with a training centre in every city it retails in to create a brand presence

Godrej Consumer Products Limited (GCPL)

- Expanding its product portfolio in the mid-priced hair colour segment

- Research and development investments towards developing newer technologies in mid-price hair colour segment
- Hair colour is the second biggest business for the company making up 23 per cent of its net sales
- Powder hair dyes, make up 50 per cent of the Rs 580 crore hair colour market in India and 75 percent of the volume
- Brands –
    - Cream based colorant Renew
    - Anoop
    - Kesh Kala oil
    - Kali Mehndi
    - Colour Soft.

Marketing Strategies of Some other competitors

- DUTCH hair-care major Keune - operates 10 company-owned salons in India and is hoping to open at least five more in the coming year, including one in Calcutta.
- German giant Schwarzkopf, with 50 exclusive salons, is also in expansion mode. Besides exclusive salons, the company also has purchase agreements with 1,500 beauty parlours across big cities.
- Targeted consumer profile - t the multiplex-fed middle class willing to spend a few extra bucks on getting a hair makeover or skin treatment
- CavinKare to tap the market in north Indi with a tie-up with hair major Wella of Germany
- Constant presence in high-end glamour magazines through advertising, they get celebrity endorsements and programs with international fashion gurus

Qualitative Study

Saloons

Habibs Rohini

There are more than 30 saloons working in New Delhi.

- All these saloons are using Wella Hair care products especially for color as they have a tie up with Wella.

Kashish Rohini (High end salon) located in a mall

- Use all the high end brands like L'oreal, Schwarzkopf (Henkel), Wella for hair coloring.
- According to them, customers are getting brand specific and are particular for desired benefits out of the product. A number of customers are using hair color for style statement, but at the same time they are also concerned about the after effects (damage, hair loss, Ammonia content) where hair dresser's advice plays a crucial role in selection of brands.

Malls

Big Bazaar, Rohini

	L'oreal	Godrej	Streax	Garnier	Radico	Revlon
Brands Available	400-500	60-150	75-125	100-250	70- 200	225-325
Variants	Different shelf 2-3 variants. Matrix(top in US) with price tag 120 rs	Godrej Hair dye, Godrej Expert, Renew cream hair color	2-3 variants present in common shelf	Garnier Nutrisse priced at Rs 100-250 and Garnier Color Naturals at Rs 99, Garnier men introductory offer rs.75	3 variants present in common shelf	ColorSilk, ColorSilk Root Perfect, Color N Care'
Promotional schemes	Free conditioner	Free Shampoos	oil, shampoo, color worth	shampoo/creams/conditioner	was available on Italiano	Free Shampoo

Observations:

1. L'oreal was kept in different shelf rest all were kept in common shelf.
2. All the brands were giving promotional offers except Radico.
3. Radico packaging didn't appeal good compared to competitors.
4. Less awareness for Radico due to less advertising compared to others.

5. Customers were looking for a complete pack of (hair color, hair oil and shampoo).

Spencers Ring Road Mall Rohini

Radico was not present in Spencers, other things being the same as the first case. Schwarzkopf (Henkel) is a renowned German Hair color brand which has a product range priced between Rs 175-450, mainly the high end range. Spenser staff was promoting the brand by communicating the benefits and brand popularity.

Multi Brand Store (Ritu Wears Rohini , Shoppers Stop Rajouri Garden)

Two brands were available in these stores:

- L'Oreal
- Revlon

Store assistants were educating the customers to communicate the benefits saying these products are medically tested and fully safe to use.

West End mall: Rajauri

Products: L'Oreal, Garnier, Godrej, Radico. Radico is generally present in the lower shelves

Discussion with Staff

- Brand name is the main issue, not very famous
- No big model attached, so customers do not get attracted easily
- Repeat purchase is observed, but few people try.
- No big incentives for malls to promote the product extensively

Great India Palace, Noida

Special multi-product store of L'Oreal present

Special promotional stalls on Revlon products

Quantitative Study

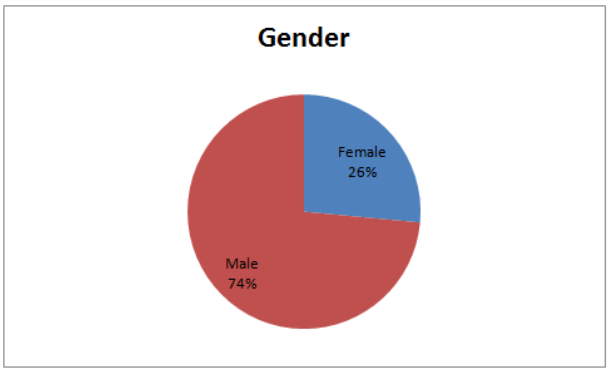
Target Group

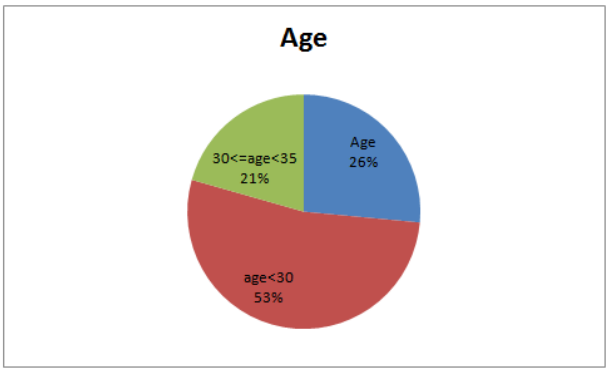
28+ male/female using hair colour due to graying hair.

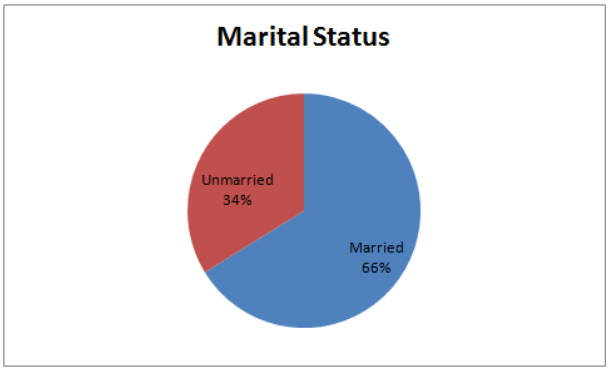
The sample

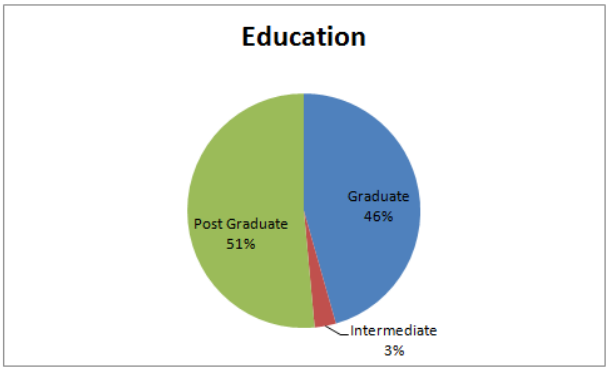
A sample size of 103 respondents was collected. The sampling was convenience sampling and the instrument used was the questionnaire. Direct, telephonic and online medium was used to collect the sample. More than 120 responses were collected but after data cleaning and data screening only 103 respondents were finalized. (Most of the rejected sample used Mehandi and did not intend to use hair colours).

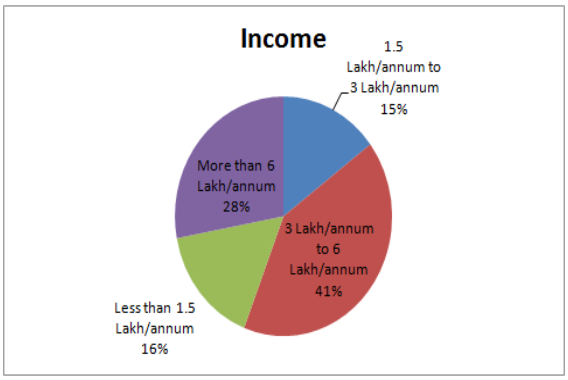
Following are the details of the respondents:











Implications of the sample

It may be seen that:

- The sample is skewed towards high segment, which may prefer premium brands. Despite an effort to get the balanced sample, there will be some skewness in the sample.
- The average age of the sample is 32 years. Most of the respondents are approx 30 years old. This may lead to a bias in the results stating the preference of a particular age group.

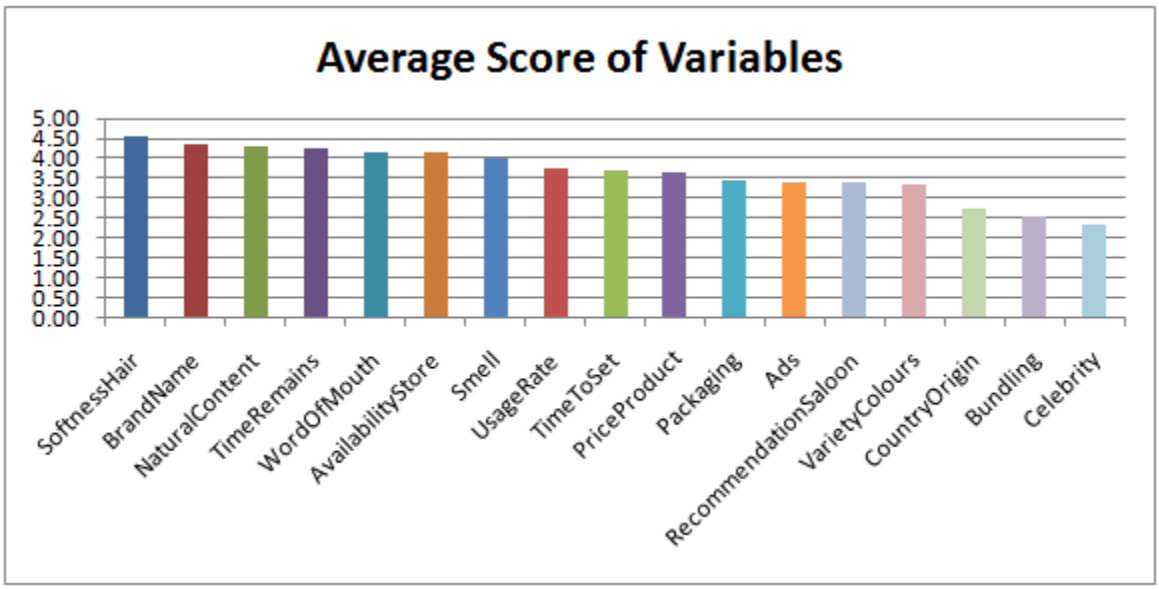
Variables in Hair Colour Category

17 variables were identified during the preparation of the research design document. These variables are related to hair colour category.

The following table shows the variables in the decreasing order of their scores and this can easily be considered as the order of the relative importance of the variables. A low standard deviation suggests that most respondents think the same way whereas a high standard deviation suggests that the respondents may have different views on the variable.

Hair colour related variables	Average	Standard deviation
SoftnessHair	4.57	0.61
BrandName	4.34	0.70
NaturalContent	4.29	0.85
TimeRemains	4.26	0.73
WordOfMouth	4.16	0.91
AvailabilityStore	4.15	0.95
Smell	4.00	0.96
UsageRate	3.72	1.01
TimeToSet	3.71	0.86
PriceProduct	3.65	1.12
Packaging	3.44	1.07
Ads	3.41	0.85
RecommendationSaloon	3.38	1.32
VarietyColours	3.37	1.30
CountryOrigin	2.72	1.30
Bundling	2.51	1.14
Celebrity	2.35	0.94

The figure below is the graphical representation of the same:

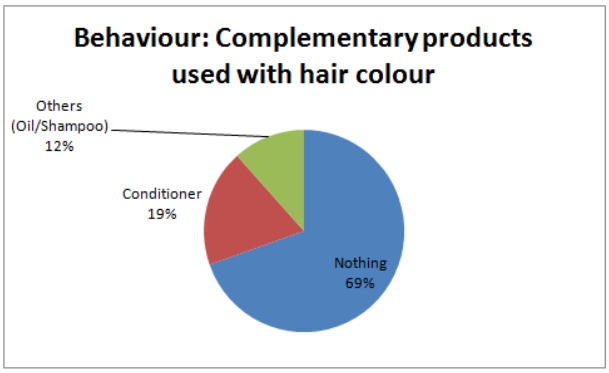


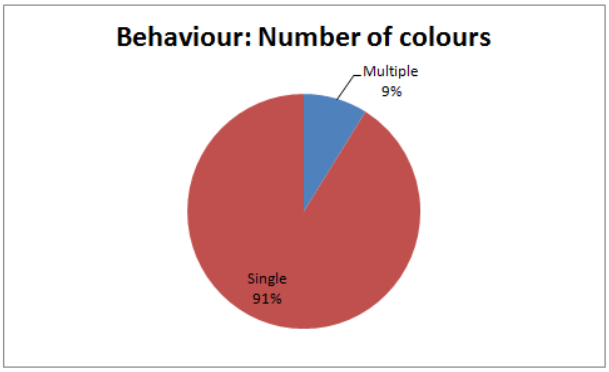
Implications:

Following are the implications of the results:

1. Softness of hair is the most important benefit considered by the respondents followed by the brand name.
2. Natural content in the hair colour product is also considered to be very important by the respondents. This is very close to the top; however, this is not the most important thing for the customers.
3. Word of mouth publicity by friends, family members and close relatives is considered more important than recommendation by the saloon expert.
4. Price and bundling have not been considered as very important amongst the variables. However, this might be due to the sample this study has taken.
5. The country of origin and the endorsers are not considered important by the respondents. This is good news for the Indian brands. Therefore an assumption that Indians are looking for foreign brands is not entirely true.
6. Most of the respondents in the survey used only single colour. Therefore, variety of colours available has not been rated as very important.
7. Interestingly, the advertisements have not been considered important by the respondents. This might be due to the brand loyalty or the habitual behaviour while purchasing.
8. It is more important for the customer how long the colour remains on hair. They are willing to spend a little extra time for colour to set in.

As suggested in point 1, respondents are looking for soft hair after using the product. This can be cross checked by the fact that many respondents use hair conditioners along with the hair colour. Also, as suggested, most of the respondents in the survey used single colour.





Factor Analysis

17 variables may be too difficult for a company to analyze and take decision. Therefore, factor analysis was done on the 17 variables to understand the consumer preferences in somewhat macro sense. Following were the results:

Rotated Component Matrix(a)

	Component					
	1	2	3	4	5	6
NaturalContent						0.808
PriceProduct					0.672	
BrandName	0.599					
Packaging			0.679			
SoftnessHair	0.518					
Bundling		0.540				
RecommendationSaloon				0.842		
WordOfMouth			0.659			
UsageRate				0.554		
Ads					0.785	
Smell			0.515			
TimeRemains				0.466		
Celebrity			0.410			
TimeToSet	0.560					
CountryOrigin		0.775				
VarietyColours		0.688				
AvailabilityStore	0.690					

Extraction Method: Principal Component Analysis.
a. Rotation converged in 57 iterations.

Therefore, the factors are:

Convenience	Additional perceived benefits	Promotion of product	Usage	Value for money	Natural content
BrandName	Bundling	Packaging	RecommendationSaloon	PriceProduct	NaturalContent
SoftnessHair	CountryOrigin	WordOfMouth	UsageRate	Ads	
TimeToSet	VarietyColours	Smell	TimeRemains		
AvailabilityStore		Celebrity			

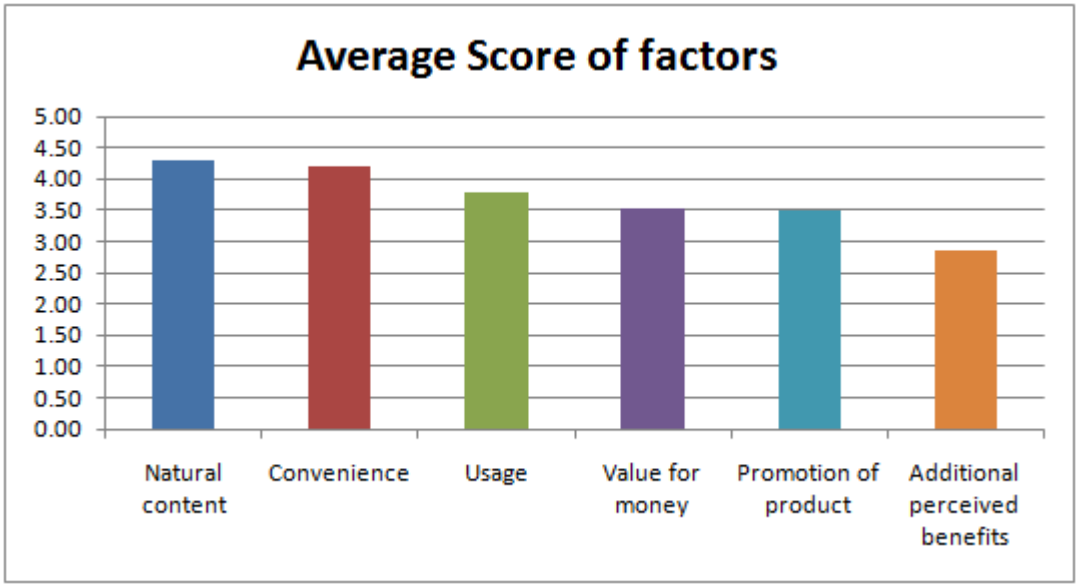
Thus, the respondents may be thought of classifying the variables in 5 factors:

- Convenience
- Additional perceived benefits
- Promotion of product
- Usage
- Value for money
- Natural Content

The following table shows the relative importance of the factors, based on the average scores:

Factor	Average Score
Natural content	4.29
Convenience	4.19
Usage	3.79
Value for money	3.53
Promotion of product	3.49
Additional perceived benefits	2.87

Graphically, it can be displayed as:



Implications

Following are the implications of the study:

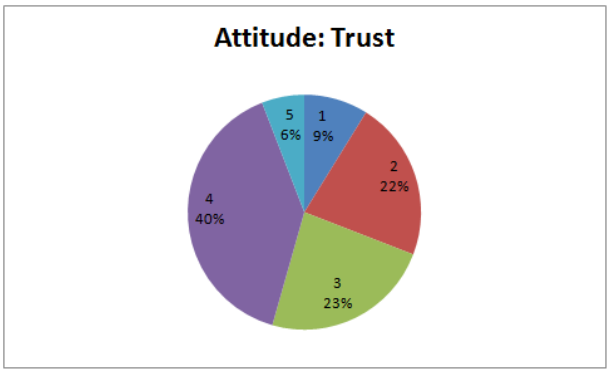
1. The natural colour is definitely a factor consumer thinks before buying a product. When looked as a variable, it was the second most important variable. However, when looked as a factor, it is the most important factor a person looks into a product.
2. Convenience consists of buying, using and after usage variables. Convenience is the second most important thing a customer looks when he/she has to purchase a brand.
    a. Brand name is a convenience because it helps in making the decision easier for the customer. A famous/trusted brand means that the customer has to think little while purchasing the brand.
    b. Time to set is the time a person has to keep hair colour before washing the hair. This along with availability at a store nearby means the convenience.

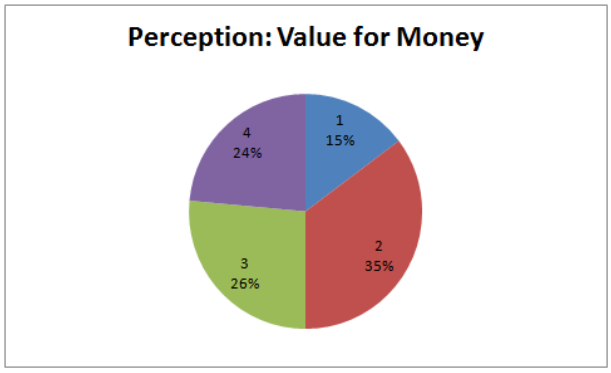
3. Factor usage means the time the colour remains on hair and the rate at which the colour has to be applied. Curiously, Recommendation by saloon comes under this factor but we believe that it should be a part of promotion factor.
    a. It is important to note that actual usage of brand comes after the convenience. Therefore, many a times a person will choose a brand which is more convenient to him/her rather than on usage benefits.
4. Value for money factor contains ads. The argument which can be put in favour of it is that looking at the ads gives the sense of value for money to the customers. It reinforces the feeling that they have taken the right decision.
    a. An implication is that customer is willing to pay a bit extra for convenience and usage performance. However, as discussed, this result might be a bit skewed based on the sample.
5. Promotion of brand has variables like packaging. Consumer perceives that packages are also a means of promotion. Variable Ads scored well on this factor too; however, it was highest for other variable.
    a. As seen earlier, word of mouth publicity is a very important communication/promotion tool.
    b. Celebrity who endorses the brand naturally comes under this. But we have seen earlier that the respondents do not perceive it to be an important variable.
6. Additional perceived benefits include using a foreign brand or the bundling. Infact, availability of multiple colours is also considered to be a part of additional benefits. For this sample, this is the least important factor.

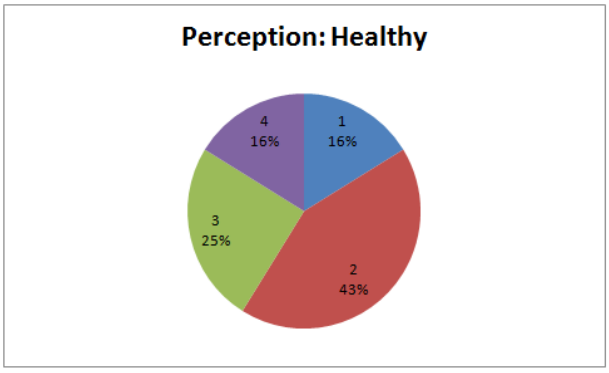
Attitude/Perception/Behaviour

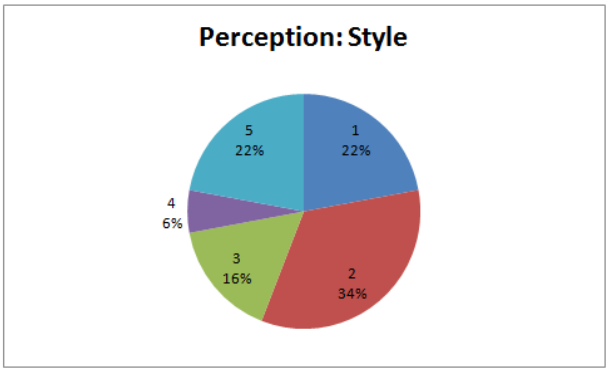
A total of 16 attitude/behaviour related variables had been identified. We have already seen usage of single colour/multiple colour and complimentary products used with the hair colours. Let us now look at the others.

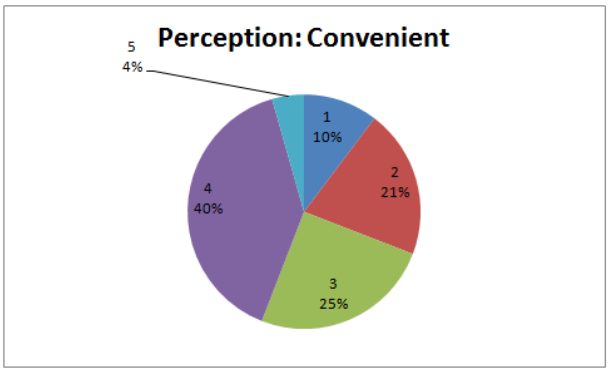
The figure below demonstrates the users responses pertaining to attitude/behaviour related variables.

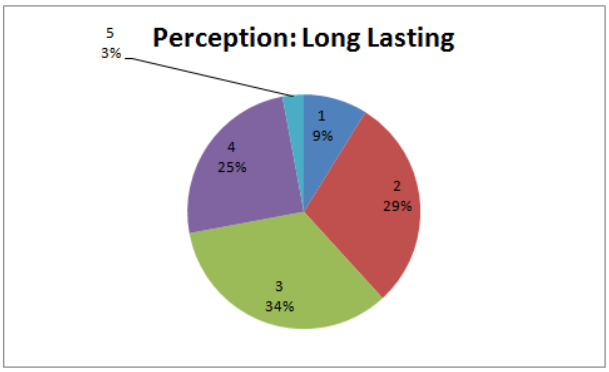

Attitude: Trust
1 9%
2 22%
3 23%
4 40%
5 6%

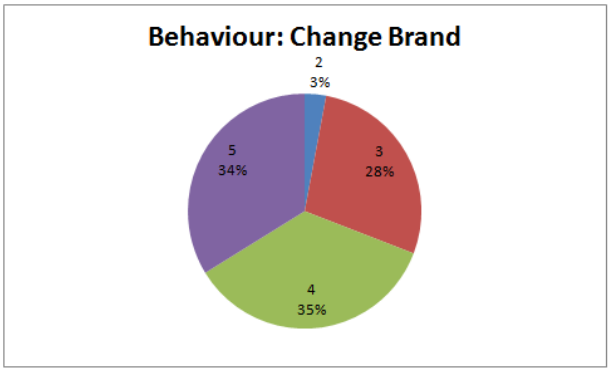

Perception: Value for Money
1 15%
2 35%
3 26%
4 24%

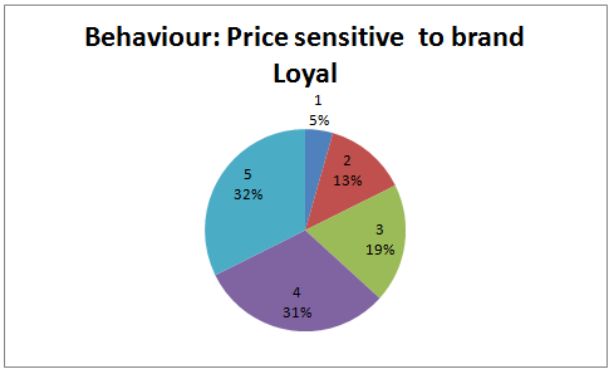

Perception: Healthy
1 16%
2 43%
3 25%
4 16%

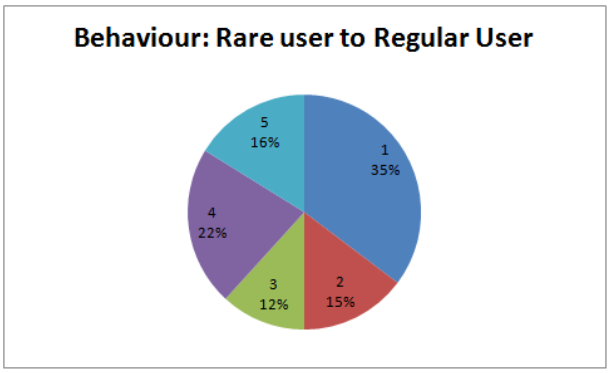

Perception: Style
1 22%
2 34%
3 16%
4 6%
5 22%

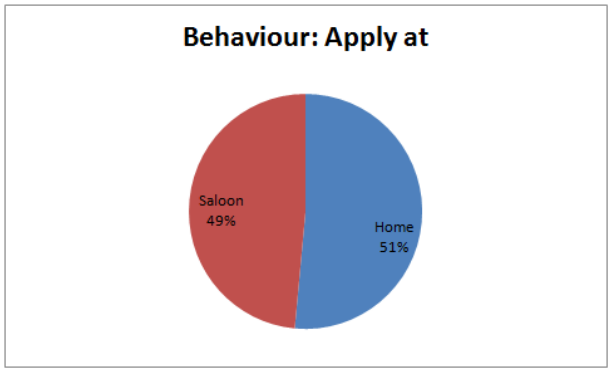

Perception: Convenient
5 4%
1 10%
2 21%
3 25%
4 40%

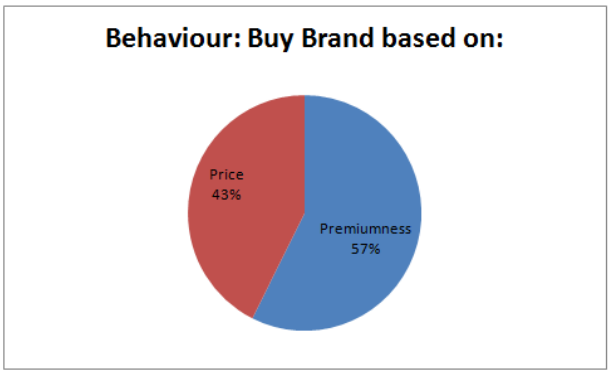

Perception: Long Lasting
5 3%
1 9%
2 29%
3 34%
4 25%

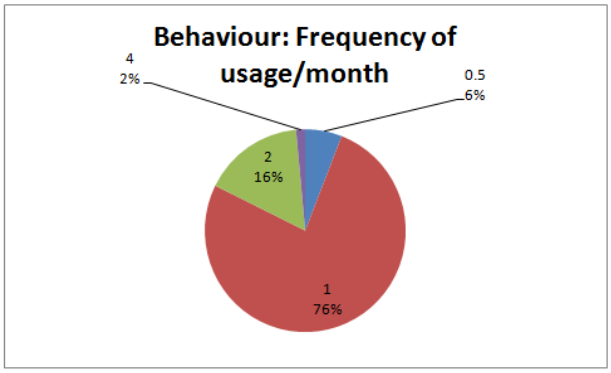

Behaviour: Change Brand
2 3%
3 28%
4 35%
5 34%

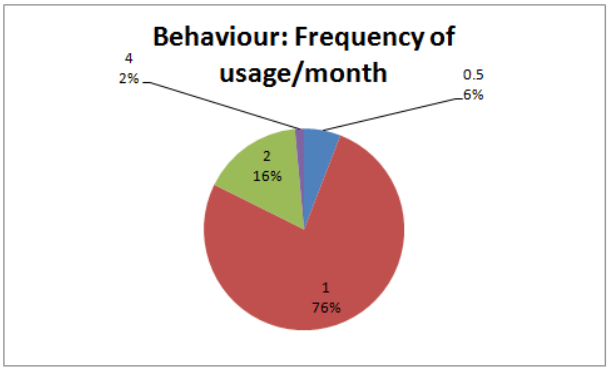

Behaviour: Price sensitive to brand Loyal
1 5%
2 13%
3 19%
4 31%
5 32%

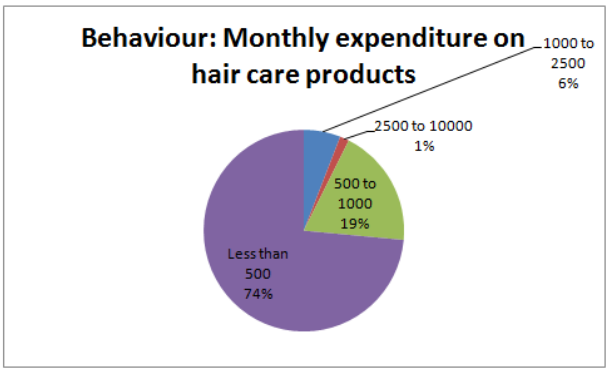












Implications:

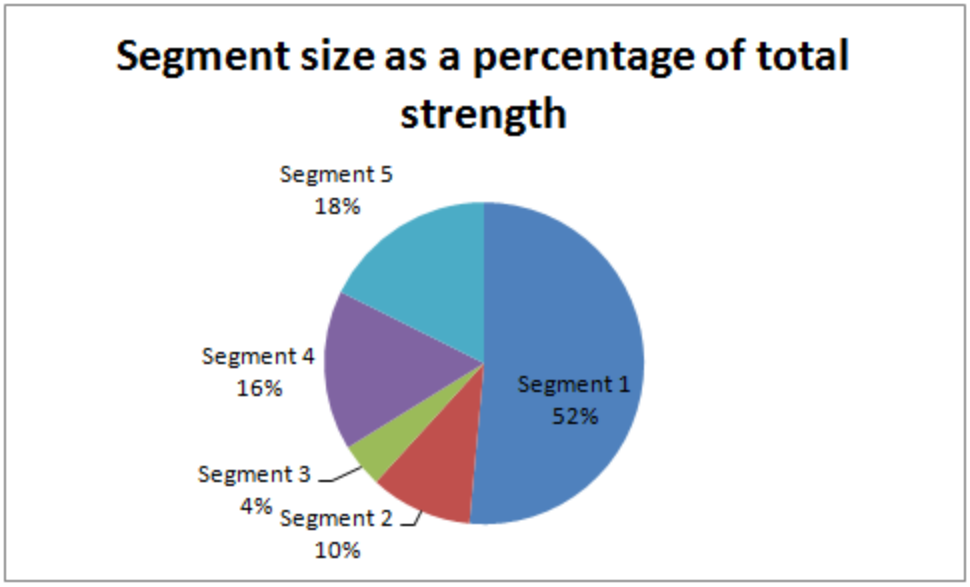
Following are the implications from the data:

1. The overall confidence in the industry is low. This is clear from the fact that only 16% think that hair colours are healthy and 24% think that the category is not worth the money. 46% of respondents though trust the category.
2. Only 28% of respondents think that using hair colour is a style statement. Therefore, a company may not appeal to masses if its communication is totally based on style.

3. Customers are usually brand loyal with only 37% of customers changing the brand. 63% of the public claim that they are brand loyal and they are not price sensitive.
4. 38% of the respondents say that they are regular user of hair colour. 51% of the respondents use colour at home. 76% of users use hair colour once a month. We can therefore see that the definition of 'regular' is different for different users. Therefore, this data may need further analysis.
5. Despite claims of not being price sensitive, 74% of the total respondents spend less than 500 rupees on hair care products. There is a huge scope of improvement in this.

Cluster analysis on attitude/perception/behaviour

Cluster analysis was done on the data and five segments were identified. Following figure shows the size of the segments:



We note that:

- Segment 1 is the largest segment with more than half the respondents fitting in that.
- Segment 3 is too small. It represents a niche and may be ignored for the analysis. Since the number of respondents falling in this category is too small, the overall significance of this segment goes down.
- Segment 2, 4 and 5 are of comparable size. However, comparing the segments is outside the scope of this project.

Let us now pay attention to each segment in detail:

Segment 1:

The descriptive statistics of segment 1 are as follows:

Descriptive Statistics - Segment 1						
	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
Age	22	27	49	32.37	5.478	30.005
NaturalContent	2	3	5	4.51	0.612	0.375
PriceProduct	4	1	5	3.69	1.051	1.104
BrandName	3	2	5	4.31	0.718	0.516
Packaging	4	1	5	3.31	1.105	1.222
SoftnessHair	2	3	5	4.57	0.698	0.487
Bundling	4	1	5	2.40	1.168	1.365
RecommendationSaloon	4	1	5	3.51	1.292	1.669
WordOfMouth	3	2	5	4.34	0.802	0.644
UsageRate	4	1	5	3.74	1.067	1.138
Ads	3	2	5	3.49	0.742	0.551
Smell	4	1	5	4.14	1.004	1.008
TimeRemains	2	3	5	4.29	0.622	0.387
Celebrity	3	1	4	2.23	0.843	0.711
TimeToSet	3	2	5	3.80	0.677	0.459
CountryOrigin	4	1	5	2.69	1.323	1.751
VarietyColours	4	1	5	3.14	1.396	1.950
AvailabilityStore	4	1	5	4.14	1.089	1.185
Trust	4	1	5	3.23	1.060	1.123
ValueForMoney	3	1	4	2.74	1.146	1.314
Healthy	3	1	4	2.34	0.968	0.938
Compulsion	4	1	5	2.49	1.463	2.139
Convenient	3	1	4	2.97	0.985	0.970
LongLasting	3	1	4	2.94	0.998	0.997
ChangeBrand	2	3	5	4.20	0.833	0.694
BrandLoyal	4	1	5	3.94	1.211	1.467
UserType	4	1	5	2.83	1.562	2.440
Frequency	1	1	2	1.20	0.406	0.165
TimeApply	5	25	30	29.71	1.178	1.387
Valid N (listwise)						

However, we will concentrate on the variables where standard deviation is low. This would show that customers exhibit similar/very close attitude/perception/behaviour/preference towards hair care industry.

Focussed Segment 1						
	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
NaturalContent	2	3	5	4.51	0.612	0.375
SoftnessHair	2	3	5	4.57	0.698	0.487
TimeRemains	2	3	5	4.29	0.622	0.387
ChangeBrand	2	3	5	4.20	0.833	0.694
Frequency	1	1	2	1.20	0.406	0.165
TimeApply	5	25	30	29.71	1.178	1.387

Implications

The implications are:

1. Segment 1
    a. Applies hair colour for 25-30 minutes 1-2 times in a month.

b. Prefers natural content in the hair colour and softness of hair.

c. Does not change brand due to price. Also, the time for which colours remain on hair is important for this segment.

2. This segment is a not a value for money segment and this segment does not admire additional benefits being given along with the product. (From factor analysis).
3. The important point to note is that this segment is concerned about the content of the brand and the performance of the brand.

Segment 2

The descriptive statistics of segment 2 are as follows:

Descriptive Statistics - Segment 2

	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
Age	5	27	32	29.86	1.773	3.143
NaturalContent	3	2	5	4.14	1.069	1.143
PriceProduct	4	1	5	3.14	1.574	2.476
BrandName	2	3	5	4.43	0.787	0.619
Packaging	2	3	5	4.14	0.690	0.476
SoftnessHair	1	4	5	4.86	0.378	0.143
Bundling	3	1	4	2.29	1.254	1.571
RecommendationSaloon	4	1	5	3.00	1.732	3.000
WordOfMouth	2	3	5	3.86	0.690	0.476
UsageRate	3	2	5	3.43	1.134	1.286
Ads	3	1	4	2.86	1.215	1.476
Smell	3	1	4	3.29	1.113	1.238
TimeRemains	3	2	5	4.00	1.155	1.333
Celebrity	1	1	2	1.57	0.535	0.286
TimeToSet	3	2	5	4.14	1.069	1.143
CountryOrigin	4	1	5	2.86	1.864	3.476
VarietyColours	4	1	5	3.43	1.512	2.286
AvailabilityStore	3	2	5	4.00	1.155	1.333
Trust	4	1	5	2.57	1.272	1.619
ValueForMoney	2	1	3	1.86	0.900	0.810
Healthy	2	1	3	1.86	0.690	0.476
Compulsion	4	1	5	2.57	1.618	2.619
Convenient	3	1	4	2.71	1.380	1.905
LongLasting	4	1	5	2.57	1.512	2.286
ChangeBrand	2	3	5	4.14	0.900	0.810
BrandLoyal	4	1	5	2.86	1.345	1.810
UserType	4	1	5	2.00	1.732	3.000
Frequency	0	1	1	1.00	0.000	0.000
TimeApply	0	60	60	60.00	0.000	0.000
Valid N (listwise)						

Let us now give it a focused look.

Focussed Segment 2

	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
Age	5	27	32	29.86	1.773	3.143
SoftnessHair	1	4	5	4.86	0.378	0.143
WordOfMouth	2	3	5	3.86	0.690	0.476
Celebrity	1	1	2	1.57	0.535	0.286
ValueForMoney	2	1	3	1.86	0.900	0.810
Healthy	2	1	3	1.86	0.690	0.476
ChangeBrand	2	3	5	4.14	0.900	0.810
TimeApply	0	60	60	60.00	0.000	0.000

Implications

The implications are:

1. Segment 2
    a. Applies hair colour for 60 minutes.
    b. The age is between 27-32 years. (Concentrated)
    c. Prefers softness of hair. However thinks that the product category is not value for money and the category is unhealthy.
    d. Word of mouth is very important for this segment
    e. Does not pay importance to celebrity endorser. However, this segment does not prefer changing the brand.
2. This segment though does not pay attention to celebrity endorser, pays attention to the promotion.
3. The important point to note is that this segment does not trust the product category; however, through proper communication it is easy to reach this customer. At the same time, this customer is not too concerned about the content of the hair colour.

Segment 3

The descriptive statistics of segment 3 are as follows:

Descriptive Statistics - Segment 3

	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
Age	17	28	45	34.33	9.292	86.333
NaturalContent	2	2	4	3.33	1.155	1.333
PriceProduct	1	4	5	4.67	0.577	0.333
BrandName	2	3	5	4.00	1.000	1.000
Packaging	1	3	4	3.33	0.577	0.333
SoftnessHair	1	4	5	4.33	0.577	0.333
Bundling	3	1	4	2.33	1.528	2.333
RecommendationSaloon	4	1	5	3.33	2.082	4.333
WordOfMouth	0	5	5	5.00	0.000	0.000
UsageRate	1	4	5	4.33	0.577	0.333
Ads	1	3	4	3.67	0.577	0.333
Smell	1	3	4	3.67	0.577	0.333
TimeRemains	1	4	5	4.67	0.577	0.333
Celebrity	2	1	3	2.33	1.155	1.333
TimeToSet	2	2	4	3.00	1.000	1.000
CountryOrigin	3	1	4	2.33	1.528	2.333
VarietyColours	1	2	3	2.67	0.577	0.333
AvailabilityStore	1	4	5	4.33	0.577	0.333
Trust	2	3	5	4.00	1.000	1.000
ValueForMoney	2	2	4	3.00	1.000	1.000
Healthy	2	2	4	3.00	1.000	1.000
Compulsion	4	1	5	2.67	2.082	4.333
Convenient	2	3	5	4.00	1.000	1.000
LongLasting	1	3	4	3.33	0.577	0.333
ChangeBrand	1	4	5	4.33	0.577	0.333
BrandLoyal	3	2	5	3.00	1.732	3.000
UserType	3	2	5	3.00	1.732	3.000
Frequency	0	1	1	1.00	0.000	0.000
TimeApply	0	90	90	90.00	0.000	0.000
Valid N (listwise)						

Let us focus on specific details now: (To reduce the number of variables, variables with moderate mean have been ignored.)

Focussed Segment 3						
	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
PriceProduct	1	4	5	4.67	0.577	0.333
SoftnessHair	1	4	5	4.33	0.577	0.333
WordOfMouth	0	5	5	5.00	0.000	0.000
UsageRate	1	4	5	4.33	0.577	0.333
TimeRemains	1	4	5	4.67	0.577	0.333
VarietyColours	1	2	3	2.67	0.577	0.333
AvailabilityStore	1	4	5	4.33	0.577	0.333
ChangeBrand	1	4	5	4.33	0.577	0.333
Frequency	0	1	1	1.00	0.000	0.000
TimeApply	0	90	90	90.00	0.000	0.000

Implications

The implications are:

1. Segment 3
    a. Applies hair colour for 90 minutes once in a month.
    b. Give lot of importance to word of mouth publicity.
    c. Prefers softness of hair. Price is important for this segment, so is the usage rate and the time for which the colour remains on hair. Availability of store nearby is considered important, however variety of colours available by the brand is not.
    d. Word of mouth is very important for this segment
    e. Does not pay importance to celebrity endorser. However, this segment does not prefer changing the brand.
2. This segment though is really price sensitive and change brands for price. This is the value for money brand and does not pay much attention to the brands.

Segment 4

The descriptive statistics of segment 4 are as follows:

Descriptive Statistics - Segment 4						
	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
Age	27	28	55	37.27	9.012	81.218
NaturalContent	3	2	5	4.00	1.000	1.000
PriceProduct	3	2	5	4.00	1.000	1.000
BrandName	2	3	5	4.55	0.688	0.473
Packaging	4	1	5	3.36	1.362	1.855
SoftnessHair	1	4	5	4.73	0.467	0.218
Bundling	3	1	4	2.91	1.044	1.091
RecommendationSaloon	4	1	5	2.91	1.136	1.291
WordOfMouth	4	1	5	3.73	1.348	1.818
UsageRate	3	2	5	3.82	0.874	0.764
Ads	2	2	4	3.45	0.688	0.473
Smell	2	3	5	4.27	0.786	0.618
TimeRemains	2	3	5	4.45	0.688	0.473
Celebrity	4	1	5	3.00	1.183	1.400
TimeToSet	3	2	5	3.73	1.009	1.018
CountryOrigin	4	1	5	2.82	1.168	1.364
VarietyColours	3	2	5	3.91	0.831	0.691
AvailabilityStore	2	3	5	4.45	0.688	0.473
Trust	3	1	4	3.00	1.183	1.400
ValueForMoney	3	1	4	2.55	0.820	0.673
Healthy	3	1	4	2.64	1.120	1.255
Compulsion	3	2	5	3.64	1.286	1.655
Convenient	4	1	5	3.00	1.414	2.000
LongLasting	3	2	5	2.91	1.044	1.091
ChangeBrand	3	2	5	3.91	0.944	0.891
BrandLoyal	2	3	5	3.73	0.786	0.618
UserType	4	1	5	3.45	1.368	1.873
Frequency	3	1	4	1.55	0.934	0.873
TimeApply	5	40	45	43.64	2.335	5.455
Valid N (listwise)						

Let us now focus on variables affecting segment:

Focussed Segment 4						
	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
BrandName	2	3	5	4.55	0.688	0.473
SoftnessHair	1	4	5	4.73	0.467	0.218
Ads	2	2	4	3.45	0.688	0.473
Smell	2	3	5	4.27	0.786	0.618
TimeRemains	2	3	5	4.45	0.688	0.473
AvailabilityStore	2	3	5	4.45	0.688	0.473
BrandLoyal	2	3	5	3.73	0.786	0.618
TimeApply	5	40	45	43.64	2.335	5.455

The implications are:

1. Segment 4
    a. Applies hair colour for 40-45 minutes.
    b. Prefers softness of hair and brand name is important for this segment. This segment is also brand loyal.
    c. Smell of the product is important, as is the time the colour remains on hair after applying.
2. This segment does not pay much attention to the ads. This may be due to brand loyalty.
3. The important point to note is that this segment is brand loyal and the brand it uses is important. Price is not a important factor for this segment

Segment 5

The descriptive statistics of segment 5 are as follows:

Descriptive Statistics - Segment 5						
	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
Age	9	29	38	30.92	2.575	6.629
NaturalContent	3	2	5	4.25	0.965	0.932
PriceProduct	3	2	5	3.25	1.055	1.114
BrandName	2	3	5	4.25	0.622	0.386
Packaging	3	2	5	3.50	0.905	0.818
SoftnessHair	1	4	5	4.33	0.492	0.242
Bundling	3	1	4	2.67	1.073	1.152
RecommendationSaloon	3	2	5	3.67	1.155	1.333
WordOfMouth	2	3	5	4.00	0.739	0.545
UsageRate	3	2	5	3.58	0.996	0.992
Ads	3	2	5	3.42	1.084	1.174
Smell	3	2	5	3.83	0.835	0.697
TimeRemains	2	3	5	4.08	0.793	0.629
Celebrity	3	1	4	2.58	0.793	0.629
TimeToSet	3	2	5	3.33	0.985	0.970
CountryOrigin	4	1	5	2.75	1.138	1.295
VarietyColours	4	1	5	3.67	1.303	1.697
AvailabilityStore	2	3	5	3.92	0.669	0.447
Trust	4	1	5	3.00	1.044	1.091
ValueForMoney	2	2	4	2.50	0.674	0.455
Healthy	2	2	4	2.58	0.793	0.629
Compulsion	4	1	5	2.67	1.231	1.515
Convenient	3	2	5	3.42	0.900	0.811
LongLasting	2	2	4	2.50	0.674	0.455
ChangeBrand	2	2	4	3.33	0.651	0.424
BrandLoyal	3	2	5	3.83	1.030	1.061
UserType	3	1	4	1.92	1.165	1.356
Frequency	1	1	2	1.08	0.289	0.083
TimeApply	10	10	20	17.08	3.965	15.720
Valid N (listwise)						

Let us have a closer look:

Focussed Segment 5						
	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
BrandName	2	3	5	4.25	0.622	0.386
SoftnessHair	1	4	5	4.33	0.492	0.242
WordOfMouth	2	3	5	4.00	0.739	0.545
TimeRemains	2	3	5	4.08	0.793	0.629
AvailabilityStore	2	3	5	3.92	0.669	0.447
ValueForMoney	2	2	4	2.50	0.674	0.455
LongLasting	2	2	4	2.50	0.674	0.455
ChangeBrand	2	2	4	3.33	0.651	0.424
Frequency	1	1	2	1.08	0.289	0.083
TimeApply	10	10	20	17.08	3.965	15.720

1. Segment 4
    a. Applies hair colour for 10-20 minutes 1-2 times a month.
    b. Prefers softness of hair and brand name is important for this segment. However this segment has more tendency to change the brand for less money
    c. Word of mouth is important, also how long the colour packet lasts and the time the colour stays on hair.

2. This segment aspires for brand but it is price sensitive. They want their colour packets to last longer and believe in word of mouth publicity.

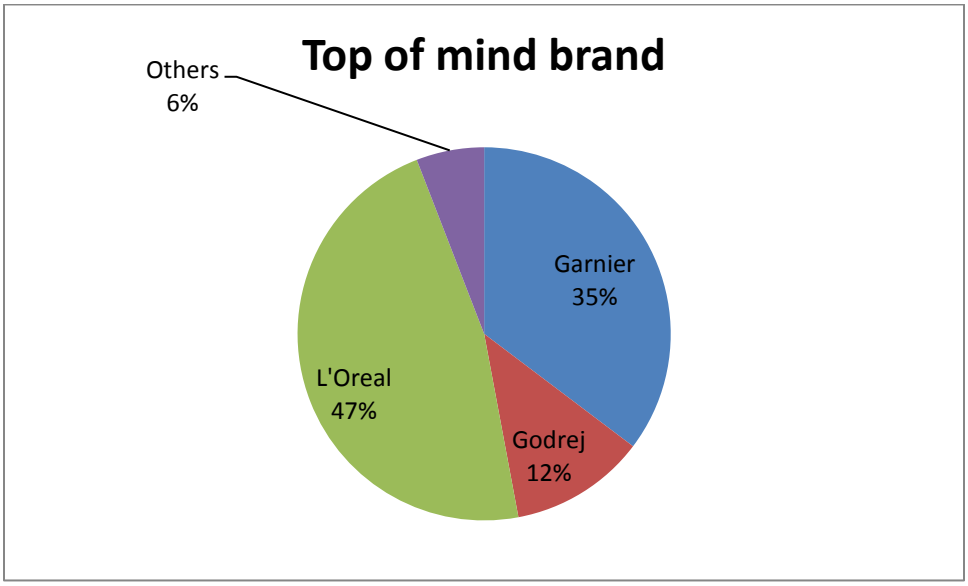
Summary of segmentation

Summary	
Segment No.	**Characteristics**
Segment 1	Concerned about the content and performance of the brand
Segment 2	Does not trust hair colour category. Can be reached through communication.
Segment 3	Price sensitive and change the product based on price.
Segment 4	Uses brands. Not too price conscious. About 50% uses L'Oreal.
Segment 5	Aspires for using brands. However price conscious too. May change to a cheaper brand.

The leftovers

Top of Mind Brand

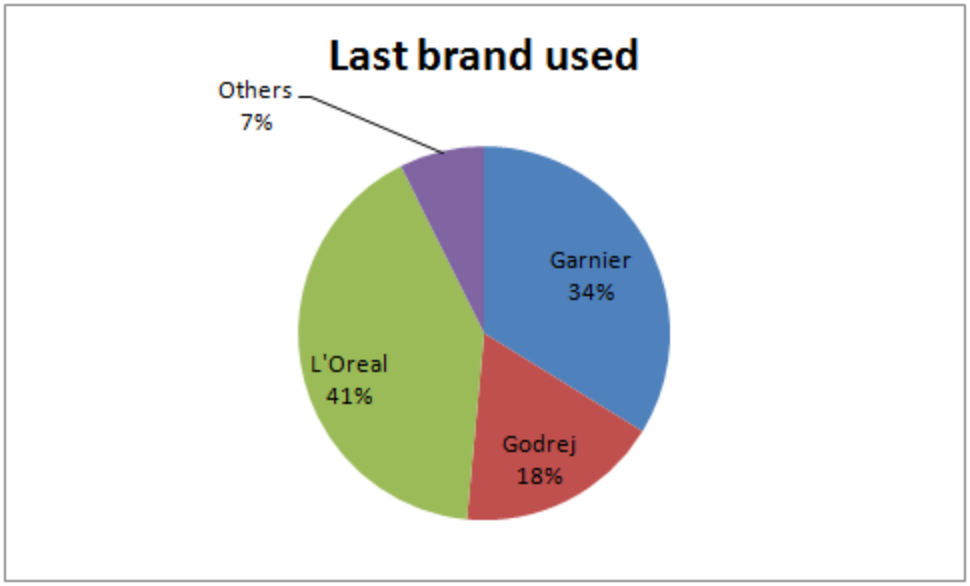
The customers responded as:



About half the respondents reported L'Oreal as their top of mind brand followed by Garnier at 35%. It seems that the product line approach by L'Oreal by introducing lower cost Garnier has worked as the multinational holds major share of mind of customers.

Last brand used

The customers reported as:



We see that it is almost the same. However, as suggested this result may be skewed die to skewed nature in the sample.

Recommendations for the entry strategy of a new hair colour product

Based on the study, following recommendations are given to Radico

1. Brand building is a must for Radico. However, since the budget is limited, the communication mix will have more below the line activities than above the line activities. But it is important to have a national television presence sporadically so that people are aware about the product.
    a. Radico must therefore selectively start building its brand. Northern India will be the ideal place to start with. With BTL activities carried out at important cities/state level, Radico can aim to gain awareness and interest of the consumer.
    b. BTL activities at city/state level initially will help Radico gain confidence of the distribution channel. This will prevent clogging once Radico starts its own production of the hair colour cream in India.
2. The quantitative study indicated existence of five segments. The largest segment is concerned about the ingredient and the performance of the brand. There also exists a segment which aspires for a brand but is also price conscious. These two segments should be the target of Radico with the largest segment being the primary target group.
    a. Radico has to let people know that it possesses the formula of 100% ammonia free product. Although the current product in contention is not totally ammonia free, this communication will definitely help attract customers who look for the ingredients.
    b. For the segment which aspires for a brand and it is also price sensitive, it will make more sense if Radico can do competitive pricing by pricing itself lower to Garnier. This will again induce trial by this segment.
3. Softness of hair was considered to be the most important variable, ahead of the brand name. Therefore Radico must position itself as a hair colour which leaves hair as a conditioner does after applying the colour. This will definitely induce the trial.
4. Association with celebrity variable did not get high rankings. Radico can therefore show normal people in its communication. However, Godrej has successfully used thi strateg in the future. Pros and Cons of this strategy may be considered.

5. The distribution channel is still not upto the standards of the competitors. This is in reference to the qualitative study done. Radico was not found in some malls and in others the shelf space given to it was not satisfactory.
    a. Radico must work to get proper shelf space in the malls. If it keeps getting lower shelf space, only customers who have pre decided that they are going to buy Radico will buy it. Others will ignore the brand.
    b. The retail shops are other important place from where Radico should increase its sales.
6. The report supports Radico's original idea of projecting itself for grey hair and not style as the target market for style is too small at the moment. In continuation to this, it is not an emergency to come up with many colours. The report found out that most people who use hair colour for graying hair use single colour only. It is always better to have many colours but it may wait till Radico has considerable market share.
7. If Radico is able to price itself below Garnier, it would be an interesting idea to move the customers in the value pyramid by also communicating to users in the economy segment and try and convert Godrej users into Radico users. The management can look into this idea. This may wait for some time.
8. Radico has already started partnering with the saloons in some states. It is a good idea. Although in the qualitative study recommendation by the saloon fared below word of mouth publicity, it is still a better idea to induce trial. If the customer finds the product upto the standards, he/she may go for re-purchase.

Limitations/ future studies of the project

Limitations

1. The authors feel that sample collected is skewed due to convenience sampling and might have been more spread out.
2. One segment (the economy segment), which is one of the most important segment has very few number of members in it.
3. Most of the respondents were male.
4. Although every attempt was made to get view from various parts of NCR, the authors believe that there was a scope for more coverage.

Future Studies

1. The five segments can be studied in detail.
2. Segmentation may be done on psychographic variables, which were not considered in this research.
3. This research studied hair colour category as a whole. Specific study can be done for cream based products.

Appendix

Questionnaire

A. Gender: a) Female b) Male
B. Age: _____
C. Marital Status: a) Unmarried b) Married c) Other
D. Education
a) No Education b) High School c) Intermediate d) Graduate e) Post Graduate f) Others
E. Income
a. Less than 1.5 Lakh/annum
1.5 Lakh/annum to 3 Lakh/annum
3 Lakh/annum to 6 Lakh/annum
More than 6 Lakh/annum

Listed below are variables related to hair colour products. Please rate the variables based as:
1 – Totally unimportant while taking a purchase decision
2 – Somewhat unimportant while taking a purchase decision
3 – Neither important nor important while taking a purchase decision
4 – Somewhat important while taking a purchase decisiom
5 – Most important while taking a purchase decision

Variable	Rating
Natural/Herbal content in the product	
Price of the product	
Brand name	
Packaging of product	
Softness of hair after using the product	
Bundling (free gifts along with product)	
Recommendation by stylist at saloon or an expert	
Praise regarding the product from others (users, friends, family etc)	
Usage rate of the product for keeping hair coloured	
Exposure to advertisements	
Smell of the product	
Time the colour remains after applying	
Celebrity endorser	
Time taken by colour to set on hair	
Country of origin of the company (India/Abroad)	
Variety of colours available for the brand	
Availability of the product at a store nearby	

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a) I ------ hair colour products
1. Distrust 2. Somewhat distrust 3. Neither trust nor distrust 4. Somewhat trust 5.Trust

b) The hair colour products are ------

1. Expensive 2. Somewhat expensive 3. Neither expensive nor value for money 4. Somewhat value for money 5. Value for money

c) The hair colour products are ------

1. Unhealthy 2. Somewhat unhealthy 3. Neither unhealthy nor healthy 4. Somewhat healthy 5. Healthy

d) Using hair colour is ------ for me

1. Style 2. Somewhat style 3. Neither style nor compulsion 4. Somewhat a compulsion 5. Compulsion

e) Using hair colour is ------ for me

1. Inconvenient 2. Somewhat inconvenient 3. Neither inconvenient nor convenient 4. Somewhat convenient 5. Convenient

f) I think the colours are ------ on my hair

1. Short lasting 2. Somewhat short lasting 3. Neither long lasting nor short lasting 4. Somewhat long lasting 5. Long lasting

f) I change ------ my brand of hair colour

1. Every time 2. Many times 3. Sometimes 4. Once in a while 5. Rarely

g) I am ------ when it comes to hair colour category

1. Price Sensitive 2. Somewhat price sensitive 3. Neither price sensitive nor brand loyal 4. Somewhat brand loyal 5. Brand loyal

h) I am a ------ user of hair colour

1. Rare 2. Ocassional 3. Repeat but irregular 4. Somewhat Regular 5. Regular

i) I apply hair colour at ------ most of the times

1. Home 2. Saloon

j) I use ------ colours

1. Single 2. Multiple

k) I buy brands based on:

1. Price 2. Premiumness

Please write down the first hair colour brand name which comes to your mind: _____

Please specify if you use any other product along with hair colour: _____

Please specify average frequency of usage of hair colour per month: _____

For how long do you apply the hair colour (in minutes): _____

Please specify the monthly expenditure on hair care products:

a) Less than 500 b) 500 to 1000 c) 1000 to 2500 d) 2500 to 10000 e) More than 10000

Which brand of hair colour did you use recently? _____

Data collection Procedure

Data Collection was done in the following means

1) Individual consumers
    a. In person (New Delhi, Rohini, Noida, Ghaziabad)
    b. Online (Mumbai, Chennai, Banglore, Pune, Indore)
    c. In malls & Saloons (Noida, Ghaziabad, Rohini)
2) Malls, Supermarkets
    a. High end – DT mall, GIP Noida, West End
    b. Big Bazaar, D Mart
    c. Other supermarkets – Vishal Mega mart, Spencers
3) Saloons
    a. High end – Habib, Kashish in Delhi
    b. Local Saloons in Ghaziabad, Noida, Rohini
    c. Waves Men's Hair Salon - B Block, Sect. 62 Noida
    d. Kaya Hair salon - B Block, Sect. 62 Noida
    e. Antya hair Salon - C Block, Sect. 62 Noida
    f. Hair Saloon – Raj Nagar, Ghaziabad