Understanding the effects of explicit association between two brands on consumer's brand knowledge: Vichy Dercos Case-Study

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Abstract

Dissertation Title: "Understanding the effects of explicit association between two brands on consumer's brand knowledge: Vichy Dercos Case-Study"

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Dercos is the market leader in the Portuguese pharmacy hair care market, with a market share of 25% in 2015. However, Dercos is faced with two major challenges: first, to remain relevant in its increasingly competitive channel and second, to increase the pharmacy channel size, by reaching other channel's customers.

To achieve this, L'Oréal considers deepening Dercos' relationship with a successful beauty brand – Vichy – which could on one hand increase its visibility, but on the other, dilute customer trust in the clinical and efficacy-driven image of the brand.

Through the analysis of Vichy's branding dilemma, this thesis provides an outlook on the Portuguese Hair Care market in the pharmacy circuit. In the Literature Review Section it provides an overview on the topics of brand equity, brand knowledge, brand extensions, brand elements and consumer behavior regarding cosmetic products. The dilemma is then presented in a Case Study and Teaching Note, and complemented by a Market Research study including two Focus Groups and an Online Survey, aimed at presenting closure to the dilemma.

The study done found that a deeper association between Vichy and Dercos is beneficial as it would result in broader attribute associations and willingness to buy or try for Vichy Dercos, when compared with the original Dercos concept.

Keywords: brand equity, brand extensions, brand knowledge, brand elements, consumer behavior, L'Oréal, cosmetics, cosmeceuticals.

Resumo

Título da Dissertação: "Compreender os efeitos da associação explícita entre duas marcas no *brand knowledge* do consumidor: O Caso de Estudo Vichy Dercos"

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A Dercos é a líder de mercado no segmento farmacêutico de produtos capilares em Portugal, com uma quota de mercado de 25% em 2015. Porém, a Dercos depara-se com dois desafios: primeiro, o de permanecer relevante no seu canal e segundo, o de aumentar o tamanho do canal farmácia, através da conquista de mais clientes.

Para conseguir isso, a L'Oréal considera aprofundar a relação de Dercos com uma conceituada marca de beleza – Vichy – para aumentar a sua visibilidade, arriscando diluir a confiança do consumidor na imagem clínica de eficácia de Dercos.

Através da análise de um dilema da marca Vichy, esta tese fornece uma análise do mercado farmacêutico português de produtos capilares. Na Revisão Literária é proporcionada uma visão dos tópicos de *brand equity*, *brand knowledge*, extensões e elementos de marcas e comportamento do consumidor. O dilema é depois apresentado no Caso de Estudo e Nota de Ensino, complementado por um Estudo de Mercado com dois *Focus Groups* e um Questionário Online, de forma a apresentar uma conclusão.

O estudo realizado concluiu que uma associação mais profunda entre as marcas Vichy e Dercos seria benéfica, resultando em mais associações e numa maior disposição em comprar ou experimentar Vichy Dercos, em relação ao conceito original.

Palavras-chave: *brand equity*, *brand knowledge*, extensões de marca, elementos de marca, comportamento do consumidor, L'Oréal, cósmeticos, cosmecêuticos.

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1.Introduction

1.1 Problem Statement

In an increasingly more competitive market, Dercos assumes itself as an efficacy-driven hair care brand with a focus on problem solving. It is sold in the pharmacy channel, in which the competition is intensifying, as brands extend their product portfolios, fight to increase store presence and to become more relevant near the consumer and the store managers.
However, in 2015 the pharmacy channel represented only 12% of the total market value, with the mass market and the professional products' channel significantly more representative (56% and 31% of the total market value, respectively).
Dercos is therefore faced with two challenges: first, to remain relevant in its circuit and second, to tackle the significant growth potential for brands sold in the pharmacy, by reaching other channel's customers.
Ever since its introduction in L'Oréal Group's portfolio of brands, Dercos was managed by Vichy's marketing team. Vichy is a beauty brand first and foremost, while Dercos main feature was always the efficacy of its treatments.
Despite this difference in focus, in 2016 the brand started to consider to explicitly deepening the link between the two brands, turning Dercos into Vichy's hair care proposal and naming it Vichy Dercos. This decision may increase Dercos visibility across all channels due to Vichy's popularity, but it may also dilute its clinical and efficacy associations.
Does the explicit association between Vichy and Dercos change Dercos' brand associations in the consumer's perspective? Does it make the brand more appealing?

1.2 Key Research Questions

1. What are the general habits and behavior of the population towards the hair care category?
2. How does the population perceive hair care products sold in the pharmacy channel?
3. Which identity meanings does the brand Vichy add to the brand Dercos?
4. Does the explicit association between Vichy and Dercos make Dercos' proposal more relevant and/or attractive for the consumer?

i) Is this perceived increase in relevance and/or attractiveness exclusive to any specific customer or potential customer segment?

5. Which brand elements are the most effective in the creation of a positive image for Vichy Dercos?

1.3 Methodology

Both primary and secondary data, resulting from qualitative and quantitative methods will be used to address the research questions presented, namely:

- A Literature Review, analyzing relevant academic articles concerning the described research topic;
- Information provided by Vichy regarding the brands, its history and strategic positioning, to be used in the Case-Study;
- Two Focus Groups with respondents from different age groups, in order to attain qualitative insights and develop a questionnaire;
- Online questionnaire, applied to current or potential customers of the brands, in order to quantify the qualitative information gathered and answer the research questions.

1.4 Academic and Managerial Relevance

The results of this study may be relevant in academic terms as they will provide practical evidence of the importance of the existing consumer brand knowledge, when inferring about a new offer's quality. On a managerial perspective, this study will provide Vichy with the consumer's perspective that can be used to manage the brand's image and improve its positioning in the competitive arena.

2. Literature Review

This section's goal is to review some relevant marketing topics to this thesis, such as Brand Equity and Knowledge, Brand Extension Strategies and Brand Elements, with an emphasis on research concerning cosmetic products. Consumer behavior towards the category and upcoming trends of the industry are also considered topics of interest and are therefore reviewed.

2.1 Brand Building Strategies in the cosmetics industry

The cosmetic industry represents a business of billions of euros, relevant all around the world. It is often associated with aggressive and competitive marketing tactics, which make usage of claims of effectiveness and potency (Newburger, 2009). Due to industry competitiveness and also with increasing consumer demands, the launch of innovative new products turned into one of the key drivers for growth in the industry (Phaiboon-Udomkarn & Josiassen, 2014).
These factors brought to the forefront of the industry the cosmeceutical category – products which character was traditionally dermatological, developed in modern times as a way to both provide aesthetics and immediate results like a cosmetic, and to be effective in producing a long-term effect like a pharmaceutical or drug (Drealos, 2009). These products are now described as active cosmetics, since they incorporate ingredients which produce a physiologic or pharmacologic action on the body and do more than adding scent or color to the skin, as traditional cosmetics do (Draelos, 2009; Newburger, 2009).
The presence and development of active ingredients is therefore crucial for the marketing function of cosmetic companies nowadays, as these allow the building of claims about product performance and as a result, to stay competitive in the market. New claims emerge continuously, only dependent on marketer's imagination. (Lintner et al., 2009).
Despite this, consumers need influencing and reassuring due to the risky character of the category, related with its potential to affect skin's health and image. Studies show that the strongest influencers regarding cosmeceutical purchase and usage are expert endorsement (aiding in consumer's evaluation of risk and quality), the notoriety of the brand (products from a well-known brand are preferred), and previous purchases made (related with existing trust). Along with these factors, innovation is also a generator of favorable brand image in cosmeceutical products (Phaiboon-Udomkarn & Josiassen, 2014).

2.1.1 Building Brand Equity in the cosmetics industry

A very relevant and widely accepted conceptualization of Brand Equity was advanced by Keller in 1993. The Customer-Based Brand Equity was defined as “the differential effect of brand knowledge on consumer response to the marketing of the brand“. This definition is linked with the concept of Associative Network of Memory, and requires the creation of a strong brand association in the consumer’s mind, with a positive valence (Keller, 1993; Koll &Wallpack, 2014).

When positioning a brand, marketers establish, implement and monitor which associations are intended to be in the consumers‘ mind as a part of brand knowledge, in order to generate a positive consumer response. A match between management-intended associations and actual consumer associations is desirable – but not necessary, as positive consumer response can also come from individuals with non-matching associations as long as these are perceived as positive (Koll &Wallpack, 2014).

Brand Knowledge is therefore built in the individuals‘ minds from all of the information and meaning stored about the brand. These associations may be based on performance attributes (Keller, 2003) or may be retrieved from intangible cues, such as the brand name, logo, symbols or even user or consumption imagery (Keller & Lehmann, 2006).

The cosmetic industry continuously tries to increase the intangible value of its products, by triggering inner emotions in order to create rich brand associations and a dream-like quality. (Keller, 1993; Jamal, Khan & Tsesmetzi, 2012). Superior advertising, flaring product packaging and point of sale communication, along with constant new product introductions play a key role in the building of strong brand knowledge and equity (Jamal, Khan & Tsesmetzi, 2012).

2.1.2 Extending Brand Knowledge Strategies

There are some meanings that may prove difficult to add to a given brand just through the use of marketing programs, and may instead be obtained through the association with other brands or entities (Keller, 2003).

Co-branding, or Brand Alliances “involve the short or long-term association or combination of two or more individual brands, products, and/or other distinctive proprietary assets“, acording to Simonin and Ruth (1998). Companies may choose to apply this strategy and add meaning to their brands in order to gain access to new markets (new target group, geographic region or new product) or signal specific features (Geylani & Hofstede, 2008; Baumgarth, 2004).

Geylani and Hofstede (2008) state that the co-brands should be complementary in the given context – meaning, the brands should have a common set of salient attributes ("fit"), but the attribute that each is most strongly and positively associated with should be different.

Spillover effects happen when consumer attitude towards a partnership between brands influences the evaluation of the partner brands on an individual level. This adds to the strategic importance of co-branding strategies and shows that these may be a vehicle to modify or add to consumer's brand associations, especially for brands with lower brand familiarity levels (Simonin & Ruth, 1998; Baumgarth, 2004). The same authors show that these effects are not always symmetric and are not necessarily positive, as they are moderated by variables such as brand familiarity, prior brand attitudes, brand and product fit.

Therefore, the right partner for *brand A* should have a moderately higher level of performance and brand familiarity, and be more salient on a desired but congruent attribute. This way, performance beliefs of consumers are likely to increase with less discounting, resulting on a higher level of partner's brand equity incorporated in *A* (Geylani & Hofstede, 2008; Venkatesh & Mahajan, 1997).

Brand extensions are another way to respond to an increasingly complex market, by allowing brands to stretch to different markets, to leverage on existing brand equity, and to signal new or different offerings (Aaker & Joachimsthaler, 2000). Brand extensions differ from brand alliances (or co-branding) as they generally involve only one brand (Simonin & Ruth, 1998).

Consumers tend to evaluate more positively extensions that (1) fit with the perceptions held of the core brand, (2) relate to brands whose perceived quality is high and (3) supply the core brand with appealing attributes (Monga & John, 2010). Overall, consumers must see an extension as "making sense", according to Keller and Lehmann (2006).

Balachander and Ghose (2003) studied spillover effects applied to brand extensions. Their findings reveal that advertising of an extension has a positive effect on the probability of choice of the core brand – at times, even larger than the advertising of the core brand itself -, validating the decision of having extended portfolios, and signaling the importance of allocating advertising budget to extensions (Balachander & Ghose, 2003).

Subbrands are a particular type of brand extension with a purpose similar to the one of brand alliances - to add or modify the associations of the core brand, which is the primary frame of reference. Usually used to extend the core brand into an interesting new segment, the subbrand can take on a relevant driving role (as a Co-Driver) if its associations are relevant or significant in the segment or market in question. In these situations, it is usual that one of the brands provides presence, visibility and personality while the other provides credibility in the specific context (Aaker & Joachimsthaler, 2000).

Extending a brand must be done carefully as it may result in its dilution. However, brands with extensions were shown to be particularly extendible, as they tend to have associations tied with different product categories (Keller & Lehmann, 2006).

Brand extensions are an important and commonly used tool by the cosmetics industry. Due to the established importance of product and compound innovativeness, brands use the introduction of new products or product lines to signal consumers on how to perceive their brands. Besides providing new information and associations, innovation within the brand also acts as a cue adding to the existing credibility and reputation, updating competitive advantages and adding new value (Jamal, Khan & Tsesmetzi, 2012).

2.2 The role of Brand Elements in the cosmetic industry

Brand elements can be defined as a set of devices used to identify and differentiate a brand, by aiding in the formation of a singular identity and facilitating the linkage with the desired associations (Farhana, 2012). Examples of brand elements include brand name, logos, packages, slogans, symbols, jingles and even spokespeople (Keller, 2003).

The name of the brand poses as the most important element, as it carries most of the product's identity and brand equity. It has the potential to elicit the most amount of associations. Therefore, it represents a commitment and should be carefully chosen (Keller, 1993; Farhana, 2012). Evidence of this can be found for example in studies regarding co-brand naming, in which significant impact on brand evaluations (both parent and subbrand) was found to be related with the structure of the co-brand name (Sood & Keller, 2012).

Packaging's importance as a brand communication vehicle is also relevant, as it incorporates several structural (shape, size, materials) and visual elements (color, logos, fonts) which by themselves have meanings intrinsically associated. These meanings are especially relevant in consumer products such as cosmetics - for which the package is designed with the aim of creating visual distinction and producing emotions to reinforce the brand's benefits and symbolism (Underwood, 2003). In fact, some of the most inventive packages were designed specially for the cosmetics industry, regarding aesthetical and functional features, proving the belief in this element's ability of adding value and accentuating the product itself (Doyle,

2004). It is a strategic tool that often incorporates all of the other brand elements of the brand (brand name, logo, colours, fonts, materials) (Jamal, Khan & Tsesmetzi, 2012).
Brand elements play a very significant role in the cosmetics industry, as it is an industry highly dependent on the subjective consumer's perception of beauty. Consumer's perception and quality judgements are made based on the cues chosen by the brand, which must as a result, be chosen with extra care (Jamal, Khan & Tsesmetzi, 2012).

2.3 Consumer Behavior regarding cosmetics

Most studies regarding consumer behavior in the cosmetics category target only one specific market (the UK, the UAE, Japan, Korea), either due to sample restrictions of the research efforts or due to the significant moderating role that cultural differences play in this industry.
Despite this, several behaviors and/or trends are found to be similar across the globe. When it comes to cosmetics, Diversity and Culture will be the driving forces of growth in the 21st century, as cultural adaptation will ensure the effectiveness of advertising and marketing endeavors (Barnes & Yamamoto, 2008).
Like in other categories, brand awareness is known to be related with purchase behavior - a relationship moderated by perceived quality and brand loyalty (which in turn, is dependent on past purchase experience). Therefore, companies should seek to increase brand recall, ensure production quality and good customer experience in order to increase purchase intentions (Kim & Kim, 2016).
Brand perception and brand attitude are intrinsically related, as the second one is a reflection of the first. Guthrie et al., (2008) found cosmetic brand perception to be linked with the consumer's self-facial image (which also influenced quantity of product used) and with brand personality traits. Brand attitude is also influenced by brand personality and by the consumer's individual involvement with the category (Guthrie & Kim, 2009). Both studies showed the personality trait Competence to influence consumer's responses positively (Guthrie et al., 2008; Guthrie & Kim, 2009).
Status was also found to play a role in the purchase of socially visible cosmetic products, like lipstick and lash mascara for example. Chao and Schor (1998) found that these products are associated with high social standings, and even if having a lower quality-price ratio, purchasing behavior patterns favors high-priced brands. These findings are moderated by income, occupation and race (Chao & Schor, 1998).

Another important influencer of consumer behavior for cosmetics is the Sample. Samples should be used as a tool in high budget marketing campaigns, for products with high penetration rates and for well-known brands. Their effect is greater next to family-brand users (as these are already familiar with the main brand) and higher income consumers (Amor & Guilbert, 2009).

Finally, one of the major revolutions in the cosmetic industry is now emerging. The men care market or men grooming presents itself as one of the biggest promises of the industry, already showing impressive growth rates in some markets. Targeting this group requires industry adaptation as it typically has a high demand and purchase power and is distinct for being composed by technical and functional buyers, whereas women tend to be emotional (Junaid & Nasreen, 2012).

3. Case Study

3.1 Dercos: Planning a strategic response to the increasingly competitive Hair Care market

Dercos is a pharmacy Hair Care brand, which focus of its offer and communication was, for a long time, masculine hair loss. With time the brand expanded its portfolio and now offers solutions for all target audiences, which turned it into the market leader in its channel, with 25% of market share in value in 2015[i], in Portugal.

Dercos is managed by the brand Vichy, which belongs to the Active Cosmetics Division of L'Oréal Group. This division's products are sold only in healthcare outlets such as pharmacies and drugstores ("parapharmacies" in Portugal), and include an assortment concerning specific needs of the skin and hair.

The Hair Care market is very competitive due to the great convenience offered by the Mass Market brands (which sold 56% of the value of hair care products in 2015) and the hair specialist advice provided by the professional products' channel (hair salons, accountable for 31% of the sales)[ii]. In the pharmacy channel (12% of the total market value), the competition is also intensifying as the players widen their portfolios, become more active near the consumer and provide better incentives to the store managers. This frame creates the need to stay competitive within the channel and also shows that there is significant growth potential for brands sold in the pharmacy – as Shampoo is a product used by almost the entire population, growth of the channel can be achieved by successfully reaching and recruiting other channel's consumers.

One asset that Dercos has on its side is the fact that it belongs to L'Oréal's portfolio of brands and that it is managed by Vichy's marketing team. A deeper explicit association with both L'Oréal and Vichy could increase Dercos' visibility due to their relevance in the Hygiene and Beauty market in general. This would go in line with the recent strategic focus of Dercos, of having a product portfolio targeting all types of hair needs, and with the goal set by L'Oréal's Headquarters, of turning Dercos into a *Worldwide Scalp Expert Vichy Brand*.

But incorporating Dercos in Vichy's brand in a deeper way wouldn't come without risks. A big part of the Dercos' identity is its renowned efficacy and the endorsement of the pharmacists, which play a big role in driving the sale. Vichy's association with skin care makes it a beauty brand first and foremost, which may dilute the efficacy core of Dercos image – especially as Vichy enjoys a higher notoriety than Dercos.

Would Dercos benefit from tackling a wider market by explicitly becoming a part of Vichy's brand and adopting its name? Or would a better strategy be to stay focused on its professional endorsed efficacy, and continue growing organically taking advantage of the resourcefulness of L'Oréal and Vichy implicitly?

3.2 The Hygiene and Beauty Market in Portugal

The Hygiene and Beauty (H&B) market concerns the production, distribution and marketing of any product destined to be applied on the surface of the human body, with the purpose of protecting, cleaning, perfuming or changing its physical appearance. These products are grouped according to different segments, defined in Portugal as Hair Care, Styling, Coloration, Face Care, Body, Sun Care, Make Up, Deodorants, Perfumes, Shaving, After Shave, Hands and Shower Gel [ii] [iii].

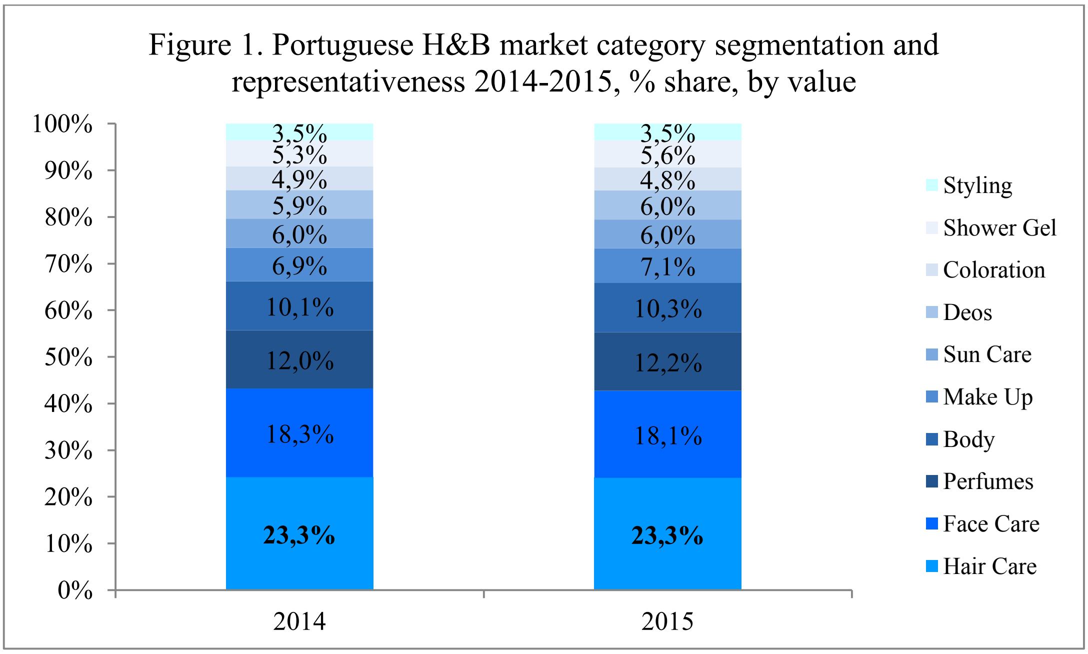


Figure 1: Portuguese H&B market category segmentation and representativeness 2014-2015, % share, by value. Nielsen (2015); HMR (Health Market Research) and IMS Health (2015); L'Oréal Internal Panels and Estimations (2015).

The H&B market's size reduced 5,7% between the years of 2012 and 2014, as consumption went from roughly 1 billion euros to 944 million euros[ii]. Afterwards, a recovery could be observed, as the market showed signs of following the tendency of the Portuguese economy.

In 2012 the economy contracted 4,0% with the H&B market responding with an even stronger contraction. In 2013, the Portuguese GDP showed signs of recovery with the market also recovering slightly, presenting a reduction of only 3,6%. The economy starts growing in 2014 with H&B products consumption also continuing its recovery, decreasing only 2,2%[iv] **(Exhibit 1)**. Finally, in 2015 the market starts growing again at a pace of 1,2%, slightly below the pace of the economy (1,6%).

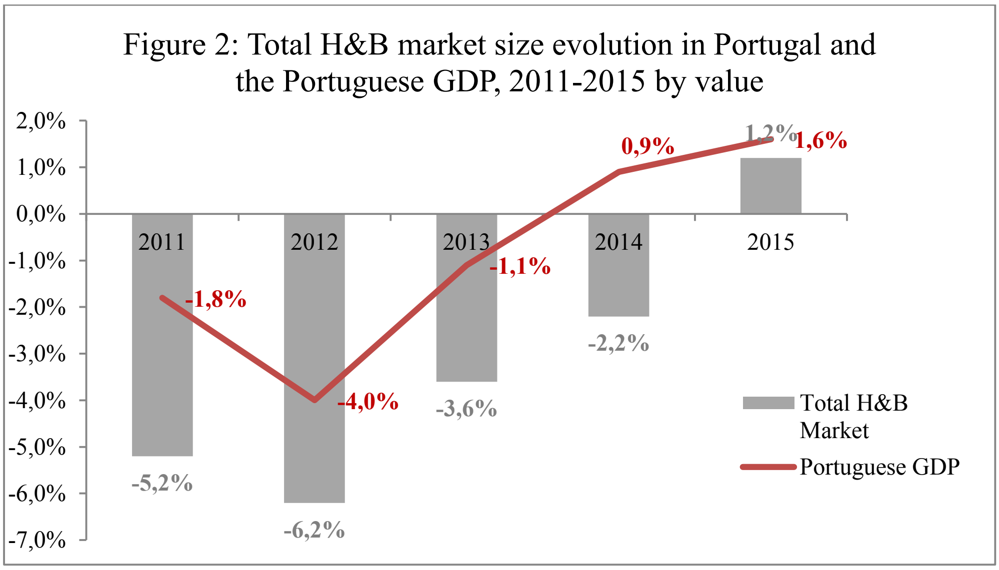


Figure 2: Total H&B market size evolution in Portugal and the Portuguese GDP, 2011-2015 by value. Nielsen (2015); HMR (Health Market Research) and IMS Health (2015); L'Oréal Internal Panels and Estimations (2015). Pordata (2017).

This growth is supported by an increasing value of private consumption, a slowing unemployment rate and a very positive indicator of confidence level of the consumers[ii]. Shower gel, Make-up and Face Care Toilette are the product categories behind the growth in 2015, with positive yearly evolutions of 9%, 6,3% and 5% respectively[ii] **(Exhibit 2)**.

H&B brands are sold across a variety of channels. The representativeness of each channel in the market has been somewhat constant throughout the years.

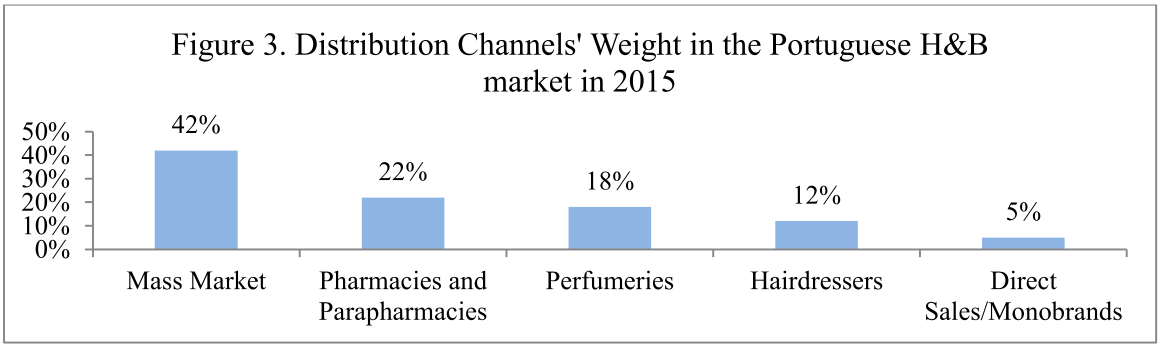


Figure 3: Distribution Channels' Weight in the Portuguese H&B market in 2015. L'Oréal Portugal

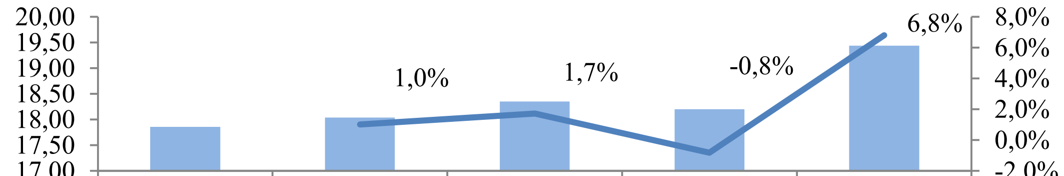
In the Pharmacies and Parapharmacies' channel, L'Oréal Group and Pierre Fabre share the leadership role with 19,7% of market share each, followed by Johnson&Johnson (7,2%) and Uriage (6,3%)[ii].

3.2.1 Hair care offer in the Portuguese pharmacies

In 2015, Hair Care represented 23% of the sales of the Portuguese H&B market, being the most relevant product category of the market, as shown by Figure 1. Of those, 12% were sold in Pharmacies or Parapharmacies, making up a business of 28 Million euros in 2015[ii] **(Exhibit 3)**. This particular distribution channel has an assortment of a more technical character, and a client who tends to seek problem solving and efficacy.

The overall value of the category showed weak growth between the years of 2011 and 2013, falling into negative values in 2014. In 2015 the market showed a tremendous recovery, following the positive trend set by the Portuguese economy[i][v].

Figure 4. Recent Hair Care Evolution, Pharmacy Channel (excluding parapharmacy), million euros



	2011	2012	2013	2014	2015
€, million	17,86	18,04	18,35	18,20	19,44
	2011	2012	2013	2014	2015
%, Growth		1,0%	1,7%	-0,8%	6,8%

Figure 4: Recent Hair Care Evolution, Pharmacy Channel (excluding parapharmacy), million euros. Sales in the pharmacy represent in recent years around 70% of the total market. L'Oréal Portugal.

The main players in the portuguese Hair Care market in the mentioned channel are Dercos (25% of value market share in 2015), followed by Klorane (18,3%), Ducray (7,9%) and Rene Furterer (7,4%)[i] **(Exhibit 4)**. This is a channel with great growth potential as it represents just a small slice of the total market. The professional products' market is 2,5 times bigger, while the mass market has 4,7 times the size[v]. There is the need to recruit new consumers from the other channels.

3.3 Hygiene & Beauty Global Trends

The global H&B market is a dynamic one, with growth rates around 4% a year in the last five years[vi]. Its main markets were in 2015 Asia and Pacific, North America and Western Europe, worthing in combination close to 70% of the market. The most relevant product categories in value were Skin Care (36,1%), Hair Care (22,9%) and Make up (17,3%).

The growth in the latest years was supported by an increasing consumer interest in beauty and health; a greater dynamism in the make-up category fueled by social networks; the continuing thrive of higher-end channels such as luxury beauty products and active cosmetics; and an accelerating consumption in New Markets such as India, Turkey and South Africa[vi].

In all parts of the world, an aspiration towards both beauty and health starts presenting itself. This translates into a consumer with a need for transparency, ingredient proof and natural, simple and safe products. The concern with the protection from environmental stresses such as UV radiation and pollution is also more evident.

This industry is also known by its early investment in the digital tools. Digital engagement is done through online guidance and personalized advice, augmented reality tools and the use of social media as a platform to broadcast. Customization is also something that the consumer now looks for in H&B products, as well as expert or influencer advice.

3.4 The L'Oréal Group and the Active Cosmetics Division

L'Oréal has been around for more than a century and has been a part of the shaping of the beauty industry. In 2015 it was the number one company in the specific market and distributed its products all over the world[vi]. Its story counts with major product launches, company acquisitions and the overall goal of unifying beauty and care.

The company was founded in 1909, and its first product was a hair dye formulated by the founder, Eugène Schueller, which was then manufactured and sold to Parisian hairdressers. This set the foundation of L'Oréal's DNA – research and innovation towards beauty[vii].

Inventing new advertising strategies and promotional events was something started by the founder himself – with the first radio advertisement sung instead of spoken, and the first "billboard" posted, consisting of a sheet wrapped around a Parisian building[vii].

In 1957, François Dalle was appointed as Chairman and Managing Director. Shortly after, international subsidiaries and production sites were built, the product categories produced were diversified and the company went public[vii].

From 1984 to 2000, the company experienced tremendous growth, mainly fueled by its significant investment in the field of research, which resulted in strategic and iconic launches such as Studio Line and Vichy for men. During this period the group became the world leader in cosmetics, with brands present worldwide[vii].

In 2001 diversity joined the growth agenda of the group. Under the leadership of Jean Paul Agon, the brand continued to make strategic acquisitions to cover the most diverse cosmetic needs while striving for a sustainable development[vii].

L'Oréal created an extended portfolio planned according to customer segmentation and distribution channel logic. This allowed the company to create limits to existing brands, to manage internal rivalry and optimize profitability, to allocate innovations born out of research and development, while defining a long-term growth strategy (Chailan, 2010).

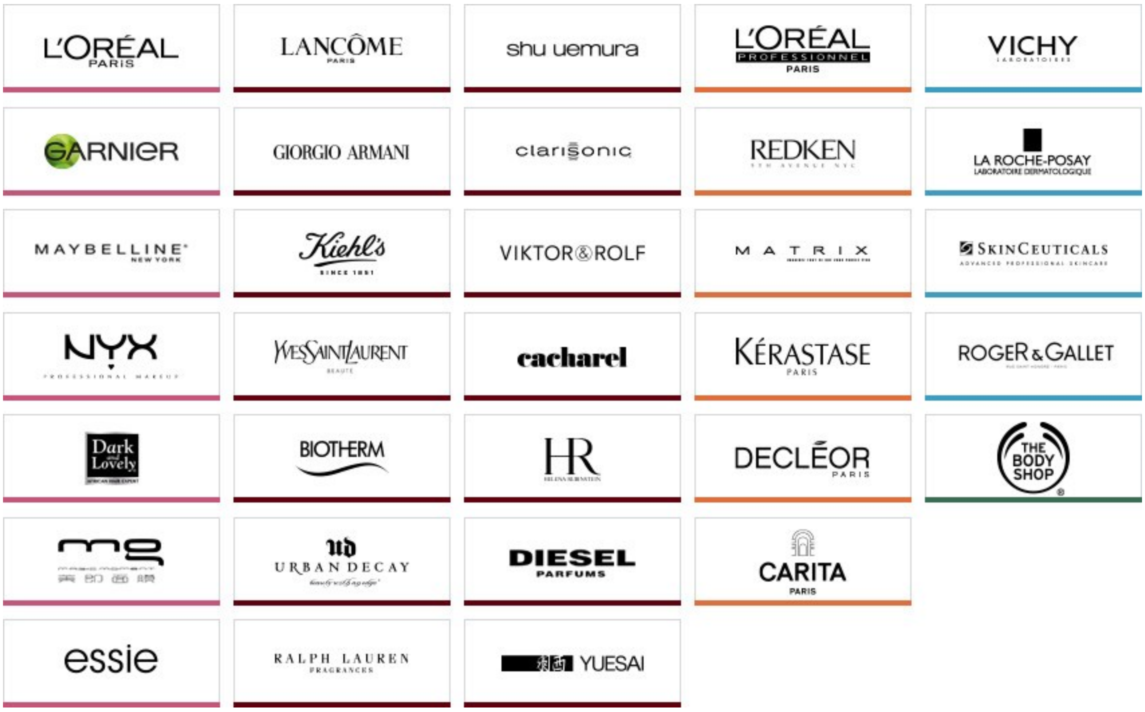


Figure 5: Some of the brands of L'Oréal's portfolio, grouped by distribution channel

The Active Cosmetics Division was formed by a set of complementary brands focused on Health, Well-Being and Beauty, prescribed and sold by healthcare partners – pharmacies, parapharmacies and drugstores. It grew close to 8% in 2015, mainly supported by the double digit rise in the New Markets[viii].

Five brands belonged to the Division in this period: Vichy, which promised radiant skin fueled by mineralizing water sourced from French vulcanoes; La Roche-Posay, a dermatological brand, offering skincare to truly sensitive skins; Skinceuticals, a pioneer brand of cosmeceuticals, providing advanced and innovative skincare; Roger & Gallet, a beauty rituals brand with well-being properties; and Sanoflore (not distributed in Portugal), which offered natural cosmetics made from organic plants, coupled with active ingredients[ix].

3.4.1 Vichy

The brand Vichy was born in 1931 by the hands of Dr. Haller, when he discovered the therapeutic properties of Vichy Mineralizing Water, original from the French volcanoes. This Water was found to be rich in 15 different minerals and became a part of the formulation of the brand's offers as it contributed to the balance and regeneration of the skin.

Its first product launch was a powerful anti-wrinkle cream. As the years went by, more products were added to the line, increasing the brand's recognition and catching the attention of L'Oreál that ended up acquiring it in 1955[x].

Since then, Vichy's focus on innovation, efficacy and health of the skin helped establishing the dermocosmetic or cosmeceutical concept – a functional cosmetic product, focused on performance.

<u>Brand's Vision, Beliefs and Behavior</u>

Vichy's presence in the market was guided by three main beliefs and propositions: Efficacy, Product Tolerance, and Pleasure - the so-called *Healthy Beauty Triangle* [xi]. The brand's DNA, developed through years of acting and communicating in the market, makes it a Cosmetic, Beauty and Sensorial Brand, with a Business Model supported by Product Innovation and Media Investment.

Vichy's Brand Identity	
Brand Essence or Key Idea	*"Your Ideal Skin"*
Personality	*Reliable, Stylish, Intelligent, Beautiful*
Values	*Skin science, Safety, Pleasurable*
Benefits offered to the consumer	*Efficacy, Safety. Confidence, Charisma, Flawless skin*
Physical attributes	*Visual Logo, Textual logo, Visuals.*

Figure 6. Vichy's Brand Identity

Communication Concepts

Vichy's communication is typically focused on "above-the-line" actions, investing heavily on television commercials, press and editorials to obtain maximum levels of awareness and reach.

Figure 7: Sample of Vichy's recurrent communication elements

Vichy's adverts and publications show some recurrent elements – the support on science and scientific claims, the focus on the product or product packaging and in the center stage, a perfect skin and the Vichy logo. These elements reflect the focus of the brand on being portrayed as beauty-centered, while still creating "clinical skin health" credibility and looking desirable in the eyes of the consumer.

Keeping Vichy's credibility as a pharmacy offer is a communication premise also achieved through the promotion of the products close to the prescribers, and through strong investment on point of sale communication. Vichy's displays have always represented a very strong contact point with the client **(Exhibit 5)**.

Vichy's packaging also acts as a strong communication element. Classically represented by a colorful square, Vichy has more recently assumed as symbol or visual logo a "V". Initially recalling water in some products, the symbol has evolved into a more solid version in the entire product portfolio **(Exhibit 5)**.

Vichy was in 2015 the most relevant cosmetics brand sold in the pharmacy and parapharmacy channel, representing 11% of the market in value, considering all categories[i]. Its offers extended across categories such as Face Care, Body Care, Hair Care, Makeup, Sun Care and Men Products.

The product portfolio is organized by product lines developed for specific needs, being that the Face and Hair Care categories are the ones with the biggest amount of references.

3.4.2 Dercos

Dercos was born in the 1960's, in an era of technological and cultural revolution. For the first time, experts combined dermatological skin expertise and knowledge of hair cosmetics – providing liberated access to hair treatments until then confined to the medical sector. The brand's vision was to combine DERmatology and COSmetics and deliver a thoughtful hair care solution with an added level of sensoriality[xii].

In 1972 its first hair loss treatment was launched, which confirmed the brand as a dermatological expert with a focus on the health of the scalp. In 1995, it was acquired by L'Oréal and attached to brand Vichy which in recent times has made efforts to, while maintaining its technical and innovation-based DNA, turn it into a more approachable and mainstream brand.

Nowadays, 70% of Dercos' sales are made in Europe from which 69% correspond to anti-hair loss and density treatments, despite its broad portfolio of lines concerning different hair needs [xii] **(Exhibit 6)**.

The goal set globally in 2015 for Dercos was to double its sales in five years, and to change its positioning from an *European Anti-Hair Loss Vichy Range* to a *Worldwide Scalp Expert Vichy Brand*[xii].

Dercos is, in its core, a Technical brand with a focus on Expertise, Specific Effectiveness and Masculinity. Its formulas are dedicated to the Scalp Health and include the most renowned actives and Vichy's mineralizing water. Its Business Model features a close contact with advisors such as dermatologists and scalp influencers, and bets on the education of the consumer around the important role of the scalp.

Dercos' Competitive Scenario

A relevant factor influencing Dercos' market presence and growth is its competition. The hair care category in the pharmacy circuit is represented by a few very representative brands, which competitive position tend to be stable through the years **(Exhibit 4)**. Dercos has therefore competed directly in its circuit with the same brands for a fair amount of time – the most relevant being Klorane, René Furterer and Ducray, which are all produced by the same laboratory. All four brands have significantly distinct promises but somehow coincident product portfolios[xiii] [xiv] [xv].

Brand	**Klorane**	**René Furterer**	**Ducray**	**Dercos**
Laboratory	Pierre Fabre	Pierre Fabre	Pierre Fabre	L'Oréal
Promise	Botanical expertise. Plant-base and natural active components.	Beauty of the hair fiber. Spa and ritual-like experience. Also sold in hairdressers.	Dermatological solutions and clinical experience.	Cosmetic and dermatological care, based on scientific innovation.
Product Portfolio/ Types of Treatment	Frequent usage, Volume, Hair Loss, Nutrition, Oily Hair, Sensitive Scalp, Anti-dandruff, Dyed Hair, Hair Straightening.	Dry Hair, Damaged Hair, Oily Hair, Hair Loss, Sensitive Scalp, Anti-Dandruff, Dyed Hair, Thin Hair/Volume, Hair Straightening, Wavy/Curly Hair.	Hair Loss (local treatment and oral supplement), Dry Hair, Oily Hair, Sensitive Scalp, Frequent usage, Anti-Dandruff.	Hair Loss, Hair Redensifier, Hair Repair, Sensitive Scalp, Oily Hair, Frequent usage, Anti-Dandruff **(Exhibit 6).**

Figure 8: Main players' product portfolio, Pharmacy Hair Care.

Pierre Fabre enjoys a good reputation next to the pharmacists and invests heavily on point-of-sale communication, which turns its brands into a popular choice for clients who go to the pharmacy without a preferred brand and in search of a recommendation. L'Oréal, besides investing on the point-of-sale, also invests on media communications, resulting on higher awareness levels and in consumers asking for the brand itself instead of advice[xvi].

Due to the problem-solving features of the category in this circuit, consumers tend to become loyal to the first brand they try (if it solves their problem). The key to competitiveness is therefore, to get the consumer to try the product. To achieve this, Dercos invests on samples (and high awareness levels), Klorane enjoys high pharmacist recommendation, René Furterer is sponsored by hairdressers and Ducray is prescribed by dermatologists. The point-of-sale presence and the pharmacist opinion are however, the most relevant and decisive competition success factors[xvi].

3.5 A New Era: Dercos as Vichy's "hair-care proposal"

The news that the group was considering the possibility of turning Dercos into Vichy's hair-care proposal arrived in Portugal after a meeting with L'Oréal Headquarters in Paris. The new vision included turning Dercos into a *Worldwide Scalp Expert Vichy Brand,* which would involve linking the brands in a deeper manner immediately and eventually dissolve the brand Dercos – which would go from belonging to Vichy's range as a separate brand, to becoming a part of Vichy's brand.

In bigger markets such as France, Germany and the United Kingdom, Dercos is not in a position of disputing the market's leadership, like it is in Portugal. The new strategy advanced by Paris is therefore justified by the great growth benefits it could bring overall, since the loss of Dercos' equity would not be a general concern.

Vichy's marketing team is asked to deliberate on this strategy and produce a recommendation, based on the local market's reality. Several points needed to be considered, including the two brand's identities and fit, the immediate impact close to existing and new consumers, the changes to be done in the different brand elements, in the type of communication used and marketing initiatives.

<u>Brand identities and fit</u>

Both Vichy and Dercos promise efficacy to its users, provided through the advancement of science and scientific innovation. The main difference resides in the meaning that "efficacy" takes for each brand. While for Dercos, efficacy relates to problem solving features, for Vichy, efficacy is intrinsically linked to aesthetics and beauty.

Vichy's aspirational character gives it the ability to resonate with a much larger target audience and through several product categories. Deepening the link between the two could possibly have positive results for Dercos' brand awareness and for Vichy's technical associations, resulting on a bigger influence of L'Oréal on both hair care and skin care markets in the circuit.

Figure 9: Consumer Brand Knowledge effects - Association synergies between Dercos and Vichy [xii]

But it would also be risky – Dercos' technical character has earned it a lot of credibility close to consumers and pharmacists, which may be extinguished with the association to a beauty and cosmetic brand.

Communication concepts

Communicating "Vichy Dercos" would incorporate two approaches: "beauty-based" adverts and both beauty and science-based adverts, depending on the product line being displayed.

The main lines - related with Hair-Loss - command a higher client involvement and monetary investment. For these products, besides the aspirational and beauty factor, a scientific explanation of the product action would be included, alongside with scientific claims. The goal of this communication concept would be to unite the credibility of Dercos with the influence of Vichy.

For the remaining lines the communication would push the beauty component, by advertising the end result. Scientific backing would be included – similarly to Vichy ads -, but the final result would take the center stage, showing the product as the best immediate solution available.

Regarding this changes, the same dilemma comes through: does a broader brand message, approach and target audience make up for a possible loss of clinical focus? Will Dercos' products be discredited next to its competition, as a result of the widening of its message?

New brand elements used

The packaging of Dercos would also change in order to better match Vichy's brand and other lines' visuals. The shape (particularly on the lid) would change to better resemble Vichy's skin products, the background hair images would give place to technological-looking graphics, and the logo scheme would change significantly – Vichy would have a greater feature, represented both by its logo and by its new visual logo, only then followed by a smaller Dercos logo **(Exhibit 7).**

In order to make a decision, it would also be relevant to understand how the customer perceives the new packaging and whether it serves well the purpose of representing both Dercos and Vichy's concepts and identities.

New marketing approach

A new marketing approach would come with the change, inherited by Vichy and as a result of the widening of the target market of Dercos.

Besides the usual presence on the media, Vichy Dercos would also attempt to establish a closer relationship with the consumer. It would start leveraging on Influencer Marketing, by inviting lifestyle and beauty bloggers to try the product and feature it in their posts; by investing in a stronger social media presence; and by conducting a new edition of "Mês da Saúde Capilar" initiative – one month in which the population is invited to visit a partner pharmacy in order to get a hair and scalp screening, receiving a personalized advice and a product recommendation.

While the social media actions would be aimed at demystifying the purchase of hair care products in the pharmacy – by communicating that these may be adequate for other uses other than the clinical one -, the screening action would be aimed at creating the need in the consumer of a personalized advice and product. Both the actions were thought out to increase the slice of the population who buys hair care products in the pharmacy, conquering consumers from other channels.

These actions would for sure increase Dercos' visibility. But would the population still believe in its efficacy and clinical credibility after seeing a staged photo of it on Instagram?

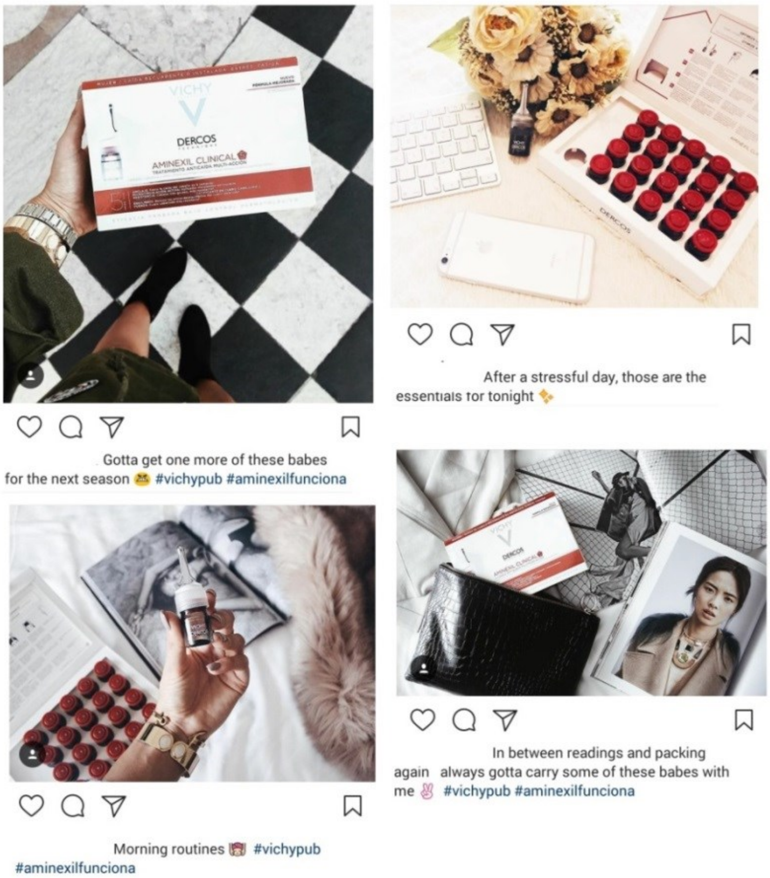


Figure 10: Social Media Moodboard for Vichy Dercos

3.6 The branding dilemma

Vichy's marketing team decided to conduct a market study in order to assist its decision-making process. Besides taking the opportunity to find out more about the hair care habits of the population and its attitudes towards the hair care products sold in the pharmacy circuit, it wanted to examine which associations Vichy Dercos would be able to leverage on, if the new branding concept would prove more appealing than the original Dercos one, and if a Vichy focused packaging would be well received.

Should Dercos risk its established positioning in the search of a wider influence? Would creating "Vichy Dercos" aid in the growth of the hair care line or sabotage it completely? Would the new concept help achieving the urgent goals of staying relevant in the market and conquering market share from other channels?

4. Market Research

4.1 Focus Groups

In order to gain a first grasp on the population's behavior towards the hair care category and to do an initial assessment on the reactions towards "Dercos", "Vichy" and "Vichy Dercos" concepts, two focus groups were conducted.

The first focus group counted with the participation of 7 members between the ages of 16 and 24. About half of the participants were employed for less than a year while the other half was still a student. All of the participants lived in Lisbon and were somewhat familiar with the hair care category, forming a relatively homogeneous group, allowing the free sharing and flow of ideas.

The second focus group was conducted with 5 members, with ages above 35 years old. All of the participants were employed and were familiar with hair care brands of different distribution channels. Also originating from Lisbon, this group was relatively homogeneous, and even if smaller, it also counted with a significant flow of ideas and opinions.

Hair Care Category

Both groups showed similar habits and behavior patterns towards the hair care category. While every participant claimed to use shampoo, the usage of conditioners and hair masks was exclusive to women, even if not used by all of them. A significant portion of the participants said they use or have used before specific hair treatments concerning hair-loss, dandruff, sensitive scalp or others.

Nearly every respondent claimed to choose hyper or supermarkets as the most frequent place to buy hair care products. This preference is due mainly to its easy accessibility, more attractive prices and a broader range of options when it comes to brands and products.

None of the participants claimed to use the same hair care brand always. Instead, the most common answer was the occasional shift due to the need "to try something new" or to take advantage of a promotion.

A high level of importance was attributed to Hair Care in general, in a greater extent by the younger female participants. It was also linked to self-confidence and beauty.

Hair Care Products in the Pharmacy Channel

A big part of the respondents claimed to have bought hair care products in the pharmacy at least once before, and that they perceived indeed these products to be "better" than the ones sold in other channels. A preliminary observation was made, that everyone who tried a pharmacy product before was of the opinion that these were superior products. The participants who didn't try it, had the opposite opinion or were not decisive in their answer.

Positive attributes ("high quality", "trust", "professional/medical advice", "efficacy") were associated with these products mainly by the participants who claimed these products to be better. Neutral but particular attributes were also listed such as "specific benefits" and "specialized". "More expensive", "less quantity per bottle" and "low variety" were pointed out as negative features and as possible reasons for a not so frequent usage of these products.

Pharmacy Channel Brands' awareness and perceptions

Participants, in general, knew the brand or brands they were recommended to use and in some cases were familiar with competitor brand's visuals or name. Spontaneous recall was therefore limited to brands they used before and was in most cases difficult, suggesting low involvement with the channel.

Through the usage of pictures of the channel's main players it was, despite this, still possible to identify the brands with greater levels of awareness. Klorane was the most recognized and tried competitor, followed by Ducray that was recognized but tried only by two of the participants. René Furterer did not enjoy significant awareness close to the participants.

Regarding Vichy Dercos, an exercise was done to understand which imagery and performance associations the participants had of it. As a first step of the exercise, Vichy Dercos' picture was shown and the participants were told to write down the name of the brand. In the first group all of the respondents wrote "Vichy" or "Vichy Dercos" while in the second some of participants wrote "Dercos". Most of the participants across both groups knew the brand and were able to associate attributes to it such as "high quality", "trust", "pharmaceutical", “efficacy”, “beauty”, “expensive”, “hair loss”, “feminine” and also “masculine”, in the case of the second group.

Afterwards, participants were asked to describe the brand as if it was a person, with two contrasting results: while in the first group, most participants described the brand as a middle-aged, affluent working woman with beauty concerns, in the second group participants described an older man with hair-loss problems, seeking for an efficient and strong solution.

The exercise allowed observing that the brand personality described by each group fitted with the name that each group attributed to Vichy Dercos product. While some participants of the older generation still held strong associations of the previous Dercos brand’s positioning – technological and targeting masculine hair loss - , the younger generation accepts it as being part of Vichy and transfers its associations (young, modern, feminine) into the “Dercos concept”, which they don’t recall seeing as an individual brand.

Brand Concepts Evaluation

Participants were shown videos portraying three brand concepts: “Dercos”, “Vichy” and “Vichy Dercos”. The videos were chosen to exalt the desired brand positioning in each stage, to evaluate perceptions and to define which concept got the most positive responses.

“Dercos” videos had a focus on the technological and innovative side of the brand, were centered in a scientific explanation and in Dercos as the solution for all causes of hair-loss. Respondents reactions were positive as it “evoked expertise, technology and innovation.” They liked the fact that it focused on educating the consumer and pointed that knowing how the product acts leads to more “credibility and trust”.

“Vichy” concept got very positive responses from female participants and positive to neutral responses from males. It was represented by two product ads featuring beauty and focus on the product. Both genders identified the small scientific component and explanation as a positive factor and female participants also outlined the youth, beauty and naturalness of the brand as making it desirable: “It’s a good combination of the technological and clinical part with the beauty and youth. It doesn’t look like a treatment but like a beauty-boost instead. I like everything”, one of the participants said.

Vichy Dercos’ concept was represented by one clip focused on glamour and hair beauty showing both Vichy and Dercos logos, and another clip pairing scientific claims and innovativeness with beautiful hair and model visuals, also showing both brand's logos equally. It was defined as "interactive, simple and scientifically innovative" and as "modern" and "less science-like"" with a lower focus on the problem. Female participants showed more enthusiasm regarding this concept than the male ones, who questioned the product's purpose.

This part of the focus-group allowed the collection of attributes associated with each brand concept, to later test in the survey. By using this method the participants' reactions were moderated by the videos chosen to identify each brand concept, and could differ with a different choice of videos. Direct links to the clips can be found on **Exhibits 8 and 9**.

Visual Brand Elements

With each concept participants were shown images of the corresponding product packages. The female participants rated Vichy's packaging very high, highlighting the visual logo ("V") and the type of font used as the most positive aspects. "Dercos" packaging was rated lower than "Vichy Dercos" one as participants disliked particularly the background image and graphic of the first one and liked the shape and the Vichy's visual logo in the second one.

4.2 Survey

4.2.1 Survey Purpose

The quantitative part of this study consisted of an Online Survey. Each respondent was taken through a set of common questions, and also through 1 of 3 blocks, attributed randomly (but equally) by Qualtrics software. The survey questions can be found in **Exhibit 9.**

The survey was launched in Portuguese and English and was distributed through social media and e-mail from March 27th until April 11th, collecting 219 valid responses. The main purpose of this survey was to find out more about the hair care consumer and to study the appeal of Vichy Dercos concept. The collected data was analyzed with IBM's SPSS Software.

4.2.2 Demographic Sample Description

From the 219 survey respondents, 134 (61%) were female and 85 (39%) were male. The majority (56,6%) was below 25 years old, with the remaining age groups represented by smaller portions of the sample but making up for about half of it - 16% between the ages of 25 and 34, 11,4% between 35 and 44, 12,8% between 45 and 54 and the remaining 3,2% above 55 years old.

Regarding the annual household income, around 28% of the sample claimed it to be lower than €10.000, 47% claimed it to be between €10.000 and €45.000, around 20% between €45.000 and €75.000, while the remaining 5% stated to have even higher incomes.

When it comes to respondent's professional activity, 53% of the sample was composed by students – corresponding to a great extent to the younger age group listed -, 39% of the sample stated to be employed, 2% unemployed and 6% in other situation other than the ones listed.

As the questionnaire was also distributed in English, it was able to get foreign responses. Despite this, 91% of the respondents were original from Portugal.

SPSS outputs concerning demographic variables can be found in **Exhibit 10**.

4.2.3 Hair Care Category

General Habits and Behavior: What, Where, How, Why?

When characterizing the general habits and behavior of the sample, the first topic of interest was regarding **which** products are used. Shampoo turned out to be used by almost the entire sample (98,6%), followed by Conditioners (57,5%) and Treatments without the need of water (oil, serum, cream, split ends product, etc.) with 29,7% representativeness. Hair Mascara and Specific Treatments (anti-dandruff, anti-hair loss, sensitive scalp, sun care, oral supplements, etc.) fell below, being used by 24,7% and 20,5% of the sample respectively.

It was also relevant to examine the product usage by gender as some of these products are typically advised for longer hair (which is more commonly found in women). Shampoo was found to be the only product which usage is not associated with the feminine gender. The usage of all other tested products presented an association with the feminine gender, as could be suggested by the results shown in the figure below. The associations are average in strength, except for "specific treatments", which the association with the feminine gender can be considered weak **(Exhibit 11)**.

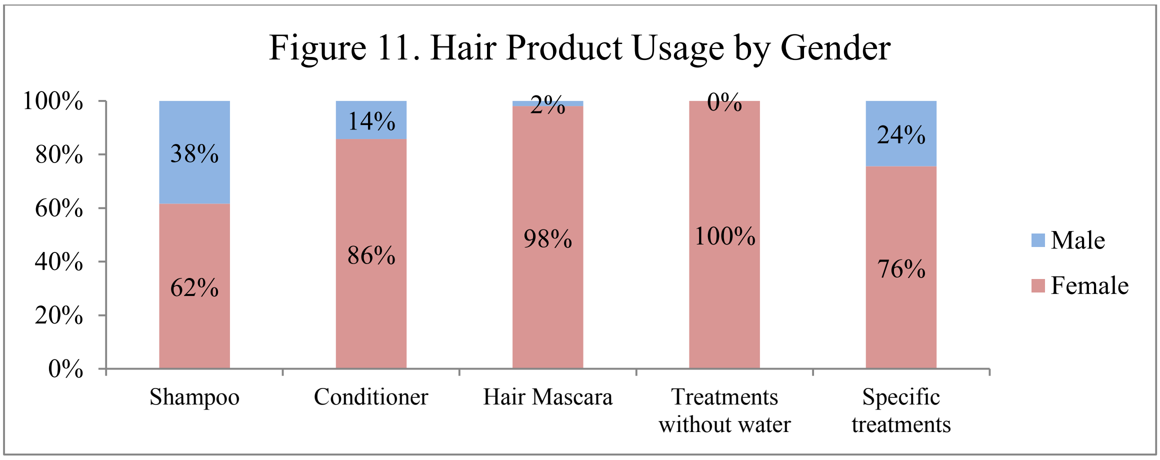


Figure 11: Hair Product Usage by Gender

The association between the usage of specific treatments (anti-dandruff, anti-hair loss, sensitive scalp, sun care, oral supplements, etc) and the age group was also tested, without positive results.

Regarding **where** the purchase of hair care products is made most often, the most popular channel was found to be Hyper and Supermarkets, chosen as the most visited by 80,4% of the sample, followed by the parapharmacy (6,4%) and the hairdresser/barber (5,9%).

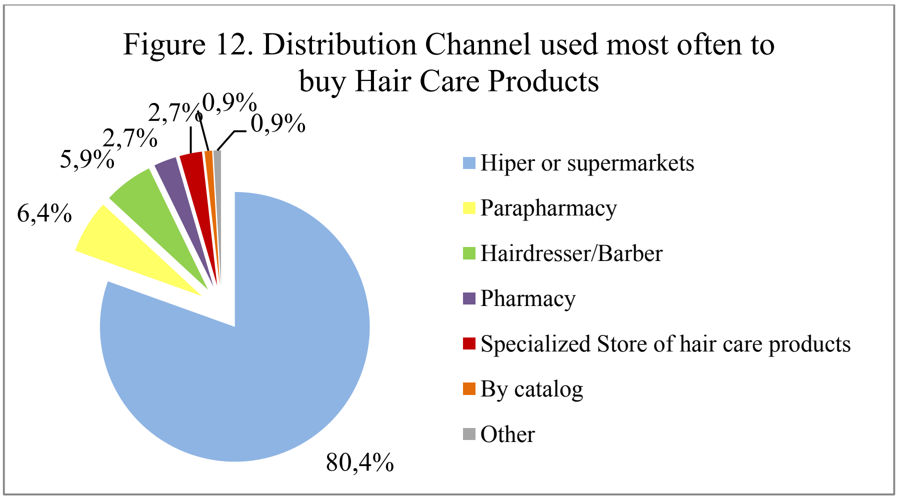


Figure 12: Distribution Channel used most often to buy Hair Care Products

The factors with the most influence on the channel choice were the easy accessibility of the location (with 60,7% of the sample stating it as one of the reasons why they prefer a certain channel), followed by the price attractiveness (52,1%) and the broad range of products and brands (46,1%) **(Exhibit 11)**.

A new binary variable was computed (1 – respondents who prefer Hyper and Supermarkets and 0 – others) in order to be able to understand if the probability of choice (or importance) of each factor differed significantly between the two groups. Results showed that the results vary significantly (at a 5% level) between the two groups regarding all factors except "friend or family advice".

Figure 13. Independent Samples Test - Significant differences between respondents who prefer Hyper or Supermarkets and respondents who prefer other channels

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower	Upper
Easy access to the location	Equal variances assumed	37,646	0	8,981	217	0,000	0,64	0,071	0,499	0,78
	Equal variances not assumed			11,44	94,741	0,000	0,64	0,056	0,529	0,751
Broad range of products and brands	Equal variances assumed	213,357	0	5,361	217	0,000	0,429	0,08	0,271	0,587
	Equal variances not assumed			6,905	96,925	0,000	0,429	0,062	0,306	0,553
Perception of quality of the products	Equal variances assumed	62,618	0	-4,509	217	0,000	-0,246	0,055	-0,354	-0,138
	Equal variances not assumed			-3,274	48,916	0,002	-0,246	0,075	-0,397	-0,095
Professional or influencer advice	Equal variances assumed	382,167	0	-9,042	217	0,000	-0,396	0,044	-0,482	-0,31
	Equal variances not assumed			-5,144	43,855	0,000	-0,396	0,077	-0,551	-0,241
Friend or family advice	Equal variances assumed	41,442	0	-3,166	217	0,002	-0,099	0,031	-0,161	-0,037
	Equal variances not assumed			-1,968	45,335	0,055	-0,099	0,05	-0,201	0,002
Suitable products for my type of hair or benefit I seek	Equal variances assumed	48,02	0	-4,871	217	0,000	-0,311	0,064	-0,437	-0,185
	Equal variances not assumed			-3,853	51,648	0,000	-0,311	0,081	-0,473	-0,149
Attractive prices	Equal variances assumed	228,263	0	7,823	217	0,000	0,59	0,075	0,441	0,738
	Equal variances not assumed			12,1	154,797	0,000	0,59	0,049	0,494	0,686

Figure 13: Significant diferences between the reasons for choosing a hair care purchase location (sig<0,05), between respondents who prefer Hyper and Supermarkets, and respondents who prefer other channels.

While accessibility, price and a broad range of products are factors preferred by the first group, the focus on the result (product suitableness and quality and expert advice) gains more importance for the group which prefers other channels, as can be observed in the **figure below**.

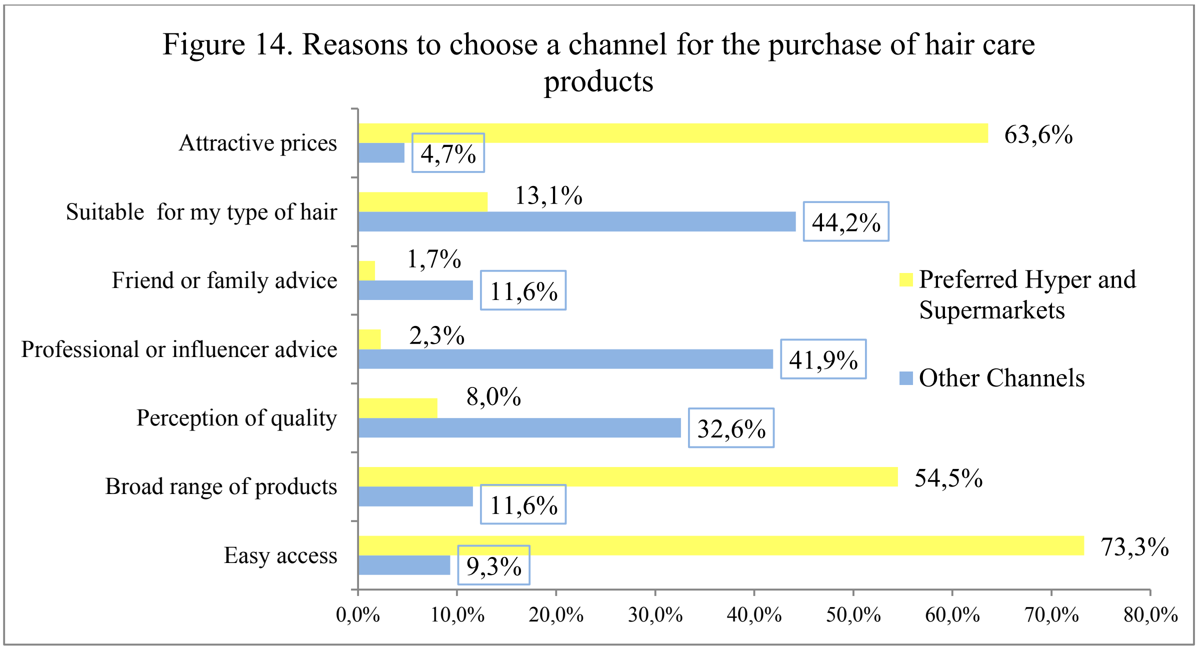


Figure 14: Reasons to choose a channel for the purchase of hair care products

When it comes to understanding **how** respondents behave towards the hair care category, these were asked to rate, in a scale from 1 (not important at all) to 7 (extremely important) the importance given to it. The recorded average was 5,24, which supports qualitative indications of a relatively high level of importance and involvement with the category **(Exhibit 11)**. Despite this, there is a significant difference (at a 5% level) in the average rating attributed by the genders – just like in the focus groups, the female gender attributes significantly more importance to hair and hair care

Figure 15. Group Statistics - Hair Care Importance by Gender

	Gender	N	Mean	Std. Deviation	Std. Error Mean
From 1 to 7, how important are hair care and hair products to you? - Level of importance of the category	Male	85	4,6	1,424	0,154
	Female	134	5,64	1,204	0,104

Figure 15. Independent Samples Test - Hair Care Importance by Gender

		Levene's Test for Equality of		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower	Upper
From 1 to 7, how important are hair care and hair products to you? - Level of importance of the category	Equal variances assumed	2,17	0,142	-5,81	217	0,000	-1,042	0,179	-1,395	-0,688
	Equal variances not assumed			-5,59	157,04	0,000	-1,042	0,186	-1,41	-0,674

Figure 15 Significant differences in the importance given to Hair Care, between genders (sig<0,05)

The majority of the respondents state to have a usual brand that they switch from sometimes (60,7%), while about a quarter prefers to be continuously switching between brands. Only

13,7% admits to be completely loyal to one brand. There is no significant difference between genders regarding this behavior.

Finally, concerning **why** respondents buy their chosen hair care products, these were asked to rate, in a scale from 1 (not important at all) to 7 (extremely important), how important different attributes were. The ones rated above the average were efficacy (6,00), aesthetic result (5,41), price (5,37) and available promotions (5,16) **(Exhibit 11)**.

4.2.4 The Pharmacy Channel

<u>Pharmacy Channel Perception</u>

In the context of this analysis it was also relevant to understand how respondents perceive the pharmacy channel offers and to which extent they are knowledgeable of them. Only 47,1% of the respondents admitted to consider hair care pharmacy products to be better than the ones sold through other channels **(Exhibit 12)**.

Respondents were then asked to rate, in a scale from 1 (doesn't define them at all) to 7 (defines them accurately), to which extent certain attributes defined pharmacy hair care products. Results showed that these products are mostly perceived as being Specialized Solutions (average of 5,71), Treatments (5,69) and related with Medical Advice (5,59). Expensiveness is rated above Efficacy (5,46 and 5,29 respectively), the Variety of products and brands shows intermediate but below the average levels (4,40) while the attractiveness of the packaging is perceived less positively (3,27).

However, there are significant differences (at a 5% level) in the ratings of Efficacy, Medical Advice, Specialized Solutions and Treatments. These aspects are rated higher by the respondents who consider pharmacy products to be better **(Exhibit 12)**.

Figure 16. Independent Samples t-test - Differences on the ratings between opinion groups (data from SPSS adapted in Excel)

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference: Lower	Upper
Efficacy	Equal variances assumed	12,334	0,001	7,05	217	0,000	1,259	0,179	0,907	1,611
	Equal variances not assumed			7,13	208,9	0,000	1,259	0,177	0,911	1,607
Expensive	Equal variances assumed	0,388	0,534	0,01	217	0,996	0,001	0,184	-0,362	0,364
	Equal variances not assumed			0,01	211,1	0,996	0,001	0,185	-0,363	0,365
Attractive packaging	Equal variances assumed	0,202	0,654	0,56	217	0,578	0,105	0,187	-0,265	0,474
	Equal variances not assumed			0,56	213,5	0,578	0,105	0,188	-0,266	0,475
Medical advice	Equal variances assumed	1,306	0,254	2,13	217	0,034	0,405	0,19	0,031	0,78
	Equal variances not assumed			2,13	215,6	0,034	0,405	0,19	0,031	0,78
Specialized solutions	Equal variances assumed	24,079	0,000	4,3	217	0,000	0,717	0,167	0,388	1,046
	Equal variances not assumed			4,36	202,5	0,000	0,717	0,165	0,393	1,042
Low variety of products and brands	Equal variances assumed	2,046	0,154	1,32	217	0,187	0,298	0,225	-0,146	0,742
	Equal variances not assumed			1,32	208,1	0,189	0,298	0,226	-0,148	0,744
Treatments	Equal variances assumed	13,79	0,000	3,55	217	0,000	0,606	0,171	0,269	0,943
	Equal variances not assumed			3,58	213,8	0,000	0,606	0,169	0,272	0,94

Figure 16: Independent Samples T-test - Significant differences on the ratings between opinion groups regarding pharmacy products (sig<0,05)

It is relevant to consider these differences due to the fact that despite the efforts of pharmacy brand's to become more "mainstream", the clinical attributes (Specialization, Treatment and Medical Advice) are the ones rated higher by respondents who believe these products to be better. This insight suggests that these attributes are still worth leveraging on, even when trying to reach new target groups.

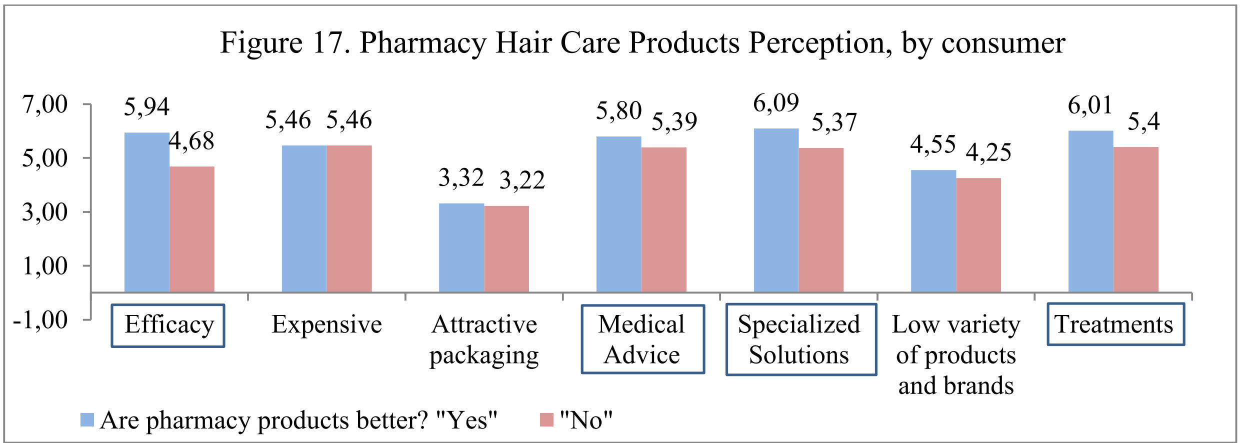


Figure 17: Pharmacy Hair Care Products Perception, by consumer

Brand Awareness

To test Brand Awareness respondents were asked to choose which brands they knew, assisted only with the brand's names. Answers reflect to some extent the market share that the brands have, with Vichy Dercos having the most awareness (64,4%) followed by Klorane (50,2%). La Roche Posay Kerium's awareness presents itself here as an outlier, registering a high value (47,9%) despite its lower market share in the category, perhaps explained by its notoriety as a skin care brand which may have biased the respondents. As predicted due to their market share, Ducray and René Furterer are the next players when it comes to awareness, with values of 28,3% and 12,8% respectively. Only about 20% of the sample stated not knowing any of these brands **(Exhibit 12)**.

4.2.5 Concepts Evaluation

In the following part of the survey, respondents were randomly assigned one of three concepts, between Dercos, Vichy and Vichy Dercos. They were asked to watch two short clips introducing each concept (the same clips shown in the focus groups) and answer some follow up questions regarding their perceptions and opinions.

The concept 1, Dercos was evaluated by 71 persons; the concept 2, Vichy was evaluated by 76 persons and the concept 3, Vichy Dercos by 72. Direct links to the clips can be found in **Exhibits 8 and 9**.

Respondents were asked to choose among a list of attributes (selected based on focus group information) which ones they thought would describe the concept they saw. Associations were considered strong or significant if selected by 45% or more of the respondents.

In the figure below it can be observed that Dercos reviewers associated it with Technology, Clinical Proof, Innovation, the Pharmacy and Treatments; Vichy was often classified as Feminine and related with Beauty and Treatments; while Vichy Dercos had more mixed associations, related with being Clinically proven, indicated for Treatment and Beauty, also rated as Young and Innovative **(Exhibit 13)**.

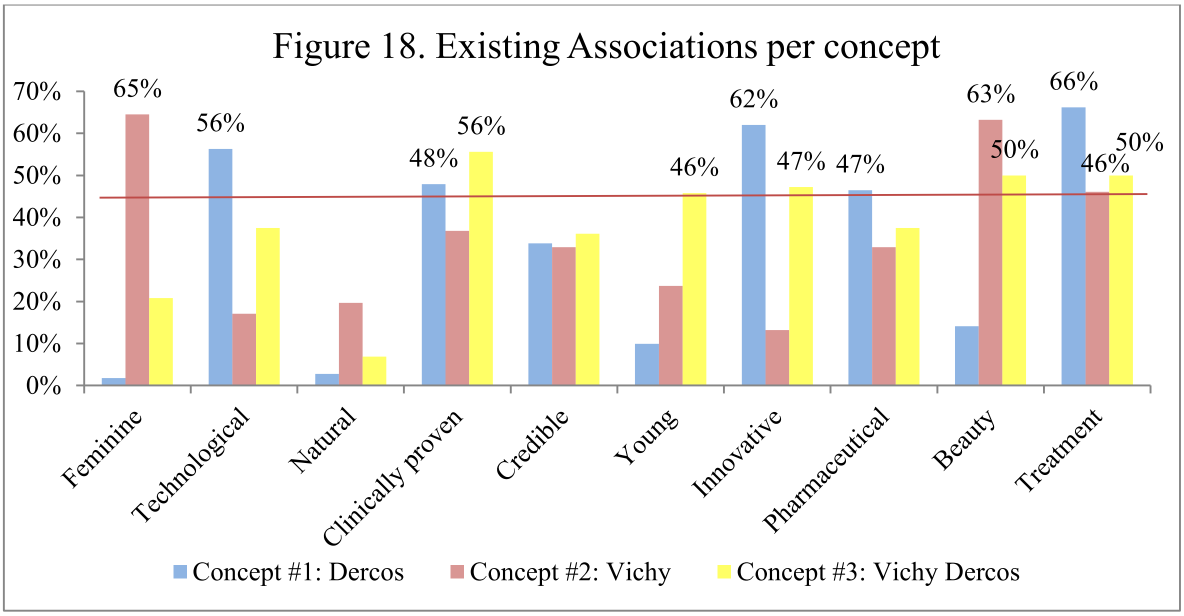


Figure 18: Existing Associations per concept

Considering that Vichy Dercos' concept was presented as a fusion of both Dercos and Vichy concepts (portraying communication elements and topics from both original concepts), it's possible to observe how the association with Vichy impacted the consumer's perception of the brand Dercos. When compared with Dercos, the resulting concept (Vichy Dercos) registered higher levels on consumer perceptions in the dimensions "Feminine", "Natural", "Young" and "Beauty". All of these attributes were significantly stronger for Vichy than for Dercos, which allows concluding that this change comes from Vichy's influence in the original concept.

However, due to this associations of meanings, Vichy Dercos has decreased levels of associations with "Technology", Innovation", "Pharmacy" and "Treatment" when compared to the original Dercos concept.

Despite this, looking at the final brand associations, one may say that Vichy Dercos was able to successfully combine the ideas associated with Dercos and Vichy, representing a middle term between the two.

This set of associations also seems to generate more interest close to the consumer, as measured by willingness to buy/try indicators **(Exhibit 13)**. Vichy Dercos shows the highest average value of willingness to buy/try paired with the lowest level of dispersion of the results (which indicates a good level of similarity among the responses).

The lowest average and higher dispersion values presented by Vichy is explained by the very different appeal it causes among genders – very high rates given by females and lower/average given by males.

Vichy Dercos is therefore able to appeal to both genders equally representing a more attractive offer for the consumer in general.

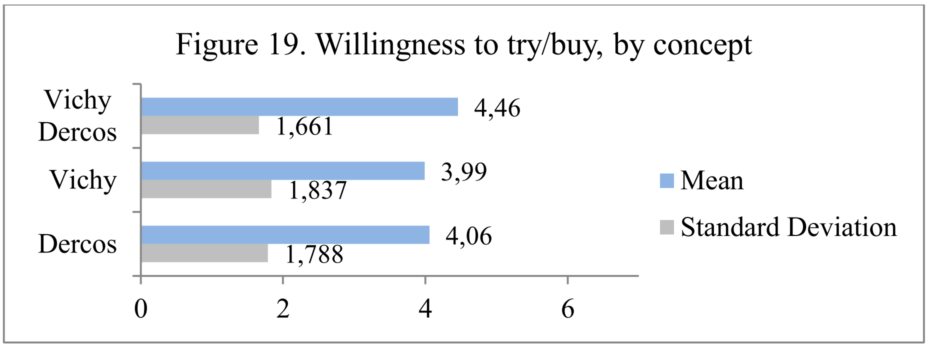


Figure 19: Willingness to try/buy, by concept

Despite this, it is relevant to note that there is a significant difference (at a 5% level) in willingness to try/buy between respondents who claimed to have tried Vichy Dercos before and the ones who claimed that didn't. The ones who did (25% of the respondents of this branch) tend to be more likely to try/buy it again **(Exhibit 13)**.

4.2.6 Brand Elements

At the end of each concept section, respondents were asked to rate the corresponding packaging in general and in regards to specific elements – shape, colour scheme, background image, logos (Vichy, Dercos or both), font type, product description section and visual logo (present in Vichy and Vichy Dercos).

Respondents rated Vichy Dercos concept higher regarding its overall packaging **(Exhibit 14)**.

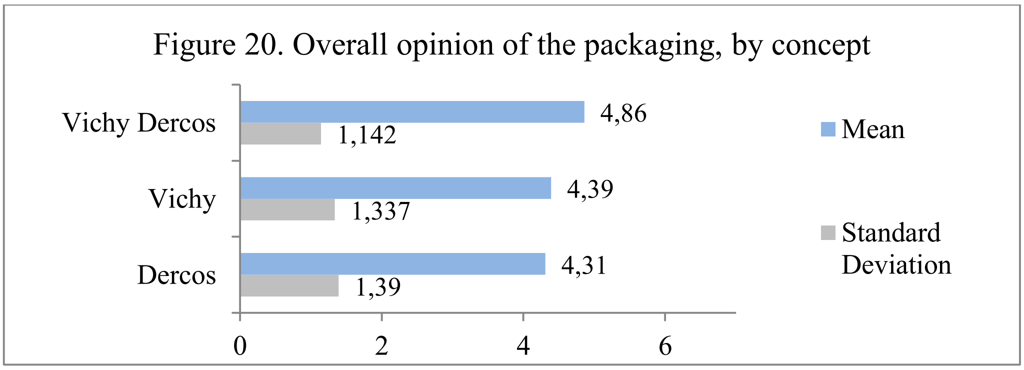


Figure 20: Overall opinion of the packaging, by concept

A linear regression was run using the specific elements as predictors for general packaging evaluation, showing the Product's function and Ingredient Description area as significant at a 5% level and the color scheme as significant at a 10% level, accounting for 31,7% and 18% of the variation of packing's evaluations, respectively. Even though this model is significant, it only predicts 32,1% of the total opinion over the product using the "Enter" method, and does not improve through the use of "Stepwise". It is also relevant to notice a multicollinearity problem in predictor variable "Vichy logo", as the Tolerance value is below 0,4.

Figure 21. Model Summary - Creation of a positive image towards Vichy Dercos

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,566[a]	0,321	0,234	0,999

a. Predictors: (Constant), In a scale from 1 to 7, classify it in terms of: - Product's function and Ingredient Description, In a scale from 1 to 7, classify it in terms of: - The "V" image, In a scale from 1 to 7, classify it in terms of: - Colour scheme, In a scale from 1 to 7, classify it in terms of: - Shape, In a scale from 1 to 7, classify it in terms of: - Font type, In a scale from 1 to 7, classify it in terms of: - "Dercos" logo, In a scale from 1 to 7, classify it in terms of: - Background Graphics, In a scale from 1 to 7, classify it in terms of: - "Vichy" logo

Figure 21. ANOVA - Creation of a positive image towards Vichy Dercos

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29,685	8	3,711	3,715	,001[b]
	Residual	62,926	63	0,999		
	Total	92,611	71			

a. Dependent Variable: Observe this product's packaging. - What is your overall impression of this product?

b. Predictors: (Constant), In a scale from 1 to 7, classify it in terms of: - Product's function and Ingredient Description, In a scale from 1 to 7, classify it in terms of: - The "V" image, In a scale from 1 to 7, classify it in terms of: - Colour scheme, In a scale from 1 to 7, classify it in terms of: - Shape, In a scale from 1 to 7, classify it in terms of: - Font type, In a scale from 1 to 7, classify it in terms of: - "Dercos" logo, In a scale from 1 to 7, classify it in terms of: - Background Graphics, In a scale from 1 to 7, classify it in terms of: - "Vichy" logo

Figure 21. Coefficients - Creation of a positive image towards Vichy Dercos

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2,093	0,597		3,505	0,001		
	Shape	0,114	0,126	0,129	0,904	0,37	0,529	1,89
	Colour scheme	0,18	0,101	0,259	1,791	0,078	0,516	1,94
	Background Graphics	-0,03	0,141	-0,036	-0,22	0,827	0,4	2,5
	"Vichy" logo	-0,08	0,201	-0,089	-0,41	0,687	0,223	4,48
	"Dercos" logo	-0,04	0,118	-0,047	-0,32	0,751	0,493	2,03
	Font type	0,078	0,126	0,09	0,621	0,537	0,512	1,95
	The "V" image	0,042	0,143	0,053	0,296	0,768	0,339	2,95
	Product's function and Ingredient Description	0,317	0,118	0,373	2,692	0,009	0,563	1,78

a. Dependent Variable: Observe this product's packaging. - What is your overall impression of this product?

Figure 21: SPSS Outputs - Elements creating a positive image towards Vichy Dercos (sig<0,1)

The Dercos' package had as highest rated elements the Vichy logo and the "Font type". Vichy's package had as stronger suits its visual logo ("V" image), the Vichy logo and its Shape, while Vichy Dercos' was praised for Vichy's visual logo ("V"), Vichy's logo, its Shape and Font type **(Exhibit 14)**. Once again, Vichy's visual elements appear to have a positive influence on the overall evaluation of Vichy Dercos, which is preferred over Dercos.

4.2.7 Behavioral and Psychographic Sample Description

Afterwards, respondents answered a set of 10 questions intended to classify them regarding their behavioral or psychographic profile, in order to later understand if Vichy Dercos concept appeals specially to a specific consumer type.

The questions measured their behavior and feelings towards products and brands, money and savings, relationship with others and willingness to try new things. With these answers, four types of profiles could be defined **(Exhibit 15)**: Loyal Fans, Innovators Only, Cost Conscious and Social Butterflies looking for deals.

1. Loyal Fans **"because I really love it"**	**2. Innovators Only** **"because it is new"**
Very loyal to brands, as these may represent parts of their personalities. Likely to try new launches.	The ones who are always among the first to try new products and deal well with change. Comfortable among others.
3. Cost Conscious **"because it is a good deal"**	**4. Social butterflies looking for deals** **"because it is cool and it's on discount"**
People who prefer to buy only what they need and give a high importance to savings.	People who are interested in knowing the latest trends, while also valuing good deals and promotions.

Figure 22: Hair Care Consumer Clusters

Cluster 3 registered a higher level of willingness to buy or try Vichy Dercos (5,19 in 7), followed by Cluster 1 (5,00), Cluster 2 (4,12) and finally Cluster 4 (3,53).

Despite the different ratings, significant differences in willingness to buy or try Vichy Dercos were registered only regarding Cluster 4 , which shows significantly lower values than the cluster 3 and 1 **(Exhibit 15)**.

Figure 23. ANOVA - Vichy Dercos attractiveness, by customer cluster

Willingness to buy/try the brand (Vichy Dercos)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	34,135	3	11,378	4,784	0,004
Within Groups	161,74	68	2,379		
Total	195,875	71			

Figure 23. Multiple Comparisons - Vichy Dercos attractiveness, by customer cluster

Dependent Variable: Willingness to buy/try the brand (Vichy Dercos)

Tukey HSD

(I) Cluster Number of Case	(J) Cluster Number of Case	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
1	2	0,882	0,546	0,377	-0,56	2,32
	3	-0,19	0,521	0,983	-1,56	1,18
	4	1,474*	0,533	0,036	0,07	2,88
2	1	-0,882	0,546	0,377	-2,32	0,56
	3	-1,073	0,503	0,153	-2,4	0,25
	4	0,591	0,515	0,661	-0,76	1,95
3	1	0,19	0,521	0,983	-1,18	1,56
	2	1,073	0,503	0,153	-0,25	2,4
	4	1,664*	0,488	0,006	0,38	2,95
4	1	-1,474*	0,533	0,036	-2,88	-0,07
	2	-0,591	0,515	0,661	-1,95	0,76
	3	-1,664*	0,488	0,006	-2,95	-0,38

*. The mean difference is significant at the 0.05 level.

Figure 23: Significant differences in willingness to buy/try, between clusters (sig<0,05)

One can therefore say that Vichy Dercos concept has a major appeal next to "Cost Conscious" and "Loyal Fans".

4.3 Other sources of information

This study resulted from a summer internship experience with the brand Vichy, regarding the Dercos brand. During this period, several informational interviews were conducted with the Vichy Group Product Manager Jorge Sucena. In this context, a lot of information was gathered which contributed into the framing of the Case Study.

Also in the scope of the same summer internship, several interviews with pharmacies and parapharmacies were conducted, in order to collect the seller's perception of the Dercos brand and competition. Some references to this information are made throughout the Case Study.

5. Conclusions

5.1 Conclusions and Recommendations

Dercos is a brand acting in the very competitive hair care market in the pharmacy circuit. In order to increase its competitive position and market performance, it’s critical that it gets a better understanding regarding the hair care consumer, and regarding the possible effects resulting from the decision of deepening the explicit alliance between Dercos and Vichy.
Based on information from the Case Study and Market Research sections of this thesis, this section aims to answer the questions initially posed in order to provide Vichy with the consumer’s opinion on this strategic change, and to generate further knowledge about the Portuguese habits and opinions regarding the hair care category.

What are the general habits and behavior of the population towards the hair care category?
One of the first objectives of the study conducted was to understand the habits and behavior of the population towards the category. Shampoo was rated as the most used product (98,6%) and the only one which is used equally by men and women. Conditioners followed in popularity, used by 57,5% of the sample, with all other tested products and treatments being used by less than 30% of respondents. The Hyper and Supermarket is the preferred channel of 80,4%, chosen due to its easy accessibility, attractive prices offered and a broad range of brands and products offered.
Hair Care was rated as important, with an average rating of 5,24 out of 7 (scale of 1 to 7 with an increasing level of importance), but rated differently among genders in both the Focus Groups and the Survey. Only 13,7% of the survey sample admits to be completely loyal to one brand.
Consumers value a hair care product’s efficacy, aesthetic result, price and available promotions. A given brand should therefore consider which one(s) of these attributes it desires to communicate, given its brand identity and strategic objective.

How does the population perceive hair care products sold in the pharmacy channel?

Both methods used revealed that less than half of the sample considers these products to be better than the ones sold through other channels.

These products were classified as being specialized, indicated for treatments and related with Medical Advice. On average, the respondents rate them as more expensive than effective, and with less attractive packaging.

However, responses coming from participants who tried pharmacy products before have a significantly more positive tone, especially regarding Efficacy – which was already established as a highly valued attribute when it comes to hair care products. This insight reinforces the importance that the trial has, and indicates that Dercos should continue on providing product samples and on creating proximity campaigns with potential consumers.

Which identity meanings does the brand Vichy add to the brand Dercos?

Focus Group respondents were asked to describe Dercos, Vichy and Vichy Dercos using adjectives or attributes. The most mentioned attributes were tested in the survey, with the aim of exploring which associations could be leveraged on by each one of the brands.

As Vichy Dercos was shown in this study as a fusion between the concepts of Dercos and Vichy, if an association is stronger for Vichy and Vichy Dercos than it is for Dercos, there is evidence that this happens because of the influence of Vichy.

Using this reasoning, it was found that Vichy increases the strength of the associations "Feminine", "Natural", "Young" and "Beauty", in Vichy Dercos' concept. These were the weakest associations registered for Dercos, and some of the strongest ones for Vichy. This finding, alongside with the fact that some of the strongest associations of Dercos continue present in Vichy Dercos, even if in decreased intensity ("Clinically Proven", "Innovative" and "Treatment") suggests that Vichy Dercos represents a good middle point between the two brands and that linking them resulted in broader associations.

Does the explicit association between Vichy and Dercos make Dercos' proposal more relevant and/or attractive for the consumer? Is this perceived increase in relevance and/or attractiveness exclusive to any specific customer or potential customer segment?

The appeal of Vichy Dercos' concept was also tested in the Market Research section of this thesis. Based on willingness to buy/try indicators, it was found that Vichy Dercos is a more relevant and attractive proposition than Dercos, and without significant shifts of opinions between genders, unlike what is observed for Vichy.

Respondents were classified according to their behavioral patterns towards brands, money, relationship with others and willingness to try new things. From this analysis, four consumer clusters resulted – "Loyal Fans", "Innovators Only", "Cost Conscious" and "Social butterflies looking for deals".

The appeal of the new concept was tested for each consumer group, which revealed that "Cost Conscious" and "Loyal Fans" would be the ones to find the new proposition more relevant.

"Cost Conscious" cluster is composed by people who tend to buy only what they need and pay attention to savings. In order to target this group, the brand should continue on communicate its effectiveness – in order to be a first choice for the ones in need of a hair care treatment -, and seek to offer the best promotions available in the store.

On the other hand, "Loyal Fans" cluster refer to people who tend to be loyal to brands and seek to identify themselves with them. To better reach this target group, Vichy Dercos must have a clearly defined brand personality and create engagement with the consumer. A good strategy could also be to target Vichy users as these may be more likely to try Vichy Dercos, buy it repeatedly and even serve as advocates for non-users due to their already existing affinity with the brand.

Which brand elements are the most effective in the creation of a positive image for Vichy Dercos?

In the Market Research section of this document respondents were asked to rate the packaging of Vichy Dercos in general and regarding specific elements - shape, colour scheme, background image, logos, font type, product description section and visual logo.

The results show that the Product's function/ Ingredient Description area and the color scheme of the product play a significant role in the creation of a positive image for Vichy Dercos. Despite this, when evaluating Vichy Dercos' packaging elements individually respondents gave higher ratings to the "Vichy-inspired" elements, such as Vichy's visual logo, Vichy's logo, its Shape and Font type.

As all of the mentioned elements suffered changes inspired by Vichy's look and feel, it's possible to conclude that Vichy's visual influence increased the number of positive reactions towards Dercos.

Given the conducted study and respective analysis, evidence shows that a deeper explicit association between Vichy and Dercos, when it comes to both brands' meanings, visuals and

elements, is recommended. This deeper alliance would result in broader associations for the hair care line, increased willingness to buy or try and better reactions towards the packaging.
In order to seek the maintenance of the strongest Dercos attributes in the resulting concept, the efficacy and clinical facets of the offer should be reinforced through a clear partnership with the pharmacy (maintaining the investment in the new edition of “Mês da Saúde Capilar”, point-of-sale communication and pharmacist education regarding the product portfolio), the usage of proven scientific claims and a stronger focus on Dercos’ story and heritage of clinical problem solving.
The product portfolio should continue offering Shampoos, Conditioners (balms) and Specific Treatments, as these are the most used products by the population. It should focus on communicating efficacy and aesthetic results – the most valued attributes by the consumer -, while also providing samples, offering frequent promotions and even cross-selling campaigns with other Vichy lines, therefore encouraging trial and reaching the most critical customer segments.
The “New Marketing Approach”, featuring influencer marketing and a stronger social media activity is also recommended, given the challenge of not only increasing the competitiveness of the brand inside the pharmacy circuit, but also recruiting consumers from other circuits.

5.2 Limitations and Further Research

This study counted with several limitations. Regarding the qualitative part, all of the respondents were my acquaintances which may have led to a less heterogenic discussion, as well as the lower number of participants in the second focus group, which may have contributed to a lower amount of input.
In what concerns the quantitative study, the sample size and sample features regarding age pose as a limitation. Even though a number of pertinent topics were successfully addressed with the survey, the size of the sample would have to be bigger than 219, and a more uniform age distribution of the participants would have to be achieved in order to guarantee that the results confidently represent the population.
Another limitation resides in the fact that the survey was only distributed online and via e-mail (to mine and my family’s contact list), limiting the collection of responses of people without access to the internet and/or outside of this social circle. The length of the survey also limited the respondent’s motivation to finish the survey, as well as the inclusion of video clips that could not be skipped.

The brand evaluation and comparison was based on video clips, as these allowed providing a more complete image and feel of the brands, in comparison with using a single image or visual. The results were therefore moderated by the videos chosen to identify each brand concept, and could differ with a different choice of videos.

In what concerns future research, it would be relevant to understand the perspective of the pharmacists and prescribers regarding this branding change. A study of preference and perception of Vichy Dercos concept could be done, in comparison with its main competitors. The goal would be to understand the impact that this change caused in the recommendation levels of Vichy Dercos to clients, by these important influencers.

Besides that, there were also several pieces of information collected by this survey that could not be included in the analysis due to time and length limitations. With these, accessory decision making information could be produced which would increase the depth of this study.

6. Teaching Note

6.1 Synopsis

This Case Study aims to describe and frame the decision making process of Vichy brand regarding a change in the marketing strategy of Dercos, considering the established brand identities and the consumer's perceptions and preferences.

Vichy and Dercos are two brands belonging to L'Oréal Group, which distribution is made through the pharmacy channel. Vichy is a market leader and its product portfolio includes everything from skin, body and sun care, makeup and men products. Dercos offers hair care products, and is specially known for its anti-hair loss and hair redensifying solutions which support its leadership in the specific category.

Dercos was, since its introduction, managed by Vichy's team. An increasing level of competition inside the hair care pharmacy circuit and the need to expand the circuit's size lead to the consideration of the impact of deepening the association between Vichy and Dercos by turning Dercos into Vichy's hair care proposal (or line), instead of advertising it as being supported by Vichy.

The impact of this decision on consumer perception figures as the central concern of this case, legitimately problematized due to differences between the brands' identities, marketing communication strategies and target groups.

6.2 Target Audience and Teaching Objectives

This case study provides a practical situation which can be analyzed by master students in marketing related courses, particularly on subjects concerning brand management topics such as brand equity and brand knowledge, brand extensions and brand elements.

The main teaching objectives are:

1) To understand the dynamics of the Hygiene and Beauty market in Portugal, particularly of the hair care category in the pharmacy circuit;
2) To illustrate the importance of evaluating existing brand knowledge when deciding on marketing strategy;
3) To develop student's strategic thinking and problem-solving abilities through the analysis of several alternatives to solve a challenge and through the practical application of theoretical concepts.

6.3 Teaching Plan

Students should be given a few days to read and prepare the case in order to produce a more fluid class discussion. The case should be introduced after the students are already familiar with the discussed marketing concepts and literature. The following academic articles are suggested:

A. Keller, K. L. (2003). Brand synthesis: The multidimensionality of brand knowledge. *Journal of Consumer Research*, 29(4), 595-600.
B. Keller, K. L., Sternthal, B., & Tybout, A. (2002). Three questions you need to ask about your brand. Harvard business review, 80(9), 80-89.
C. Geylani, T., Inman, J. J., & Hofstede, F. T. (2008). Image reinforcement or impairment: The effects of co-branding on attribute uncertainty. *Marketing Science*, 27(4), 730-744.

Class discussion

1. *Frame the decision making process of the situation illustrated in the Case.*

This question is meant to make students organize the main ideas discussed in the Case. Students should be encouraged to contribute in class discussion and engage in brainstorming. A suggested "board plan" that the instructor may choose to use is the following:

Vichy's Team Decision Making		
Supporting "Vichy Dercos"	Discouraging Vichy Dercos	Other aspects to consider

Information found throughout the chapters 3 and 4 may be used to answer this question.

2. *Describe the situation and competitive arena of the Hair Care Category in the Pharmacy Channel. Which associations act as Points of Parity and Difference in Dercos' frame of reference?*

In order to answer this question, students must be aware of the concepts defined on articles A and B and should read chapters 3.2.1 and 3.4.2 of this document.

3. *Which aspects should be considered when using a co-brand strategy to extend a brand (for both brands)? Analyze the Case scenario on the light of the aspects you listed.*

Article C provides the students with the foundation on the subject. In order to apply the theoretical information to the Case, chapters 3.4.1 and 3.4.2 should be consulted.

4. *If you were Vichy's Marketing Manager, which actions would you take in order to increase competitiveness in the pharmacy circuit, and to recruit consumers from other channels? Describe each action with detail.*

Students are asked to deliberate on this matter in groups, using information of the entire Case Study. A suggested approach to answering is starting with what they would do differently and why, what they would do concretely and which outcomes were expected to be achieved.

7. Exhibits

7.1 Case Study Exhibits

Exhibit 1: Portuguese Annual GDP Evolution

GDP (constant 2011 prices)	GDP (million €)	Annual variation
2011	176.166,6	-1,8%
2012	169.070,1	-4,0%
2013	167.159,4	-1,1%
2014	168.652,3	0,9%
2015*	171.309,3	1,6%

GDP per capita (constant 2011 prices)	GDP (million €)	Annual variation
2011	16.971,8	-1,9%
2012	16.686,3	-4,0%
2013	16.079,2	1,7%
2014	15.985,0	2,2%
2015*	16.538,7	4,1%

* represents a preliminary value, as stated in the source.

Figure 22: Portuguese Annual GDP Evolution. Pordata, (2017). *PIB e PIB per capita a preços constants (base=2011).* [online]. Available at: https://goo.gl/Z7c7RC [Acessed 7 April 2017

Exhibit 2: H&B category performance in Portugal, 2014-2015, value (€)

	2014	**2015**	**Evolution (14/15)**
Total Hygiene Market	**944.312**	**955.258**	**1,2%**
Hair Care	221.167	222.846	0,8%
Styling	32.923	32.959	0,1%
Coloration	45.774	46.080	0,7%
Total Face Care	175.905	172.849	-1,7%
Face Care Soin	157.151	153.150	-2,5%
Face Care Toilette	18.754	19.700	5,0%
Body	95.228	98.116	3,0%
Sun Care	57.234	57.688	0,8%
Make Up	63.541	67.562	6,3%
Deos	56.213	57.506	2,3%
Shaving and After Shave	19.711	20.164	2,3%
Perfumes	117.092	116.423	-0,6%
Shower Gel	48.607	53.396	9,9%

Figure 23: H&B category performance in Portugal (2014-2015, €. Nielsen (2015); HMR (Health Market Research) and IMS Health (2015); L'Oréal Internal Panels and Estimations (2015).

<u>Exhibit 3: Hair Care evolution by distribution channel (2014-2015) and channel's weight (2015), Value</u>

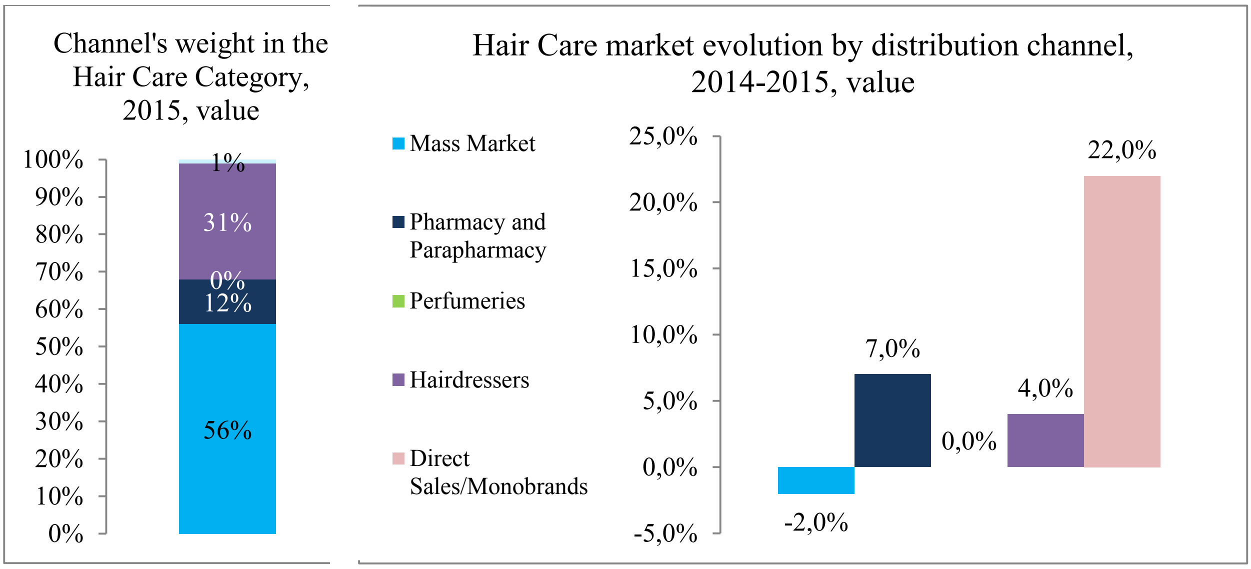


Figure 24: Hair Care evolution by distribution channel (2014-2015) and channel's weight in the category (2015). Nielsen (2015); HMR (Health Market Research) and IMS Health (2015); L'Oréal Internal Panels and Estimations (2015).

<u>Exhibit 4: Main Hair Care Players in the pharmacy channel, 2015 (value)</u>

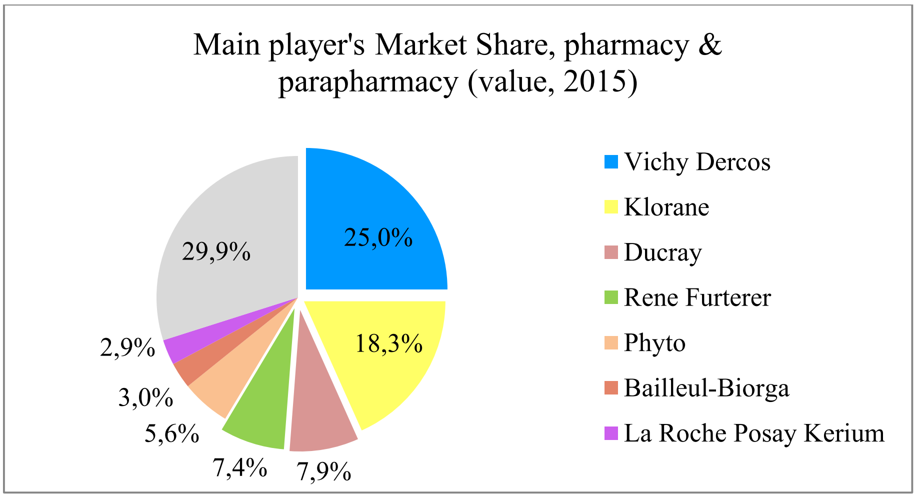


Figure 25: Main Hair Care players in the pharmacy channel, 2015, value. Nielsen (2015); HMR (Health Market Research) and IMS Health (2015); L'Oréal Internal Panels and Estimations (2015).

Exhibit 5: Vichy's point-of sale presence and recent package evolution

Figure 26: Vichy's point-of-sale presence sample

Figure 27: Vichy's recent package evolution

Exhibit 6: Dercos' main product lines

Figure 28: Dercos' main product lines

Exhibit 7: Dercos packaging update

Figure 29: Dercos packaging before and Vichy Dercos packaging

7.2 Market Research Exhibits

Exhibit 8: Focus Group Script

1. Introduction (5 minutes)

- Greetings and purpose of the focus group;
- Ground Rules (it is recorded, confidentiality, one person talks at a time, no right or wrong answers);
- Ice breaking: get- acquainted period.

2. General Familiarity with Hair Care offers (10 minutes)

- Which hair care products do you use or have used in the past?
- Where do you usually buy hair care products?
- How important is the specific hair care product you use, for you?

3. Perceived Benefits of pharmacy channel product offerings (10 minutes)

- Did you ever consider buying hair care products in the pharmacy? If so, why? If not, why not?
- Do you think hair care products sold in the pharmacy are good?
  - If so, do you think they are better than the ones sold in other channels?
- What are the main characteristics you associate with hair care products sold in the pharmacy? (positive and negative)
- Do you know any hair care brands sold in the pharmacy? [spontaneous recall]
  - If so, did you ever try or considered trying the brand(s)? Elaborate.

4. Awareness, Perceived Image and Opinions regarding specific product offerings (10 minutes)

- Do you know this brand or product? [show each image, except Vichy Dercos]
- Did you try any? Which one do you prefer (performance or imagery)? Elaborate.

For Vichy Dercos (without saying the name of the brand):

- "What is the name of this brand?" – no reaction to the comments
- What is this product? What attributes do you associate with this product? Why is it good/bad? [usage, functional or imagery associations]

- What do you think is the personality of this product? If it was a person, how would it be and how would it behave? Elaborate. [brand personality]

5. Testing Brand Image and Advertising Concepts (35 minutes)

Now I will show ads for three different brand concepts. After each concept I will evaluate your perceptions of each ad and what you liked about it or not.

5.1 Dercos

https://www.youtube.com/watch?v=TSH1G04mSBQ
https://www.youtube.com/watch?v=kBlYEsw7V3k

- What comes to mind when you think about this brand? [strong associations]
- What is good about this brand? What do you dislike about this brand? [favorable associations]
- What is unique about this brand? And what is not? [unique associations]

[Show product packaging]

- Which elements stand out as positive or negative? [if hints are needed: shape, colour, logo, specific element, lettering…]
- Does it increase your willingness to buy or try the product? Elaborate.

5.2 Vichy

Let's now watch another concept.

https://www.youtube.com/watch?v=9J6EzcsVVlU
https://www.youtube.com/watch?v=7aPoS44a-z4

- What comes to mind when you think about this brand? [strong associations]
- What is good about this brand? What do you dislike about this brand? [favorable associations]
- What is unique about this brand? And what is not? [unique associations]

[Show product packaging]

- Which elements stand out as positive or negative? [if hints are needed: shape, colour, logo, specific element, lettering…]
- Does it increase your willingness to buy or try the product? Why?

5.3 Vichy Dercos

"And one final concept."

https://www.youtube.com/watch?v=sy2Nwgd1f1E https://www.youtube.com/watch?v=3haeq-XOwLI

- What comes to mind when you think about this brand? [strong associations]
- What is good about this brand? What do you dislike about this brand? [favorable associations]
- What is unique about this brand? And what is not? [unique associations]
- Would you be willing to buy or try this concept?
  - Was the Dercos offer more interesting after you watched Vichy's commercials?
  - Which one of the Dercos concepts did you prefer? Why?

[Show product packaging]

- Which elements stand out as positive or negative? [if hints are needed: shape, colour, logo, specific element, lettering…]

- Do you like this packaging better than the one shown initially? Why?

- Does it increase your willingness to buy or try the product? Why?

Ask if respondents would like to add anything to their answers of how they described Vichy in point 4.

6. Closing comments (5 minutes)

- "How likely are you to consider pharmacy hair care products as an option, after this Focus Group?"
- Space for additional comments
- Thank participants and close FG.

Exhibit 9: Online Survey

[Pode também preencher este inquérito em Português. Mude o idioma no topo superior direito desta página.]

Thank you for participating in this study. It is an important part of my master thesis and will take approximately 8 minutes to complete. All of the data gathered will be used for academic purposes and is strictly confidential. There are no right or wrong answers and therefore you should answer honestly.

Sofia Simões,

Master in Management Student, Católica-Lisbon

First I would like to understand how you use and perceive hair care products. This part should take about 2 minutes to complete.

1. Which types of hair care products do you usually use?

Shampoo	Specific treatments (anti-dandruff, anti hair loss, sensitive scalpe, sun care, oral supplements, etc)
Conditioner	Styling Products (gel, wax, foam, spray, etc)
Hair Balm	Treatments without the need of water (oil, serum, cream, split ends product, etc)
Other	None

2. From 1 to 7, how important are hair care and hair products to you?

[1 – Not important at all; 7 – Extremely important]

3. How would you describe your behavior in relation to hair care brands?

I always buy the same brand	I have my usual brand, but sometimes I switch	I'm always switching between brands

4. How important is each one of these attributes, in a hair care product? **[1 – Not at all important; 7 – Extremely important]**

Treatment	Promotions available
Aesthetic result	Hair specialist, celebrity or influencer endorsement
Price of the products	Attractiveness of the packaging
Brand name	

Now I would like to evaluate your opinion regarding hair care products sold in the pharmacy. This part should take about 1 minute to complete.

7. Do you think that a hair care product sold in the pharmacy is, in general, better than the ones sold in other places? **[Yes/No]**

8. To which extent do the following attributes or expressions define hair care products sold in the pharmacy? [1 – Doesn't define them at all; 7 – Defines them accurately]

Efficacy	Medical Advice
Expensive	Specialized solutions
Attractive packaging	Low variety of products and brands

9. Which one of these brands of pharmacy hair care products do you know?

La Roche Posay Kerium	ISDIN	Ducray
Vichy Dercos	Rene Furterer	Phyto
Folcare	Tricovel	I don't know any of these brands
Klorane		

Branch #1

Now you will be presented to a branding concept. Afterwards, your opinions and perceptions of it will be evaluated. This part may take you between 3 and 5 minutes to complete. Please watch these two short movies before moving on to the next page.

#1: https://www.youtube.com/watch?v=TSH1G04mSBQ

#2: https://www.youtube.com/watch?v=kBlYEsw7V3k

10. Did you know this brand before watching these clips? **[Yes/No]**

11. Which of these attributes would you use to describe this brand?

Innovative	Natural	Treatment
Young	Technological	Beauty
Credible	Feminine	Pharmaceutical
Clinically Proven		

12. From 1 to 7, how accurately do the selected attributes describe this brand**? [1 – Not accurately at all; 7 – Extremely accurately]**

If Q11 Innovative is Selected - Innovative	If Q11 Technological is Selected – Technological
If Q11 Young is Selected - Young	If Q11 Feminine is Selected - Feminine
If Q11 Credible is Selected - Credible	If Q11 Treatment is Selected - Treatment
If Q11 Clinically Proven is Selected – Clinically Proven	If Q11 Beauty is Selected - Beauty
If Q11 Natural is Selected - Natural	If Q11 Pharmaceutical is Selected - Pharmaceutical

13. In which of the following attributes do you consider this brand **to be different** from other hair care brands?

If Q11 Innovative is Selected - Innovative	If Q11 Technological is Selected – Technological
If Q11 Young is Selected - Young	If Q11 Feminine is Selected - Feminine
If Q11 Credible is Selected - Credible	If Q11 Treatment is Selected - Treatment
If Q11 Clinically Proven is Selected – Clinically Proven	If Q11 Beauty is Selected - Beauty
If Q11 Natural is Selected - Natural	If Q11 Pharmaceutical is Selected - Pharmaceutical

14. Did you ever buy or try this brand? **[Yes/No]**

15. From 1 to 7, how willing are to buy or try this brand now? **[1 – Not at all willing to buy/try it; 7 – Very willing to buy/try it]**

Observe this product's packaging.

16. What is your overall impression of this product? **[1 – Dislike a great deal/not interesting; 7 – Like it a lot/want to know more about it]**

17. In a scale from 1 to 7, classify it in terms of: **[1 – Dislike a great deal; 7 – Like a great deal.]**

Shape	"Dercos" logo
Colour scheme	Font type
Background Image	Product's function and Ingredient Description
"Vichy logo"	

<u>Branch #2</u>

Now you will be presented to a branding concept. Afterwards, your opinions and perceptions of it will be evaluated. This part may take you between 3 and 5 minutes to complete. Please watch these two short movies before moving on to the next page.

#1: https://www.youtube.com/watch?v=9J6EzcsVVlU

#2: https://www.youtube.com/watch?v=7aPoS44a-z4

18. Did you know this brand before watching these clips? **[Yes/No]**

19. Which of these attributes would you use to describe this brand?

Innovative	Natural	Treatment
Young	Technological	Beauty
Credible	Feminine	Pharmaceutical
Clinically Proven		

20. From 1 to 7, how accurately do the selected attributes describe this brand**? [1 – Not accurately at all; 7 – Extremely accurately]**

If Q19 Innovative is Selected - Innovative	If Q19 Technological is Selected – Technological
If Q19 Young is Selected - Young	If Q19 Feminine is Selected - Feminine
If Q19 Credible is Selected - Credible	If Q19 Treatment is Selected - Treatment
If Q19 Clinically Proven is Selected – Clinically Proven	If Q19 Beauty is Selected - Beauty
If Q19 Natural is Selected - Natural	If Q19 Pharmaceutical is Selected - Pharmaceutical

21. In which of the following attributes do you consider this brand **to be different** from other hair care brands?

If Q19 Innovative is Selected - Innovative	If Q19 Technological is Selected – Technological
If Q19 Young is Selected - Young	If Q19 Feminine is Selected - Feminine
If Q19 Credible is Selected - Credible	If Q19 Treatment is Selected - Treatment
If Q19 Clinically Proven is Selected – Clinically Proven	If Q19 Beauty is Selected - Beauty
If Q19 Natural is Selected - Natural	If Q19 Pharmaceutical is Selected - Pharmaceutical

22. Did you ever buy or try this brand? **[Yes/No]**

23. From 1 to 7, how willing are to buy or try this brand now? **[1 – Not at all willing to buy/try it; 7 – Very willing to buy/try it]**

Observe this product's packaging.

24. What is your overall impression of this product? **[1 – Dislike a great deal/not interesting; 7 – Like it a lot/want to know more about it]**

25. In a scale from 1 to 7, classify it in terms of: **[1 – Dislike a great deal; 7 – Like a great deal.]**

Shape	The "V" Image
Colour scheme	Font type
"Vichy logo"	Product's function and Ingredient Description

<u>Branch #3</u>

Now you will be presented to a branding concept. Afterwards, your opinions and perceptions of it will be evaluated. This part may take you between 3 and 5 minutes to complete. Please watch these two short movies before moving on to the next page.

#1: https://www.youtube.com/watch?v=sy2Nwgd1f1E

#2: https://www.youtube.com/watch?v=3haeq-XOwLI

26. Did you know this brand before watching these clips? **[Yes/No]**

27. Which of these attributes would you use to describe this brand?

Innovative	Natural	Treatment
Young	Technological	Beauty
Credible	Feminine	Pharmaceutical
Clinically Proven		

28. From 1 to 7, how accurately do the selected attributes describe this brand**? [1 – Not accurately at all; 7 – Extremely accurately]**

If Q27 Innovative is Selected - Innovative	If Q27 Technological is Selected – Technological
If Q27 Young is Selected - Young	If Q27 Feminine is Selected - Feminine
If Q27 Credible is Selected - Credible	If Q27 Treatment is Selected - Treatment
If Q27 Clinically Proven is Selected – Clinically Proven	If Q27Beauty is Selected - Beauty
If Q27 Natural is Selected - Natural	If Q27 Pharmaceutical is Selected - Pharmaceutical

29. In which of the following attributes do you consider this brand **to be different** from other hair care brands?

If Q27 Innovative is Selected - Innovative	If Q27 Technological is Selected – Technological
If Q27 Young is Selected - Young	If Q27 Feminine is Selected - Feminine
If Q27 Credible is Selected - Credible	If Q27 Treatment is Selected - Treatment
If Q27 Clinically Proven is Selected – Clinically Proven	If Q27Beauty is Selected - Beauty
If Q27 Natural is Selected - Natural	If Q27 Pharmaceutical is Selected - Pharmaceutical

30. Did you ever buy or try this brand? **[Yes/No]**

31. From 1 to 7, how willing are to buy or try this brand now? **[1 – Not at all willing to buy/try it; 7 – Very willing to buy/try it]**

32. Did you know this brand before watching these clips?

Observe this product's packaging.

24. What is your overall impression of this product? **[1 – Dislike a great deal/not interesting; 7 – Like it a lot/want to know more about it]**

25. In a scale from 1 to 7, classify it in terms of: **[1 – Dislike a great deal; 7 – Like a great deal.]**

Shape	"Dercos" logo
Colour scheme	Font type
Background graphics	The "V" Image
"Vichy logo"	Product's function and Ingredient Description

We are almost done, just take 1 more minute to answer some questions about you.

26. In a scale from 1 to 7, how much do you agree with the following sentences? **[1 – Strongly Disagree; 7 – Strongly Agree]**

Generally speaking most people are trustworthy or honest.	I am very loyal to my favorite brands.
I feel comfortable when I'm around other people.	I am more likely to try products from a brand that I like.
I follow and I'm interested in influencer recommendations.	The brands I like reflect my personality, to some extent.
I like to try new and different things.	I am a "spender" rather than a "saver".
I do not find it difficult to accept change.	I usually buy only the things I need.
I am usually among the first to try new products.	I seek out coupons and promotions because being cost conscious is important to me.

41. Gender

Male	Female

42. Age Group

<25	25-34	35-44	45-54	>55

43. Region of Origin

Portugal	Abroad

44. Professional activity

Student	Unemployed	Employed	Other

45. Annual household gross income

<10.000 euros	10.000 – 45.000 euros	45.001 – 75.000 euros	>75.000 euros

Exhibit 10: SPSS Outputs regarding Demographic Description of the Sample

Table 10.1. Frequencies - Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	85	38,8	38,8	38,8
	Female	134	61,2	61,2	100
	Total	219	100	100	

Table 10.2. Frequencies - Age Group

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<25	124	56,6	56,6	56,6
	25 - 34	35	16	16	72,6
	35 - 44	25	11,4	11,4	84
	45 - 54	28	12,8	12,8	96,8
	> 55	7	3,2	3,2	100
	Total	219	100	100	

Table 10.3. Frequencies - Professional activity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	116	53	53	53
	Unemployed	4	1,8	1,8	54,8
	Employed	86	39,3	39,3	94,1
	Other	13	5,9	5,9	100
	Total	219	100	100	

Table 10.4. Frequencies - Region of origin

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Portugal	199	90,9	90,9	90,9
	Abroad	20	9,1	9,1	100
	Total	219	100	100	

Table 10.5. Frequencies - Annual household gross income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<10.000 euros	62	28,3	28,3	28,3
	10.000 – 45.000 euros	103	47	47	75,3
	45.001 – 75.000 euros	43	19,6	19,6	95
	>75.000 euros	11	5	5	100
	Total	219	100	100	

Table 10.6. Age Group * Gender Crosstabulation

			Gender		Total
			Male	Female	
Age Group	<25	Count	46	78	124
		% within Age Group	37,1%	62,9%	100%
		% within Gender	54,1%	58,2%	56,6%
	25 - 34	Count	17	18	35
		% within Age Group	48,6%	51,4%	100%
		% within Gender	20%	13,4%	16%
	35 - 44	Count	9	16	25
		% within Age Group	36%	64%	100%
		% within Gender	10,6%	11,9%	11,4%
	45 - 54	Count	9	19	28
		% within Age Group	32,1%	67,9%	100%
		% within Gender	10,6%	14,2%	12,8%
	> 55	Count	4	3	7
		% within Age Group	57,1%	42,9%	100%
		% within Gender	4,7%	2,2%	3,2%
Total		Count	85	134	219
		% within Age Group	38,8%	61,2%	100%
		% within Gender	100%	100%	100%

Exhibit 11: SPSS Outputs regarding General Habits and Behavior

Table 11.1. Product Usage - Products * Gender Crosstabulation (data from SPSS agregated on Excel)

		Gender		Total
		Male	Female	
Shampoo	Count	83	133	216
	% within Gender	97,60%	99,30%	98,60%
Conditioner	Count	18	108	126
	% within Gender	21,20%	80,60%	57,50%
Mascara	Count	1	53	54
	% within Gender	1,90%	98,10%	100,00%
Treatments without the need of water (oil, serum, cream, split ends product, etc)	Count	0	65	65
	% within Gender	0,00%	48,50%	29,70%
Specific treatments (anti-dandruff, anti hair loss, sensitive scalpe, sun care, oral supplements, etc)	Count	11	34	45
	% within Gender	12,90%	25,40%	20,50%
Other	Count	2	1	3
	% within Gender	2,40%	0,70%	1,40%
None	Count	1	1	2
	% within Gender	1,20%	0,70%	0,90%

Figure 11.2. Relevant Associations - Conditioner * Gender

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	75,160[a]	1	0,000		
Continuity Correction[b]	72,748	1	0,000		
Likelihood Ratio	78,979	1	0,000		
Fisher's Exact Test				0,000	0,000
Linear-by-Linear Association	74,817	1	0,000		
N of Valid Cases	219				

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 36,10.

b. Computed only for a 2x2 table

Figure 11.3. Relevant Associations - Mascara * Gender

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	41,229[a]	1	0,000		
Continuity Correction[b]	39,189	1	0,000		
Likelihood Ratio	53,898	1	0,000		
Fisher's Exact Test				0,000	0,000
Linear-by-Linear Association	41,041	1	0,000		
N of Valid Cases	219				

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 20,96.

b. Computed only for a 2x2 table

Figure 11.4. Relevant Associations - Treatments without water * Gender

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	58,634[a]	1	0		
Continuity Correction[b]	56,333	1	0		
Likelihood Ratio	80,718	1	0		
Fisher's Exact Test				0	0
Linear-by-Linear Association	58,366	1	0		
N of Valid Cases	219				

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 25,23.

b. Computed only for a 2x2 table

Figure 11.5. Relevant Associations - Specific Treatments * Gender

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	4,924[a]	1	0,026		
Continuity Correction[b]	4,192	1	0,041		
Likelihood Ratio	5,173	1	0,023		
Fisher's Exact Test				0,027	0,019
Linear-by-Linear Association	4,901	1	0,027		
N of Valid Cases	219				

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 17,47.

b. Computed only for a 2x2 table

Figure 11.2.1. Strenght of Association - Conditioner * Gender

		Value	Asymptotic Standardized Error[a]	Approximate T[b]	Approximate Significance
Nominal by Nominal	Phi	0,586			0,000
	Cramer's V	0,586			0,000
Interval by Interval	Pearson's R	0,586	0,056	10,648	,000[c]
Ordinal by Ordinal	Spearman Correlation	0,586	0,056	10,648	,000[c]
N of Valid Cases		219			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Figure 11.3.1. Strenght of Association - Mascara * Gender

		Value	Asymptotic Standardized Error[a]	Approximate T[b]	Approximate Significance
Nominal by Nominal	Phi	0,434			0,000
	Cramer's V	0,434			0,000
Interval by Interval	Pearson's R	0,434	0,039	7,094	,000[c]
Ordinal by Ordinal	Spearman Correlation	0,434	0,039	7,094	,000[c]
N of Valid Cases		219			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Figure 11.4.1. Strenght of Association - Treatments without Water * Gender

		Value	Asymptotic Standardized Error[a]	Approximate T[b]	Approximate Significance
Nominal by Nominal	Phi	0,517			0,000
	Cramer's V	0,517			0,000
Interval by Interval	Pearson's R	0,517	0,036	8,907	,000[c]
Ordinal by Ordinal	Spearman Correlation	0,517	0,036	8,907	,000[c]
N of Valid Cases		219			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Table 11.5.1. Strenght of Association - SpecificTreatments * Gender

		Value	Asymptotic Standardized Error[a]	Approximate T[b]	Approximate Significance
Nominal by Nominal	Phi	0,15			0,026
	Cramer's V	0.15			0.026
Interval by Interval	Pearson's R	0,15	0,062	2,234	,027[c]
Ordinal by Ordinal	Spearman Correlation	0,15	0,062	2,234	,027[c]
N of Valid Cases		219			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Figure 11.6. Relevant Associations - Specific Treatments * Age Group

Chi-Square Tests

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3,261[a]	4	0,515
Likelihood Ratio	4,602	4	0,331
Linear-by-Linear Association	0,005	1	0,943
N of Valid Cases	219		

a. 1 cells (10,0%) have expected count less than 5. The minimum expected count is

Table 11.7. Which one of these places do you use more often, to buy hair care products?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Hiper or supermarkets	176	80,4	80,4	80,4
	Specialized store of hair care products	6	2,7	2,7	83,1
	Hairdresser/Barber	13	5,9	5,9	89
	Pharmacy	6	2,7	2,7	91,8
	Parapharmacy	14	6,4	6,4	98,2
	By catalog	2	0,9	0,9	99,1
	Other	2	0,9	0,9	100
	Total	219	100	100	

Table 11.8. Frequencies - Why is this the place you use more often, to buy hair care products? (data from SPSS adapted in Excel)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Easy access to the location	133	60,7	60,7	100
	Broad range of products and brands	101	46,1	46,1	100
	Perception of quality of the products	28	12,8	12,8	100
	Professional or influencer advice	22	10	10	100
	Friend or family advice	8	3,7	3,7	100
	Suitable products for my type of hair or benefit I seek	42	19,2	19,2	100
	Attractive prices	114	52,1	52,1	100
	Other	4	1,8	1,8	100

Table 11.9. Crosstabulation - Preferred_hyper * Why is this the place you use more often, to buy hair care products? (data from the SPSS agregated in Excel)

		Prefer Hyper or Supermarkets		Total
		0	1	
Easy Access of the location	Count	4	129	133
	% within Preferred_hyper	9,3%	73,3%	82,60%
Broad range of products and brands	Count	5	96	101
	% within Preferred_hyper	11,6%	54,5%	66,10%
Perception of quality of the products	Count	14	14	28
	% within Preferred_hyper	32,6%	8,0%	40,60%
Professional or influencer advice	Count	18	4	22
	% within Preferred_hyper	41,9%	2,3%	44,2%
Friend or family advice	Count	5	3	8
	% within Preferred_hyper	11,6%	1,7%	44,2%
Suitable products for my type of hair	Count	19	23	42
	% within Preferred_hyper	44,2%	13,1%	57,3%
Attractive prices	Count	2	112	42
	% within Preferred_hyper	4,7%	63,6%	68,3%
Total	Count	43	176	219
	% within Preferred_hyper	19,6%	80,4%	68,3%

Table 11.10. Descriptive Statistics - Hair Care Category Importance

	N	Minimum	Maximum	Mean	Std. Deviation
From 1 to 7, how important are hair care and hair products to you? - Level of importance of the category	219	1	7	5,24	1,387
Valid N (listwise)	219				

Table 11.11. Independent Samples Test - Significant Differences between respondents who prefer Hyper and Supermarkets and respondents who prefer other channels

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
From 1 to 7, how important are hair care and hair products to you? - Level of importance of the category	Equal variances assumed	2,169	0,142	-5,807	217	0,000	-1,042	0,179	-1,395	-0,688
	Equal variances not assumed			-5,594	157,04	0,000	-1,042	0,186	-1,41	-0,674

Table 11.12. Frequencies - How would you describe your behavior in relation to hair care brands?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I always buy the same brand	30	13,7	13,7	13,7
	I have my usual brand, but I sometimes switch	133	60,7	60,7	74,4
	I'm always switching between brands	56	25,6	25,6	100
	Total	219	100	100	

Table 11.13. Descriptive Statistics - Hair Care products, Attribute Importance

	N	Minimum	Maximum	Mean	Std. Deviation
Treatment (doing what it promised to do)	219	1	7	6	1,269
Aesthetic result	219	1	7	5,41	1,537
Price of the products	219	1	7	5,37	1,29
Brand name	219	1	7	4,47	1,56
Promotions available	219	1	7	5,16	1,548
Hair specialist, celebrity or influencer endorsement	219	1	7	3,5	1,788
Attractiveness of the packaging	219	1	7	3,43	1,608
Valid N (listwise)	219				

Exhibit 12: SPSS Outputs regarding Pharmacy Products Perception and Awareness

Table 12.1. Do you think that a hair care product sold in the pharmacy is, in general, better than the ones sold in other places?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	105	47,9	47,9	47,9
	No	114	52,1	52,1	100
	Total	219	100	100	

Table 12.2. Descriptive Statistics - Definion of pharmacy hair care products (data from SPSS adapted in Excel)

	N	Minimum	Maximum	Mean	Std. Deviation
Efficacy	219	1	7	5,29	1,46
Expensive	219	1	7	5,46	1,359
Attractive packaging	219	1	7	3,27	1,383
Medical advice	219	1	7	5,59	1,416
Specialized solutions	219	1	7	5,71	1,283
Low variety of products and brands	219	1	7	4,4	1,668
Treatments	219	1	7	5,69	1,297
Valid N (listwise)	219				

Table 12.3. Descriptives - Differences on the ratings between opinion groups (data from SPSS adapted in Excel)

	Do you think that a hair care product sold in the pharmacy is, in general, better than the ones sold in other places?	N	Mean	Std. Deviation	Std. Error Mean
Efficacy	Yes	105	5,94	1,117	0,109
	No	114	4,68	1,483	0,139
Expensive	Yes	105	5,46	1,421	0,139
	No	114	5,46	1,304	0,122
Attractive packaging	Yes	105	3,32	1,418	0,138
	No	114	3,22	1,355	0,127
Medical advice	Yes	105	5,8	1,403	0,137
	No	114	5,39	1,406	0,132
Specialized solutions	Yes	105	6,09	0,991	0,097
	No	114	5,37	1,422	0,133
Low variety of products and brands	Yes	105	4,55	1,77	0,173
	No	114	4,25	1,562	0,146
Treatments	Yes	105	6,01	1,122	0,11
	No	114	5,4	1,381	0,129

Table 12.4. Brand Awareness (data from SPSS agregated in Excel)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	La Roche Posay Kerium	105	47,9	47,9	100
	Vichy Dercos	141	64,4	64,4	100
	Folcare	9	4,1	4,1	100
	Klorane	110	50,2	50,2	100
	ISDIN	18	8,2	8,2	100
	Rene Furterer	28	12,8	12,8	100
	Tricovel	4	1,8	1,8	100
	Phyto	34	15,5	15,5	100
	Ducray	62	28,3	28,3	100
	I don't know any of these brands	43	19,6	19,6	100

Exhibit 13: SPSS Outputs regarding Concept Evaluation

Table 13.1 Frequencies - Attributes describing Dercos (data from SPSS agregated in Excel)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Feminine	4	1,8	1,8	100
	Technological	40	56,3	56,3	100
	Natural	2	2,8	2,8	100
	Clinically proven	34	47,9	47,9	100
	Credible	24	33,8	33,8	100
	Young	7	9,9	9,9	100
	Innovative	44	62	62	100
	Pharmaceutical	33	46,5	46,5	100
	Beauty	10	14,1	14,1	100
	Treatment	47	66,2	66,2	100

Table 13.2 Frequencies - Attributes describing Vichy (data from SPSS agregated in Excel)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Feminine	49	64,5	64,5	100
	Technological	13	17,1	17,1	100
	Natural	15	19,7	19,7	100
	Clinically proven	28	36,8	36,8	100
	Credible	25	32,9	32,9	100
	Young	18	23,7	23,7	100
	Innovative	10	13,2	13,2	100
	Pharmaceutical	25	32,9	32,9	100
	Beauty	48	63,2	63,2	100
	Treatment	35	46,1	46,1	100

Table 13.3 Frequencies - Attributes describing Vichy Dercos (data from SPSS agregated in Excel)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Feminine	15	20,8	20,8	100
	Technological	27	37,5	37,5	100
	Natural	5	6,9	6,9	100
	Clinically proven	40	55,6	55,6	100
	Credible	26	36,1	36,1	100
	Young	33	45,8	45,8	100
	Innovative	34	47,2	47,2	100
	Pharmaceutical	27	37,5	37,5	100
	Beauty	36	50	50	100
	Treatment	36	50	50	100

Table 13.4. Independent Samples Test - Significant differences in Willingness to buy/try Vichy, between genders

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Willingness to buy/try the brand (Vichy)	Equal variances assumed	0,24	0,626	-2,694	74	0,009	-1,149	0,427	-1,999	-0,299
	Equal variances not assumed			-2,671	49,575	0,01	-1,149	0,43	-2,014	-0,285

Table 13.5. Independent Samples Test - No significant differences in Willingness to buy/try Vichy Dercos, between genders

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Willingness to buy/try the brand (Vichy Dercos)	Equal variances assumed	0,547	0,462	-1,42	70	0,16	-0,58	0,408	-1,394	0,235
	Equal variances not assumed			-1,448	51,929	0,154	-0,58	0,4	-1,383	0,223

Table 13.6. Independent Samples Test - Significant differences in Willingness to buy/try Vichy Dercos, between respondents who tried and respondents who didn't try the brand before

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Willingness to buy/try the brand (Vichy Dercos)	Equal variances assumed	2,276	0,136	4,127	70	0,000	1,685	0,408	0,871	2,5
	Equal variances not assumed			4,903	41,528	0,000	1,685	0,344	0,991	2,379

Table 13.7. Frequencies - Did you ever buy or try this brand? (Vichy Dercos)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	18	8,2	25	25
	No	54	24,7	75	100
	Total	72	32,9	100	
Missing	System	147	67,1		
Total		219	100		

Exhibit 14: SPSS Outputs regarding Brand Elements

Table 14.1. Descriptive Statistics - Packaging Elements Rating (Dercos)

	N	Minimum	Maximum	Mean	Std. Deviation
Shape	71	1	7	4,61	1,389
Colour scheme	71	1	7	4,35	1,674
Background Image	71	1	7	3,93	1,633
"Vichy" logo	71	1	7	5	1,219
"Dercos" logo	71	1	7	4,34	1,404
Font type	71	1	7	4,85	1,272
Product's function and Ingredient Description	71	1	7	4,23	1,311
Valid N (listwise)	71				

Table 14.2. Descriptive Statistics - Packaging Elements Rating (Vichy)

	N	Minimum	Maximum	Mean	Std. Deviation
Shape	76	1	7	4,91	1,358
Colour scheme	76	1	7	4,3	1,549
"Vichy" logo	76	2	7	4,99	1,342
Font type	76	1	7	4,64	1,449
The "V" image	76	1	7	5,03	1,514
Product's function and Ingredient Description	76	1	7	4,39	1,443
Valid N (listwise)	76				

Table 14.3. Descriptive Statistics - Packaging Elements Rating (Vichy Dercos)

	N	Minimum	Maximum	Mean	Std. Deviation
Shape	72	1	7	4,99	1,295
Colour scheme	72	1	7	4,86	1,638
Background Graphics	72	2	7	4,46	1,331
"Vichy" logo	72	1	7	5,28	1,247
"Dercos" logo	72	1	7	4,47	1,434
Font type	72	1	7	4,92	1,319
The "V" image	72	1	7	5,35	1,426
Product's function and Ingredient Description	72	1	7	4,57	1,341
Valid N (listwise)	72				

Exhibit 15: SPSS Outputs regarding Behavioral and Psychographic Profiles

Table 15.1. KMO and Bartlett's Test - Factor Analysis

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0,707
Bartlett's Test of Sphericity	Approx. Chi-Square	485,7
	df	66
	Sig.	0,000

Table 15.2. Total Variance Explained - Factor Analysis

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2,987	24,894	24,894	2,987	24,894	24,89	2,148	17,904	17,904
2	1,639	13,658	38,552	1,639	13,658	38,55	2,084	17,366	35,27
3	1,373	11,443	49,995	1,373	11,443	50	1,579	13,158	48,429
4	1,16	9,663	59,659	1,16	9,663	59,66	1,348	11,23	59,659
5	0,912	7,6	67,259						
6	0,79	6,584	73,843						
7	0,667	5,561	79,404						
8	0,589	4,908	84,312						
9	0,557	4,644	88,956						
10	0,536	4,467	93,423						
11	0,415	3,462	96,886						
12	0,374	3,114	100						

Extraction Method: Principal Component Analysis.

Table 15.3. Rotated Component Matrix - Factor Analysis

	Component			
	1	2	3	4
Generally speaking most people are trustworthy or honest.	0,446	0,399	-0,34	0,012
I feel comfortable when I'm around other people.	0,355	0,528	-0,22	-0,18
I follow and I'm interested in influencer recommendations.	0,248	0,276	0,357	0,562
I like to try new and different things.	-0,01	0,755	0,256	0,255
I do not find it difficult to accept change.	-0,07	0,713	-0,04	0,009
I am usually among the first to try new products.	0,123	0,548	0,378	0,34
I am very loyal to my favorite brands.	0,814	-0,21	0,066	-0
I am more likely to try products from a brand that I like.	0,662	0,118	0,023	0,093
The brands I like reflect my personality, to some extent.	0,7	0,091	0,108	0,128
I am a "spender" rather than a "saver"	0,383	0,348	0,63	-0,2
I seek out coupons and promotions because being cost conscious is important to me.	0,05	0,008	-0,16	0,867
I usually buy only the things I need.	0,032	0,067	-0,8	-0,04

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 12 iterations.

Table 15.4. Final Cluster Centers - Cluster Membership

	Cluster			
	1	2	3	4
Cluster1_LoyalFans	-0,248	0,6064	0,5034	-0,9224
Cluster2_InnovatorsOnly	0,06064	-0,622	0,1705	0,45468
Cluster3_CostConscious	0,45016	-0,7976	0,9743	-0,5882
Cluster4_SocialDeals	-1,1223	-0,0343	0,6144	0,62066

Table 15.5. Number of Cases in each Cluster

Cluster	1	56
	2	58
	3	53
	4	52
Valid		219
Missing		0

Table 15.6. Descriptives - Vichy Dercos attractiveness, by customer cluster

Willingness to buy/try the brand (Vichy Dercos)

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1	15	5	1,414	0,365	4,22	5,78	2	7
2	17	4,12	1,054	0,256	3,58	4,66	2	6
3	21	5,19	1,806	0,394	4,37	6,01	1	7
4	19	3,53	1,679	0,385	2,72	4,34	1	7
Total	72	4,46	1,661	0,196	4,07	4,85	1	7

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