

SHISEIDO

Welcome to a world of well being

Marketing Research Report
(based on an actual student report)

Shiseido
Future Solution Total Revitalizing Cream



Team Members:
Team Member 1, Team Member 2, Team Member 3

Introduction

Since it first opened in Tokyo in 1872, Shiseido has emerged to become Japan's most successful cosmetics company and a worldwide beauty leader (Shiseido Annual Report 2004). Marked by elegance, technological advancement, artistry, and a high-ticket price, Future Solution Total Revitalizing Cream is the product that best embodies Shiseido itself.

Situation

Future Solution is an anti-aging moisturizer from Shiseido's High-Performance Care line that is formulated for any skin type. It contains more than 30 ingredients, including two potent ingredient groups: Inner Network Firming Complex and Hydro-Infusion Complex. Together, they help repair skin cells damaged by free radicals (the most significant factor in aging), while enhancing skin's ability to keep its collagen strong and healthy. Each application leaves skin soft and moisturized for hours and is a highly effective treatment for wrinkles and fine lines, as proven by independent laboratory studies (Shiseido Future Solution Product Brochure).

With a retail price of \$225, Future Solution is considered to be a prestige cosmetic product in the U.S. market. Its wide distribution channel includes department stores, beauty salons, structured retailers, and online beauty shops. Shiseido beauty counters offer personalized consultation by specialists trained specifically in Shiseido products who are qualified to answer customer questions.

Shiseido's direct competitors include Lancôme, Clinique, and Estée Lauder. These are the companies we named in this survey for comparison purposes and are on the list of the top five prestige skin care brands in the U.S. market, as uncovered by our previous research (Herlihy, "The Prestige Beauty Report").

Problem Statement

The research presented here addresses the problem of how to increase revenue and market share for Future Solutions in a competitive and cluttered market.

Previously conducted research shows that the skin care industry as a whole is a competitive and cluttered market. All the major players in the industry produce dozens, if not hundreds of products, designed for a wide range of skin types and skin concerns, and offered at widely varying prices. With tremendously abundant selections, the individual consumer's shopping power has never been stronger. Skin care companies and their sub-brands compete with each other not only on the level of product quality, but also in terms of being able to anticipate and accurately assess consumer needs and attitudes towards skin care. Knowing these factors will assist the companies to improve satisfaction levels, which hopefully will later translate into increased revenue and market share. Thus, it becomes crucial for our company, Shiseido, to gain more insight into consumer attitudes and purchasing behavior, as well as their decision-making process.

Research Process

First, we defined the problem (see the Problem Statement above). Next, we declared our research objectives (see the next section). The third step was to develop the questionnaire to gather the data we needed to achieve our objectives. Fourth, we launched the survey and gathered the results. We analyzed the results, determined the conclusions, and prepared the research report.

Research Objectives

The focus of this research is Shiseido's Future Solution Total Revitalizing Cream.

Objectives

The specific objectives of the research are to answer the following questions:

- What are the consumer's attitudes toward skin care products?
- How would Shiseido take advantage of this information when applying it to promoting Future Solution?

All the survey questions should be able to contribute to answering this question by revealing some of the consumer's attitudes towards skin care products: brand loyalty, satisfaction, preference and their purchasing routines.

Method

This section covers the method used to conduct the research for the project.

Research Approach

Our general approach was to target a number of individuals with specific questions that we believed would satisfy our research objective. To speed up the data collection process, we employed an online survey, delivered via email. The research team analyzed the results to identify potential opportunities and risks for the Shiseido marketing mix.

Collection

We collected our research data using an online survey tool called SurveyShare.com. An online data collection tool was used because of the speed and cost advantages with the approach. We selected the research sample using the Sample Plan and Sample Size methodology discussed later in this report.

Questionnaire

We designed a self-administered internet survey that included a total of 15 questions. We organized the questions into the following categories:

- Product Selection / Satisfaction
- Product Promotions
- Distribution Channel
- Price
- Reason / Frequency of Use
- Brand Loyalty

The first four questions are normalized questions regarding gender, age, income, and number of children. Question 5 and 6 are about skin care routines. Questions 7, 8, 9 and 11 focus on the competitive brands and respondents' level of satisfaction. Question 10, 12 and 14 inquire about purchasing habits. Question 13 inquires how the respondent acquires his or her information regarding skin care. Question 15 asks about money spent on skin care products.

(1) What is your gender?

1. Male
2. Female

(2) What is your age?

1. 18–24
2. 25–34
3. 35–44
4. 45–54
5. 55–64
6. 65+

(3) What is your annual household income?

1. Less than \$40,000
2. \$41,000–\$60,000
3. \$61,000–\$75,000
4. \$76,000–\$100,000
5. \$101,000–\$130,000
6. More than \$130,000

(4) Do you have any children living at home?

1. Yes
2. No

(5) Which of the following concerns you most about your skin?

1. Wrinkles or fine lines
2. Lost of elasticity and contours
3. Broken capillarity or rosacea
4. Sensitivity
5. Acne
6. Other

- (6) How often do you perform your skin care routine?
1. Never
 2. Once a day
 3. Twice a day
 4. Three times a day
 5. Four times and more
- (7) Which of the following skin care brand are you currently using?
1. Shiseido
 2. Estée Lauder
 3. Lancôme
 4. Clinique
 5. Other
 6. None
- (8) Please rate your level of satisfaction with the skin care products you are currently using. (1= Very disappointed, 5=Very satisfied)
1. [1]
 2. [2]
 3. [3]
 4. [4]
 5. [5]
- (9) How do you think the products you are using can be improved?
1. Better customer service
 2. Better quality
 3. More promotions and discounts
 4. More available through channels
 5. Better packaging
 6. Other
- (10) What is the most important factor you consider when selecting skin care products?
1. Price
 2. Quality and/or effectiveness
 3. Brand reputation
 4. Packaging
 5. Referrals from friends/family
 6. Other
- (11) Which of the following brand of anti-aging products are you currently using?
1. Shiseido
 2. Estée Lauder
 3. Lancôme
 4. Clinique
 5. Other
 6. None
- (12) Where do you usually purchase skin care/anti-aging products?
1. Department stores
 2. Direct sales
 3. Online
 4. Drug stores
 5. Salons
 6. Other

- (13) What is your most important resource for information on skincare/anti-aging products?
1. TV
 2. Internet
 3. Newspaper
 4. Magazine
 5. Salon skincare specialists
 6. Other
- (14) How often do you purchase skin care/anti-aging products?
1. Less than once a year
 2. Once a year
 3. Twice a year
 4. Three times a year
 5. Four times a year
 6. Five or more times a year
- (15) How much do you spend on skin care/anti-aging products annually?
1. Less than \$500
 2. \$500–\$750
 3. \$750–\$1000
 4. \$1000–\$1500
 5. \$1500–\$2000
 6. More than \$2000

Sample Plan

We selected our sample using non-probability sampling method of Judgment Sampling. To execute the sampling technique, we selected a number of individuals from our personal networks that we thought were knowledgeable about the space.

We recognize that the approach is not strictly statistically valid, but we must balance that concern with our requirement for obtaining relevant data given the cost and time budgets of the project.

Sample Size

Because the survey questionnaire focuses on categorical data (such as frequency of shopping for skin care/anti-aging products), we determined the sample size using the Percentage Confidence Interval Formula for Sample Size. The equation is shown below.

$$n = z^2 * (p * q) / e^2$$

where

n = sample size

p = estimated percentage in the population

q = 100 – p

e = acceptable error (desired accuracy level)

The Judgment Sample we used for our research was rich with relevant individuals, so we set p at the rather high value of 90% (indeed, we received a nearly 90% response rate, validating our theory). Z was set to the standard 95% confidence level of 1.96. Similarly, we set the desired accuracy level to the often-used value of 5%.

$$n = (1.96)^2 * (90 * 10) / (5)^2 = 138 \text{ respondents}$$

Despite our best efforts, we could not get 138 respondents, instead achieving a total of 89. This reduced number of respondents resulted in a slightly higher error rate. Calculating for the actual error rate:

$$\begin{aligned} e &= (1.96) * \text{SQRT} [p * q / n] \\ &= (1.96) * \text{SQRT} [90 * 10 / 89] \\ &= 6.2\% \end{aligned}$$

The resulting actual error of 6.2% was believed to be close enough to the desired value of 5.0% to move forward with the research.

Analysis Overview

We analyzed the research data with the intention of applying the information learned toward our two stated objectives. That is, we wanted to determine consumer's attitudes toward skin care products, and how to leverage that information toward promotions.

To accomplish the analysis, we analysis using several approaches, such as pivot table analysis and cross tabulation analysis. We were especially interested in understanding how observable respondent variables (such as age, gender, and income) affected attitudes toward skin care.

Findings

This section shows the survey results, analysis, and related graphics/visuals.

Results

The survey results are shown below.

1) What is your gender?	View Graph
Number of Respondents	Response Ratio
Male	14 15.38%
Female	77 84.62%
-4 Respondents Skipped question #1	91 Responses Total 104.60%
2) What is your age?	View Graph
Number of Respondents	Response Ratio
18 - 24	4 4.40%
25 - 34	50 54.95%
35 - 44	22 24.18%
45 - 54	10 10.99%
55 - 64	4 4.40%
65 +	1 1.10%
-4 Respondents Skipped question #2	91 Responses Total 104.60%
3) What is your annual household income?	View Graph
Number of Respondents	Response Ratio
Less than \$40,000	22 24.18%
\$41,000 – \$60,000	12 13.19%
\$61,000 – \$75,000	14 15.38%
\$76,000 – \$100,000	13 14.29%
\$101,000 – \$130,000	13 14.29%
More than \$130,000	17 18.68%
-4 Respondents Skipped question #3	91 Responses Total 104.60%
4) Do you have any children living at home?	View Graph
Number of Respondents	Response Ratio
no	70 77.78%
yes	20 22.22%
-3 Respondents Skipped question #4	90 Responses Total 103.45%
5) Which of the following concerns you most	View Graph

about your skin?	Number of Respondents	Response Ratio
Wrinkles or fine lines	27	29.67%
Lost of Elasticity and contours	16	17.58%
Broken capillarity or Rosacea	2	2.20%
Sensitivity	13	14.29%
Acne	25	27.47%
Other	8	8.79%
-4 Respondents Skipped question #5	91 Responses Total	104.60%
	Number of Respondents	Response Ratio View Graph
6) How often do you perform your skin care routine?		
Once a day	42	46.15%
Twice a day	44	48.35%
Three times a day	0	0.00%
Four times and more	1	1.10%
Never	4	4.40%
-4 Respondents Skipped question #6	91 Responses Total	104.60%
7) Which of the following skin care brand are you currently using?	Number of Respondents	Response Ratio View Graph
Shiseido	10	10.99%
Estée Lauder	4	4.40%
Lancôme	5	5.49%
Clinique	7	7.69%
Other	58	63.74%
None	7	7.69%
-4 Respondents Skipped question #7	91 Responses Total	104.60%
8) Please rate your level of satisfaction with the skin care products you are currently using. (1=Very disappointed, 5=Very satisfied)	Number of Respondents	Response Ratio View Graph
1	1	1.12%
2	1	1.12%
3	29	32.58%
4	35	39.33%
5	23	25.84%
-2 Respondents Skipped question #8	89 Responses Total	102.30%
9) How do you think the products you are		View Graph

using can be improved?	Number of Respondents	Response Ratio
Price	27	31.03%
Better customer services	3	3.45%
More promotion and discount	26	29.89%
More available through channels	18	20.69%
Better packaging	1	1.15%
Other	12	13.79%
0 Respondents Skipped question #9	87 Responses Total	100.00%
10) What is the most important factor you consider when selecting skin care products?	Number of Respondents	View Graph Response Ratio
Price	4	4.44%
Quality and/or Effectiveness	73	81.11%
Brand Reputation	5	5.56%
Packaging	1	1.11%
Referrals from Friends/Family	6	6.67%
Other	1	1.11%
-3 Respondents Skipped question #10	90 Responses Total	103.45%
11) Which of the following brand of anti-aging products are you currently using?	Number of Respondents	View Graph Response Ratio
Shiseido	7	7.87%
Estée Lauder	3	3.37%
Lancôme	2	2.25%
Clinique	2	2.25%
Other	39	43.82%
None	36	40.45%
-2 Respondents Skipped question #11	89 Responses Total	102.30%
12) Where do you usually purchase skin care/anti-aging products?	Number of Respondents	View Graph Response Ratio
Department Stores	43	48.31%
Direct Sales	6	6.74%
Online	8	8.99%
Drug Stores	14	15.73%
Salons	5	5.62%
Other	13	14.61%
-2 Respondents Skipped question #12	89 Responses Total	102.30%
13) What is your most important resource for information on skincare/anti-aging products?	Number of Respondents	View Graph Response Ratio
TV	7	7.78%

Internet	13	14.44%
Newspapers article	0	0.00%
Magazines	34	37.78%
Salon skincare specialists	17	18.89%
Other	19	21.11%
-3 Respondents Skipped question #13	90 Responses Total	103.45%
14) How often do you purchase skin care/anti-aging products?	Number of Respondents	Response Ratio View Graph
Less than once a year	12	13.19%
Once a year	9	9.89%
Twice a year	18	19.78%
Three times a year	20	21.98%
Four times a year	11	12.09%
Five or more times a year	21	23.08%
-4 Respondents Skipped question #14	91 Responses Total	104.60%
15) How much do you spend on skin care/anti-aging products annually?	Number of Respondents	Response Ratio View Graph
Less than \$500	59	64.84%
\$500 – \$750	17	18.68%
\$750 – \$1000	8	8.79%
\$1000 – \$1500	3	3.30%
\$1500 – \$2000	1	1.10%
More than \$2000	3	3.30%
-4 Respondents Skipped question #15	91 Responses Total	104.60%

Analysis and Visuals

In this section, we analyze the data, with the intent of discovering insights into the market.

Data Analysis: Gender, Age and Income

Pivot Table 1 analyzes the responses to the normalized questions of gender, age and income, which provides information on the existing and potential target consumers for Shiseido.

Of the 89 survey respondents, 75 (84%) were women and 14 (15%) were men. Our research hypothesis was that there could be additional target markets for skin care products for men and younger women. Despite the fact that 50 men were invited to take the survey, only 14 responded. Since this level of response is somewhat low, we focused more on the responses of the women, where the data clearly confirmed them as the primary target consumer for skin care products.

Among the 89 survey respondents, 14 were male and 75 were female (16% male and 84% female). It supports the hypothesis that the primary target consumers are women. Our respondent pool includes: 5 % who are 18–24 years old; 51% who are 25–34 years old; 26% who are 35–44 years old; 12% who are 45–54 years old; 5% who are 55–64 years old; and 1% who are 65 years old or older. It should be highlighted that more than half of our sample consists of respondents who are 25–34 years old. Income is evenly distributed over three categories: 33% earn less than \$60,000; 31% earn between \$60,000 and \$100,000; and 36% earn over \$100,000.

However, the data also indicated an additional surprise in that there is definitely an opportunity to focus on women at a younger age. The age distribution of the female respondents was centered between the ages of 25 and 44 years old, which represented 66% of the total sample population. Forty-two percent of the female respondents were actually in the 25 to 34-year-old range. The female respondents over the age of 44 represented 15% of the sample.

Pivot Table 1: Question 1 + Question 2 + Question 3 (target consumers)

q 1	q 2	Less than \$40.000	\$41.000 – \$60.000	\$61.000 – \$75.000	\$76.000 – \$100.000	\$101.000 – \$130.000	More than \$130.000	Grand Total
Female	18 - 24	3						3
	25 - 34	13	9	4	7	1	3	37
	35 - 44	1		3	4	7	7	22
	45 - 54	1		2	1	1	5	10
	55 - 64					1	2	3
Female Total		18	9	9	12	10	17	75
Male	18 - 24			1				1
	25 - 34	3	2	3	1	2		11
	55 - 64					1		1
	65 +			1				1
Male Total		3	2	5	1	3	14	
Grand Total		21	11	14	13	13	17	89

Data Analysis: Income Distribution

Pivot Table 2 examines income distribution of the respondents, where the results were also interesting. There were no significant trends noted in the income distribution of the survey respondents. They were spread across all the income categories provided.

Pivot Table 2: Question 1 + Question 2 + Question 5 (concerns and purposes)

q 1	q 2	Acne	Broken capillarity or Rosacea	Lost of Elasticity and contours	Sensitivity	Wrinkles or fine lines	Other	Grand Total
Female	18 - 24	1			1		1	3
	25 - 34	13	1	4	5	10	4	37
	35 - 44	5		7	2	7	1	22
	45 - 54		1	2	2	5		10
	55 - 64			1		2		3
Female Total		19	2	14	10	24	6	75
Male	18 - 24						1	1
	25 - 34	5			3	2	1	11
	55 - 64					1		1
	65 +			1				1
Male Total		5		1	3	3	2	14
Grand Total		24	2	15	13	27	8	89

From the table, we can see that the main skin care concerns are wrinkles or fine lines, across all ages, and especially for younger women. Wrinkles and fine lines were cited by nearly one-third of all female respondents, as compared with 25% of those citing acne.

Among male respondents, acne (36%) was the most significant skin care concern. However, considering the low number of male respondents (14), acne was not cited more frequently by a significant margin over most of the other categories: loss of elasticity and contours (7%); sensitivity (21%); wrinkles or fines lines (21%); and other (14%). The only category that males did not cite as a skin care concern was broken capillaries or rosacea.

It is interesting to note that, among our respondents, age was not a hugely significant factor in indicating skin care concerns. Wrinkles, a skin condition most commonly associated with older skin, and acne, which is most commonly associated with younger skin, were cited almost equally among the same age groups. In the 25–34 and 35–44 age groups among women, which accounts for 59 or 66% of our total number of respondents, 31% said acne was their greatest concern, while 29% named wrinkles and fine lines. This overlapping of seemingly disparate skin conditions could indicate that this 25–44 age span represents a transitional period for women who are emerging from young skin and evolving into mature skin, and need cosmetic products that will meet their variable needs.

It is important to note that many of the respondents to our survey did not fall into the 45–54 age categories for either women (10, or 13% of all respondents) or men (0). Since this is generally regarded as the age that people have the most disposable income and could potentially afford our featured product, Future Solution Total Revitalizing Cream, at \$225, it would be valuable to know if a large number of people from this age group would cite age-related skin conditions (wrinkles and

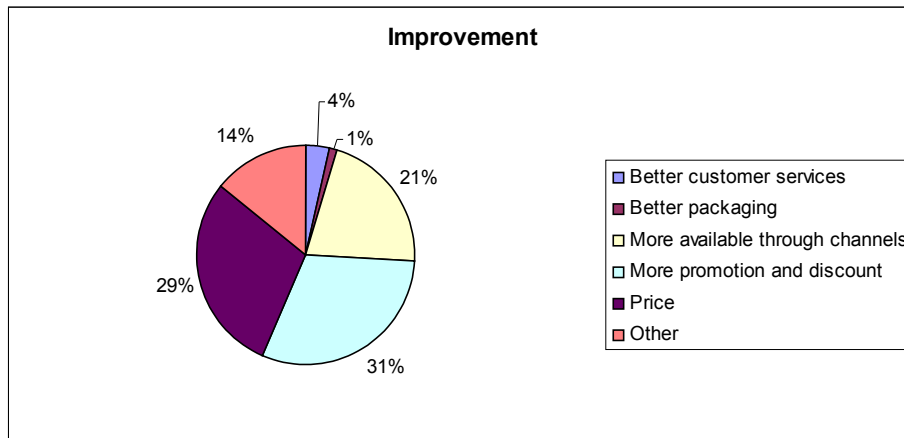
loss of elasticity) as their primary skin concerns. Then we could know if our anti-aging moisturizer would meet their needs.

Data Analysis: Similar Products Used, Satisfaction, Possible Improvements

Pivot Table 3 and the related graphic “Improvement” analyze the data from questions 7, 8, and 9, which cover products used, satisfaction, and possible improvements, respectively.

Pivot Table 3: Question 7+ Question 8 + Question 9 (satisfaction improvement)

q 7	q 8	Better customer services	Better packaging	More available through channels	More promotion and discount	Price	Other	[SKIPPED]	Grand Total
Clinique	3			1	1	2			4
	4					1			1
	5			1					1
Clinique Total				2	1	3			6
Estée Lauder	3				1	1			2
	4					1			1
	5						1		1
Estée Lauder Total					1	2	1		4
Lancôme	3					1			1
	4	1				2			3
	5					1			1
Lancôme Total		1				3	1		5
None	1						1		1
	3					1	1		2
	4	1				1			2
	[SKIPPED]							2	2
None Total		1				2	1	1	2
Other	3		1	2	5	4	7		#
	4	1		7	4	6	2	1	#
	5			6	4	5	1	1	#
Other Total		1	1	15	13	15	10	2	#
Shiseido	2			1					1
	3				1				1
	4				3	2			5
	5				2	1			3
Shiseido Total				1	6	3			#
Grand Total		3	1	18	26	25	12	4	#



The results show those who answered question 7 are divided among Shiseido (11%), Clinique (7%), Lancôme (6%) and Estée Lauder (4%), while the percentage of those using other brands is a very high 64%. Another 8% do not use skin care products at all. These results support our previous research naming the major brands and in this highly competitive market.

Question 8 asked respondents to rate their satisfaction level with the skin care products they were currently using on a scale of 1 to 5, with 1 indicating “very disappointed” and 5 “very satisfied.” Among those that responded that they use skin care products (82), all but one Shiseido user gives a neutral to positive feedback. The percentage of positive responses (a rating of 4 or 5) is 66%, which indicates that two-thirds of the skin care users are happy with their products and may thus hold strong brand loyalty.

Regarding question 9, the survey shows there is still room for improvement. Among all those answered the question (85), 31% want to see more promotions and discounts, 29% want the price lowered, and 21% hope their preferred products are more available through channels. This indicates that at least 60% of the users, regardless of their preferred brands, are price sensitive. The findings may offer guidelines for further pricing and promotion strategies.

Data Analysis: Purchase Location and Sources of Information

Pivot Table 4 addresses questions 12 and 13, which cover purchase location and sources of information, respectively.

Pivot Table 4: Question 12 + Question 13 (distribution vs. information)

q 12	Internet	Magazines	Salon skincare specialists	TV	Other	[SKIPPED]	Grand Total
Department Stores	6	19	5	4	7	1	42
Direct Sales	1	1	2		2		6
Drug Stores	1	5	1	1	5		13
Online	4	2			2		8
Salons			5				5
Other		6	3	1	3		13
[SKIPPED]		1	1				2
Grand Total	12	34	17	6	19	1	89

Department stores are the major distribution channel for skincare products. Survey results show that 47.2% of respondents made skincare purchases in department stores, followed by 14.6% at drugstores. No matter where respondents received skincare information, consumers tended to purchase skincare products in department stores more than any other location.

Magazines are the main resource of skincare information. Our results indicate that 38.2% of respondents received skincare information from magazines; 19.1% from salon skincare specialists; and 13.5% from the Internet. Only 6.7% received information from television. After receiving information from a salon skincare specialist, 29.4% of respondents bought the product in the salon, 29.4% of respondents chose to get it from the department store, and the rest (41.2%) made the purchase elsewhere. Only salon clients made purchases in a salon.

Data Analysis: Brand Loyalty

Pivot Table 5 addresses Questions 7 and 11 (both brand-related) and reveals a positive fact: about 50% of respondents who are using Shiseido skin care are also using anti-aging products by Shiseido. This number is also the highest among Shiseido and the other three competitors we named. For example, only 25% of Estée Lauder skin care customers are using Estée Lauder anti-aging products. This indicates higher brand loyalty among Shiseido customers.

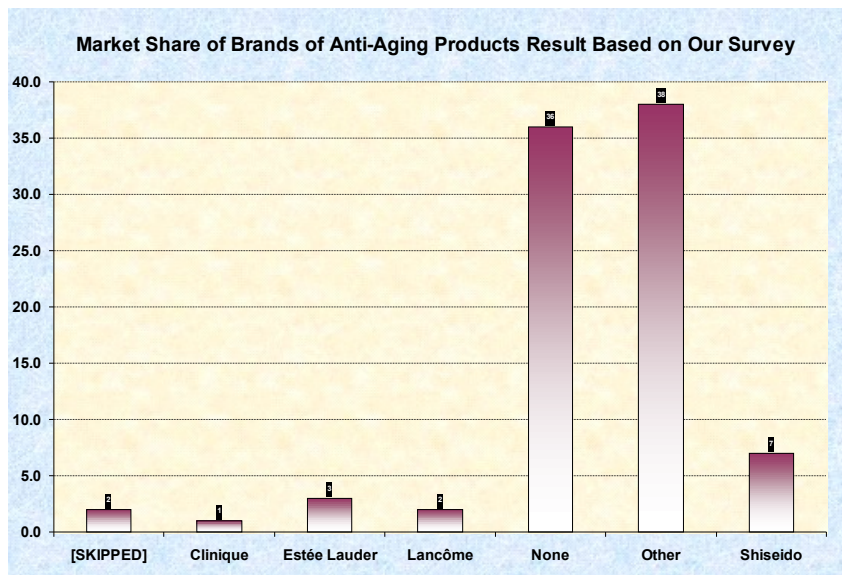
Pivot Table 5: Question 7 + Question 11 (brand loyalty)

q 7	None	Clinique	Estée Lauder	Lancôme	Shiseido	Other	[SKIPPED]	Grand Total
None	4				1	1	1	7
Clinique	3					3		6
Estée Lauder	3		1					4
Lancôme	1			2	1	1		5
Shiseido	1	1	1		5	1	1	10
Other	24		1			32		57
Grand Total	36	1	3	2	7	38	2	89

As we see in the graphic “Market Share of Brands of Anti-Aging Products Result Based on Our Survey”, compared with the other three competitors (Lancôme, Clinique and Estée Lauder) that we chose to name in our survey for comparison purposes, Shiseido shows a higher market share

(based on reported usage rate) in both skin care products and anti-aging products. The fact that the majority of respondents has never used or is not currently using either Shiseido or the other three brands indicates that the cosmetic market is facing a very competitive and cluttered market. But this also indicates a potentially big market opportunity for Shiseido, especially when results show that 40% of our respondents are not using any anti-aging products at all.

Additionally, we noticed that 64% of respondents chose “other” in skin care products versus 40% of respondents who chose “other” for anti-aging products. This indicates that the market for anti-aging products is less diversified, and is therefore likely to show a higher degree of brand loyalty.



Data Analysis: Frequency and Spending

Pivot Table 6 analyzes the data from Questions 14 and 15, which address frequency and spending for anti-aging products. We chart out the results in the graphic “Frequency vs. Amount of Money Used.”

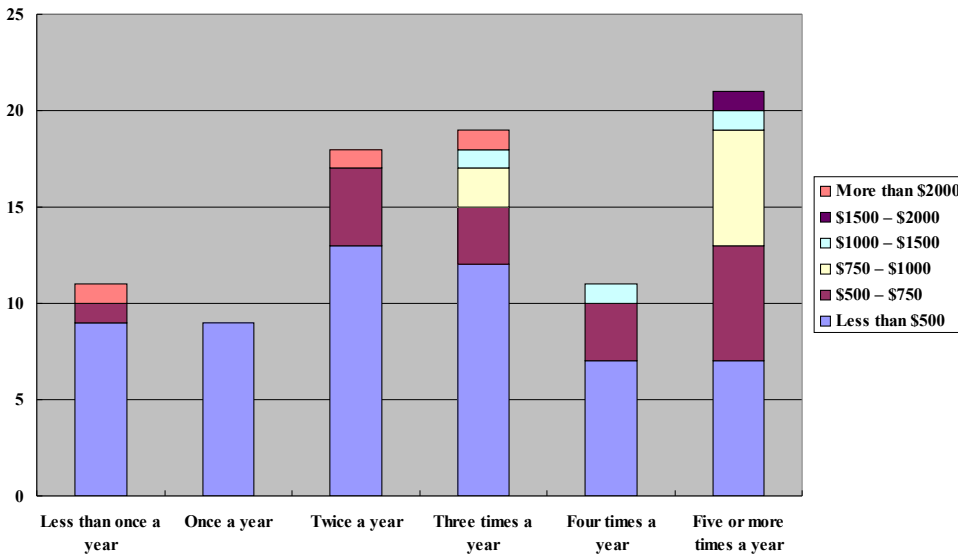
As we can see from the results, the frequency of purchasing skin care/anti-aging products is pretty even, which indicates that buying behavior among consumers varies widely. Frequency is similar among those who purchased five or more times per year (23.6%), three times per year (21.3%), and two times per year (20.2%)—all of which account for about 65% of the total. Only 10% of consumers buy skin care products once a year and 12 % buy less than once a year. Over 57% of consumers buy skin care products more than three times a year.

When we look at the money they spend each year on cosmetic products, the majority of the consumers (about 64%) spend less than \$500 a year, which is considerably more than the next largest group, which spends \$500 to \$750 per year (only 19%). This indicates that consumers are not spending as much money on skin care products as we originally thought. Only 7.9% are spending more than \$1000 per year and only 3% spend more than \$2000 per year. Those 7.9% are the target consumers for Future Solution.

Pivot Table 6: Question 14 + Question 15 (frequency vs. spending)

q 14	Less than \$500	\$500 – \$750	\$750 – \$1000	\$1000 – \$1500	\$1500 – \$2000	More than \$2000	Grand Total
Less than once a year	9	1				1	11
Once a year	9						9
Twice a year	13	4				1	18
Three times a year	12	3	2	1		1	19
Four times a year	7	3		1			11
Five or more times a year	7	6	6	1	1		21
Grand Total	57	17	8	3	1	3	89

Frequency Vs. Amount of Money Used



Limitations

In this section, we discuss any limitations and/or assumptions that could limit the validity or application of this report. Despite the limitations listed here, we did not find any problems that should prevent the resulting recommendations from being pursued.

Limitations

Since anti-aging is a comparatively new skin care category that only constitutes a small portion of the overall beauty market, it is difficult to identify and research only the users of anti-aging products. Subsequently, this research assumes that people look for the same qualities in their anti-aging care that they do when searching for skin care products in general. Additionally, it also assumes that consumers' spending ability, shopping behavior, usage routine and decision-making process when selecting the anti-aging product would be similar to those in selecting other skin products.

The survey results are limited to people who have computers and Internet access. We do not feel that this fact affected our research negatively due to vast popularity of Internet usage within the target demographic.

The actual sample size error of 6.2% was higher than the desired value of 5.0%, but was believed to be close enough to the desired value of 5.0% to move forward with the research.

Conclusions and Recommendations

In this section, we present the conclusions and recommendations, based on the findings of the report.

Conclusions

Based on the analysis, we can assert the following conclusions:

- The market shows an opportunity to focus on women at a younger age with our product
- The data showed no strong differences among different incomes
- The principal skin care concern was for "fine lines and wrinkles"
- Surprisingly, age was not a significant factor when discussing wrinkle concerns
- The market is somewhat fragmented, with the principal brand being "Other"
- Improvements are actively sought, especially regarding pricing and availability
- The most common purchase location was department stores
- The most common source of information was magazines
- Frequency of purchase varies widely among consumers, from once/year to many times/year

Recommendations

In this section, we provide specific recommendations by category, based on the findings of this report.

Target consumers

First, Shiseido should maintain current customers based on the findings that: (1) brand loyalty does exist; (2) consumers tend to stay with the same brand for both anti-aging products and

skin care products in general; and (3) Shiseido has a comparatively high market share. Our recommendation would be to strengthen the bonding with the current customers through enhanced customer relations management (CRM).

Shiseido should expand their target market to include women between the ages of 25 and 44. In addition, Shiseido should also try to appeal to other potential market segments, which include respondents who are not using anti-aging products at all and the male segment. These people are consumers who have not established a certain loyalty to a specific brand of anti-aging products.

Products

Shiseido should create: (1) a younger image for the Future Solution Total Revitalizing Cream; (2) a product extension that includes products with lower strength geared for younger skin, or (3) different packaging to appeal to a younger audience. This younger version of Future Solution should also be designed or promoted to address sensitive skin as well as the major concerns that younger consumers have about their skin: wrinkles or fine lines, acne, and the loss of elasticity and contours.

Additionally, it could spend more resources promoting Future Solution's Inner Network Complex, an ingredient cluster contained in the product that helps to strengthen skin's collagen. Stronger collagen means that skin suffering from acne is less likely to scar or incur other permanent damage (Shiseido worldwide site <http://www.shiseido.co.jp/e/> and <http://www.acne.com>). This would address the dual needs of the overlapping groups who cite both wrinkles and fine lines *and* acne among their primary skin care concerns.

Quality and effectiveness of the product is highly weighted by consumers when they shop for skin care products. Shiseido should maintain and enhance the quality and effectiveness of the Future Solution through product quality control and R&D, and make sure these efforts are fully reflected on the advertising and promotional materials.

Marketing and promotion

The objectives of the promotion for Future Solution should be to: (1) build a close relationship with current customers; (2) communicate with potential customers; (3) strengthen the positive, unique brand image.

With current customers, Shiseido should maintain high quality customer service, reward frequent purchase and brand loyalty, encourage mutual communication, and increase the core value of the products.

With targeted young consumers, Shiseido has to make sure that their advertising messages clearly communicate that Future Solution is for women under 45, while the existing product is for women 45 years or older. As far as those who are not using anti-aging products, we suggest that Shiseido conduct another in-depth survey to gain insight into this group and find out about their perception of anti-aging products. The findings may help the company decide how to implement educational and promotional programs targeting these non-users.

In such a competitive environment, Shiseido needs to strengthen its brand positioning in order to stand out. One of the means to achieve all the goals above is through well-designed, integrated marketing communications programs.

Integrated Marketing Communications

- Find a celebrity spokeswoman who would appear in print and commercial advertisements—a celebrity who is within the younger target market; exudes style, beauty and a positive public image; and has achieved recent success in her career (e.g., Charlize Theron).
- Sponsor events of interest to the younger target market (e.g., Breast Cancer Walk-a-thon/Marathons, New York Fashion Week, Breast Cancer fundraising events, music concerts of top female artists, etc.).
- Set up corporate partnerships with companies that have similar high-end brand image (e.g., BMW) for joint advertising or event sponsorship.
- Include advertisements and fashion consultant product recommendations in magazines popular among the younger target market (i.e. *InStyle*, *Vogue*, *Elle*, *W*, *Vanity Fair*, *Essence*, *Latina*, *Shape*, etc.).

Distribution and Channels

The survey shows that people want their preferred skin care products more available through channels, and the channel patronized most frequently is the department stores. Shiseido should expand the distribution of their skin care products in more high-end retail channels (i.e., Neiman Marcus, Saks Fifth Avenue, Nordstrom, etc.). Shiseido has to make sure that employees who work at the company's counters at these channels are properly trained and able to deliver the knowledge about the Future Solution and the desired promotion messages.

Price

Over 57% of consumers buy skincare products more than three times a year. The majority (64%) of consumers spent less than \$500 a year regardless of their annual income and purchase frequency. This indicates that paying \$225 for just one item, Future Solution, would seem beyond most consumers' affordability. Additionally, the prices and the discounts on the skin care products happen to be the area that people want to see improved. Though the high price may work against the Future Solution, we do not suggest lowering it for it may harm the luxury image.

Instead, we recommend offering Future Solution at a smaller net quantity than its current 1.8-ounce jar at a lower price than its' current price tag of \$225. We also recommend offering free samples and consultation, launching a frequent user program, and implementing other promotional tools to add more value. Shiseido can create a version of Future Solution for younger markets that features decreased potency and a lower price.

Annotated Bibliography and References

Shiseido brochure for High-Performance Care

A printed informational brochure available at select product distribution channels, including beauty salons where Shiseido products from the High-Performance Care line are used.

Shiseido Future Solution Product brochure

A printed product brochure that provides an introduction of the product and descriptions of some of the ingredients.

Main Shiseido site: <http://www.shiseido.co.jp/com/>

A multitude of information can be found here, including company history, a description of past and current product lines, and retail information. Shiseido's Annual Reports are also posted on this site. From here, you can be redirected to Shiseido sites for different countries. Also, there is a section about the gallery that provides information about the Shiseido culture.

Shiseido USA website: <http://www.sca.shiseido.com/>

This site offers information on products offered in the United States. It gives a condensed version of the company's history and is specifically equipped to provide makeup and skincare tips that would appeal to the American consumer market.

Shiseido Future Solution paper insert comes along with the package

A sheet of paper that comes with the product package. It is written in nine languages and provides all the ingredients, a product description, and instructions on how to use the product.

Janet Herlihy, the Prestige Beauty Report:

<http://www.cosmeticpackaginganddesign.com/features/featureSeptOctober042.htm>

This is a report by Janet Herlihy that talks about the sales of luxury cosmetics, fragrances, and personal care products are growing. It also includes the top 5 best selling brands in 2003 on skin care, make up, and fragrances.

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