



UNDERSTANDING BEAUTY CARE SHOPPERS

Insights and Business Building Strategies for
the Drug, Mass and Supermarket Channels

Introduction

The beauty care shopping experience is complex. Women are shopping in multiple channels, purchasing across price tiers and balancing their desire for the newest innovations with the need for value.

This report by Catalina provides clear and actionable insights related to marketing beauty care products in the channels of mass merchandisers, drug stores and supermarkets.

Eight beauty care categories are explored in this study including Facial Cleansers, Facial Moisturizers, Facial Make-up, Eye Make-up, Lip Cosmetics, Hair Styling Products, Hair Color and Nail Polish. The findings are based on extensive surveys completed by 2,500 women to explore attitudes and behaviors related to beauty care purchasing.

This study answers important questions including the following:

- What drives beauty care shopping trips?
- What factors have the most influence on where women shop and what they buy?
- How can the beauty care shopping experience be enhanced?



The Beauty Care Shopping Trip

Celebrations and social events are key triggers for beauty care purchasing. Sixty-four percent (64%) shop in anticipation of social events such as holidays, parties, weddings and reunions. This presents opportunities for seasonal promotion, advertising and merchandising that reach women when they are striving to look their best. Social events have heightened importance in color-related categories including hair color, nail polish, eye makeup, facial makeup and lip color.

Women purchase beauty care products on a variety of trip types. Half have made a shopping trip in the past year to get an urgently needed item or two in beauty care.

% Purchasing Products Before an Event Such as a Holiday, Party, Wedding, or Reunion	
Beauty Care Total	64%
Nail Polish	82%
Hair Color	80%
Eye Make-up	69%
Facial Make-up	68%
Lip Color	68%
Hair Styling Products	55%
Facial Cleansers	47%
Facial Moisturizers	44%

Fifty-six percent (56%) have made a beauty care purchase because they wanted to try something new. One in three has shopped for beauty care products when they were “bored and had nothing else to do”.

What types of beauty care products do women seek out when they shop to relieve boredom? They shop for nail polish and color cosmetics—categories that frequently bring new formulations and color palettes to the market.

While half of women regularly purchase beauty care while making a trip to the pharmacy, the prevalence of beauty care purchasing on pharmacy trips is notably higher in drug stores, where sixty-four percent (64%) shop for beauty care while picking up a prescription medication.

Women frequently shop in the various stores where they generally purchase beauty care products. Each trip is an opportunity to capture her attention while she is just steps away from

the beauty care sections of the store. Building awareness of the variety of items and stream of new products available in the store is important for both brands and retailers.

Celebrations and social events are key triggers for beauty care purchasing.

Portion of Women Often/Sometimes Purchasing Beauty Products by Trip Type	
8 in 10	<ul style="list-style-type: none">• During a routine shopping trip• During a trip to specifically purchase beauty care item although I may purchase other products at same time
5 in 10	<ul style="list-style-type: none">• During a shopping trip to get an urgently needed item or two• During a shopping trip to get out, look for something new or have fun• During a trip to the pharmacy
3 in 10	<ul style="list-style-type: none">• When I am bored and have nothing else to do

Planned vs. Impulse Purchasing

The frequency of planned purchasing in beauty care suggests the battle for brand loyalty does not start at the wall, but begins before women even enter the store. Brands need to “get on the list” when women are planning their shopping trips.

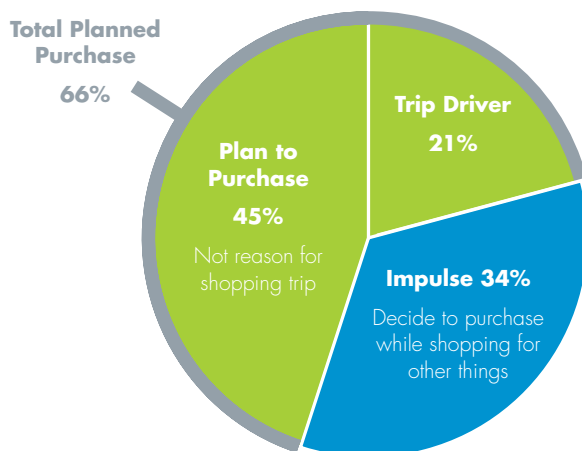
Sixty-six percent (66%) of beauty care purchases are planned in advance of going to the store. The highest levels of planned purchasing take place in facial moisturizers and hair color where seventy-five percent (75%) of purchases are planned in advance.

In this study we separate planned purchases into two distinct types of shopping trips. The first type occurs when women go to the store specifically to purchase a beauty care product. In other words, that purchase is the reason for going to the store. For the beauty care business overall, women indicate twenty-one percent (21%) of their purchases are trip drivers. Categories with a higher than average proportion of transactions that drive trips include hair color, facial makeup and hair styling products.

The second type of planned purchase is when a woman intends to make a purchase in the category, but that purchase is not the reason she goes to the store. Forty-five percent (45%) of beauty care purchases are characterized as planned purchases that are not the reason for the shopping trip. Facial care products have the highest dependence on this trip type.

One-third of beauty care transactions are characterized as impulse purchases. An impulse purchase occurs when a woman decides to make a purchase while in the store shopping for other types of products. Impulse buying drives one-third of transactions for beauty care overall and close to half of purchases in lip cosmetics and nail polish.

Beauty care brands need to “get on the list” when women are planning their shopping trips.



Section design, signage, displays and promotion can heighten the basket-building power of beauty care. Understanding the relative prevalence of planned and impulse purchasing across categories can be helpful in prioritizing marketing and merchandising efforts.

Percent of Purchases by Trip Type	Trip Driver	Planned Purchase (but not reason for trip)	Impulse Purchasing
Beauty Care	21%	45%	34%
Hair Color	31%	45%	24%
Facial Makeup	28%	45%	27%
Hair Styling Products	26%	45%	29%
Facial Cleansers	23%	50%	27%
Eye Makeup	20%	46%	34%
Facial Moisturizers	18%	57%	25%
Lip Color	15%	40%	45%
Nail Polish	10%	35%	55%

By creating reasons for women to be in the beauty care aisles, retailers and brands can trigger impulse purchasing.



Value & Variety in the Shopping Experience

What do women consider most important when shopping for beauty care? This study measures the relative importance of twenty-three aspects of beauty care merchandising that influence where women shop. Among these, eight factors are considered extremely or very important by most women when deciding where to shop.

Value and variety are top considerations. Everyday price, sale prices and the ability to use coupons are each considered highly important by at least seventy-five percent (75%) of beauty care buyers. Women prefer to shop in stores that stock a broad variety of products in sections that are easy to browse and equipped with adequate lighting.

The relative importance of additional merchandising tactics varies across categories. Having a special section for new products, for example, is relatively more important in cosmetics and nail color than in skincare. The importance of stocking new products when they first become available and having beauty advisors in the store is higher for facial makeup than most other categories.

The table below illustrates the importance of numerous attributes related to value, selection and the shopping environment for beauty care.

Value and variety are top considerations.

What Do Women Consider Most Important When Shopping for Beauty Care?			
% Rating Extremely or Very Important	Value	Product Assortment	Shopping Environment
75% to 89%	<ul style="list-style-type: none">• Everyday prices• Sale prices• Able to use coupons	<ul style="list-style-type: none">• Has shades/colors that are right for me• Stocks products I regularly purchase• Wide selection of brands & products	<ul style="list-style-type: none">• Able to see product colors/shades at shelf• Store aisles are easy to browse
40% to 74%		<ul style="list-style-type: none">• Selection of store brand products• Stocks new products when they first become available	<ul style="list-style-type: none">• Signs to help find products• Store atmosphere (lighting, etc.)• How products are arranged on shelf• Helpful store staff
<40%		<ul style="list-style-type: none">• Has exclusive brands or products not available at other stores	<ul style="list-style-type: none">• Is a store where others like me shop• The way aisles are designed• Frequent shopper card program• Special section for new products• Able to try product before buying• Stocks gift sets• Provides product brochures at shelf• Has beauty advisors in the store

Deciding Where to Shop

Where are women shopping for beauty care? On average, a woman shops in two types of retail channels for each of the eight categories explored in this study. Mass merchandisers are the most prevalent channel, with more than sixty percent (60%) of buyers in each of the eight categories shopping there.

Drug stores are the second most prevalent channel, converting at least forty-one percent (41%) of buyers in each category. Both the mass channel and drug stores deliver against key aspects of the shopping experience women consider most important including product assortment, frequent promotion and aisles that are easy to browse.

Supermarkets are the third most prevalent channel for beauty care, capturing more women in each category than any type of specialty channel including department stores, beauty stores, internet, catalog, direct TV or salons. Beauty care sales in supermarkets have been constrained by perceptions of price and limited product assortment. When asked why they do not generally purchase beauty care in the supermarket, more than half indicate they believe prices are higher in the supermarket relative to other channels. Four in ten feel their supermarket does not provide good sales or does not stock a wide assortment of beauty care products.

While women have strong tendencies to repeatedly purchase beauty care products in the same stores, three in ten had made a change in the number of stores where they shopped for beauty care this past year.

Mass Merchandisers, such as Walmart and Target, are the most prevalent channel shopped for beauty care.

% of Category Buyers Generally Purchasing in Respective Channel

	Facial Makeup	Eye Makeup	Lip Color	Facial Cleansers	Facial Moisturizers	Hair Styling Products	Hair Color	Nail Polish
Mass Merchandiser	63%	67%	67%	66%	61%	70%	68%	70%
Drug Store	43%	46%	48%	43%	41%	42%	49%	49%
Supermarket	22%	23%	23%	27%	25%	30%	28%	23%
Online, catalog or direct mail/TV	19%	18%	19%	14%	19%	5%	4%	14%
Value Stores	9%	11%	13%	10%	7%	13%	8%	19%
Beauty Stores	18%	16%	17%	10%	1%	13%	13%	18%
Department Stores	16%	13%	13%	7%	9%	4%	2%	4%
Club Store	3%	3%	3%	5%	6%	5%	2%	2%
Salon, spa or dermatologist	2%	2%	2%	4%	3%	11%	3%	6%

Note: multiple answers allowed.

While women are shopping in multiple types of stores to meet their beauty care needs, they are most often purchasing each of the eight categories in a mass merchandiser, drug store or supermarket. For every woman shopping in specialty beauty care channels, department stores or value chains; three or more women are purchasing that same category in the mass merchandisers, drug stores and supermarkets.

Several trends are increasing the role of mass merchandisers, drug stores and supermarkets in the beauty care business. New color matching technologies make it easier for women to self-select their most flattering shades of facial makeup. Premium brands of nail polish previously sold exclusively through specialty stores have expanded distribution into these channels.

Retailers are also taking actions to enhance the beauty care shopping experience. Many are expanding the presence of premium and exclusive brands, enhancing store design, providing money-back guarantees and staffing select stores with beauty advisors.

% of Category Buyers Purchasing Most Often in Respective Channel								
	Facial Makeup	Eye Makeup	Lip Color	Facial Cleansers	Facial Moisturizers	Hair Styling Products	Hair Color	Nail Polish
Mass, Drug and Supermarkets	72%	77%	76%	79%	75%	83%	87%	79%
Other Channels	28%	23%	24%	21%	25%	17%	13%	21%

Other channels include department stores, beauty stores, online, catalog or direct mail/TV, value stores, club stores, salon, spa or dermatologist.

Women are generally shopping two channels for each category.

Value can drive channel shifting. Sale pricing, coupons, free samples and bonus packs are reasons women make a purchase in a store where they do not generally shop for beauty care.



Factors Influencing Choice of Product

What influences product choice in beauty care? Women of all ages report that price and value strongly influence their beauty care decisions in mass merchandisers, drug stores and supermarkets. Across twenty-three (23) factors assessed in this study, women rate the six factors related to value as having the greatest influence on what they buy:

1. Sale price
2. Everyday price
3. Coupons
4. Free sample with full size purchase
5. Bonus packs
6. Store advertisements or circulars

The reported influence of social media, advertising and in-store factors vary across categories, channels and age groups. Women age twenty-one to thirty-four indicate their beauty care purchases are influenced by websites, blogs and social networks at twice the rate of women over the age of thirty-four. Young women are more heavily influenced by advertising, magazine articles, product awards and fashion trends.

While we are able to directly measure the degree to which women claim each factor influences the choices they make in the store, the path to purchase is influenced by a combination of factors. Women may first learn of a product through television or magazine advertising, sampling or coupons; while the purchase decisions they ultimately make in the store may be more directly affected by price, coupons and bonus packs.

The tables below show the percentage of respondents who indicate the respective factors have a strong influence on the beauty care products they purchase.

Value	
Sale price	82%
Everyday price	81%
Coupons	69%
Free sample with full size purchase	59%
Bonus pack	59%
Store advertisements or circulars	44%

In-store Factors	
Product displays in the store	43%
Signs in the stores	31%
Recommendations by sales associates	21%
Pictures of spokesperson or model in-aisle or store	17%
Other customers shopping in store	16%

Social & Media Factors	
Friends, family or co-workers	43%
Recommendations from women who's look I admire	35%
Magazine articles	29%
Fashion trends for the season	28%
News programs or talk shows	20%
Websites	20%
Facebook, Twitter & other social sites	13%
Blogs	12%

Advertising	
Clinical results advertised by brand	37%
TV commercials	33%
Awards the products have won	28%
Magazine ads	28%
Spokesperson or model in ads or on package	16%

30% of women shifted beauty care purchases across price tiers in the past year.

Trading Up or Trading Down?

Thirty percent (30%) of women shifted their beauty care purchases to lower or higher priced products in the past year. Across seven of the eight categories, shifting to lower priced products occurred at two to three times the rate of switching to premium products.

Facial moisturizers, supported with a stream of product innovation and high value coupons, was the single category among the eight where the rate of shifting to higher price products exceeded the shift to lower price products in the past year

30% of women shifted their beauty care purchase across price tiers in the past year.

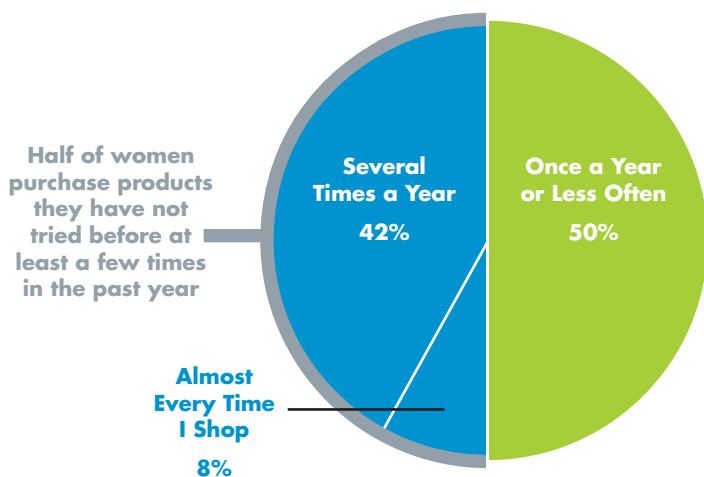
	% Shifting to Lower Price Products	% Shifting to Higher Price Products	Index of Switch Rate to Lower Price vs. Premium Price
Nail Polish	25%	9%	278
Lip Color	22%	8%	275
Eye Makeup	18%	8%	225
Facial Cleansers	21%	10%	210
Hair Color	18%	9%	200
Facial Makeup	21%	11%	191
Hair Styling	18%	13%	138
Facial Moisturizers	14%	15%	93



Innovation Seekers

Half of the women participating in this study indicate they have purchased products they had not previously tried at least a few times in the past year. Driving trial among innovation seekers as new products become available is critical to longer-term success. Forty-two percent (42%) try something new in beauty care several times a year, and an additional eight percent (8%) try new products almost every time they shop. More than half made a purchase this past year in color cosmetics or nail polish in response to learning about new products with a scientific advantage. The frequency of trying new products is highest in cosmetics and nail polish, which market new color options seasonally.

The chart below illustrates the breakdown of women purchasing products they had not tried before.



50% try something new in beauty care several times a year or more often

What motivates women to purchase products they have not tried before?

While advertising and innovation create desire, women consistently express the importance of value in their purchase decisions. When asked what prompted their most recent purchase of a new beauty care product, more women attribute that purchase to coupons more often than any other marketing tactic.

The relative impact of advertising, product attributes, sampling and professional recommendations varies across the eight beauty care categories explored in this study. For example, dermatologist recommendations and clinical results are relatively more important in skincare, while television and print advertising have higher importance in facial makeup relative to other categories.

Women want to know what's new, what benefits they can gain and when it will be available in the stores where they shop. Catalina provides turn-key services that build personalized communication plans for each shopper based on her prior purchases. This platform enables marketers to drive new product success with awareness-building, trial-generating media plans that are both effective and efficient.

Beauty Queens

Close to one-quarter of women are characterized as “Beauty Queens”. These women use lip color, facial makeup, eye makeup and hair styling products almost every day. They also give themselves manicures regularly and often color their own hair.

“Beauty Queens” are high-value shoppers who seek innovation, variety and the best products available at price points they can afford. They like to be informed about the newest products available and are savvy about what they buy. Capturing their attention is critical to success. These women frequently purchase new products, use coupons and drive to a store specifically to purchase beauty care products. Their choices are more likely than average to be influenced by product recommendations from social sites, fashion trends and in-store signage featuring celebrities. “Beauty Queens” are also the most likely to seek out and purchase award-winning products.

“Beauty Queens” frequently purchase new products, use coupons and drive to the store specifically to purchase beauty care products.

Index of “Beauty Queens” to Other Women	
“Beauty Queens” Seek Innovation and Value	
Shop for beauty care when bored and have nothing else to do	165
Purchase new products several times a year or every time she buys	165
Catalina coupon prompted most recent new product purchase	158
Interested in messages about the latest beauty care trends	157
Purchase new products with technological or scientific advantage	150
Interested in coupons for women’s magazines	148
Make a trip to the store specifically to purchase beauty care products	143
“Beauty Queens” Are Tuned In and On-Trend	
Influence on Product Purchasing:	
Recommendations from Facebook, Twitter and other social sites	189
Fashion trends for the season	187
Websites	177
Spokesmodel shown in advertising or in-store signage	170
Magazine articles	163
Awards the products have won	148

Infrequent Users

There is opportunity to attract new users and to encourage more frequent usage across all eight product categories assessed in this study. Many women who use facial care, cosmetic and hair styling products do not use them every day. Two in ten women are not using facial cleansers or facial moisturizers at all; and among those who use these products, twenty percent (20%) are not using them every day. The usage expansion opportunity is even greater for color cosmetics and hair styling products.

Reported usage behavior shows there is opportunity to encourage women to look their best every day with affordable products that best meet their personal needs.

There is opportunity to encourage more frequent product use among women currently using each beauty care category.

Claimed Usage Frequency by Beauty Care Category Among Women Age 21 to 65				
	Past Year Usage	Every Day Usage	3 to 5 Times per Week	Twice per Week or Less Often
Facial Cleansers	77%	80%	16%	4%
Facial Moisturizers	79%	79%	16%	5%
Hair Styling Products	79%	48%	33%	19%
Facial Makeup	78%	53%	31%	16%
Eye Makeup	83%	53%	31%	16%
Lip Color	79%	57%	29%	14%
	Past Year Usage	More Frequently than Every 6 Weeks	Every 6 to 8 Weeks	A Few Times in the Past Year
Hair Color at Home	51%	18%	57%	25%
	Past Year Usage	Every Week or More Often	Once or Twice per Month	A Few Times in the Past Year
Nail Polish at Home	71%	33%	43%	24%

Merchandising Programs and Services

This research assessed the interest of beauty care buyers across fifteen merchandising programs or services that might be used to enhance the shopping experience. Women are most interested in the four tactics related to value, including trial size promotions, coupons, money back guarantees and reward programs.

Women also show relatively strong interest in having beauty care selection tools, demonstrations and product testers in the store. One-third to half are extremely or very interested in having the stores where they shop for beauty care provide sweepstakes, beauty events or discounts on women's magazines. Similar levels of interest are expressed for websites that can help women select products or provide application techniques.

One in three women has strong interest in receiving advice from beauty advisors in the store. Given the range of shades available in color cosmetics and hair color, beauty consultants can help women select products that help them look their best. Drug chains have responded to this opportunity by staffing select stores with beauty consultants and conducting in-store beauty events.

The table below details interest levels across the fifteen merchandising tactics assessed in this study.

Women are most interested in trial size promotions, coupons, money-back guarantees and reward programs.

		% of Women Interested
HIGHEST LEVELS OF INTEREST	Trial size promotions	74%
	Coupons printed at register for products that might be right for you	71%
	Money-back guarantees	67%
	Reward Programs for purchasing beauty products	60%
MODERATE LEVELS OF INTEREST	Touch screens in the store to help you select products that might be best for you	48%
	Sweepstakes	40%
	Product testers in the store	39%
	In-store demonstrations on how to select the best products for you	37%
	Websites that help with selecting beauty care products	36%
	Websites that provide beauty tips and information about new product	34%
	In-store beauty events	33%
	Discounts on women's magazines	33%
LOWER LEVELS OF INTEREST	Free advice from in-store beauty consultants	31%
	In-store screens with short videos on how to select or apply products	31%
	Free appointments with in-store beauty consultants	30%

Moving from Insight to Action

The nature of beauty care shopping in mass merchandisers, drug stores and supermarkets will continue to evolve as marketers extend the variety of products and services available in these channels. Brands and retailers best able to market beauty care with a combination of attraction and retention strategies will achieve sustainable growth as women balance their desire for the most innovative, effective solutions with the need for value.

Three factors have previously constrained the beauty care business in these channels—product quality, variety and the lack of a personalized shopping experience. The industry has responded by introducing premium lines, new technologies and efficacy claims at all price points.

The need for a more personalized experience is being met by a combination of factors. Programs that assess purchase patterns and provide shoppers with customized offers and rewards can be highly effective. Personal assistance is available through a variety of interactive selection tools, virtual makeovers, application tutorials and the ability to consult with a beauty advisor on-line or in-store. While women who are highly involved in beauty care may be using these services, there is opportunity to broaden awareness and use of interactive and in-store beauty care support.

Capturing the attention of shoppers characterized as *Innovation Seekers* and *Beauty Queens* is critical to new product success. These women seek the proven benefits of award winning products and often purchase premium products. They plan their purchases carefully to secure the best price. Marketing to these can drive shopping trips.

Celebrations and social occasions are key triggers for beauty care purchasing. It is important to reach women when they are striving to look their best and likely to splurge on color cosmetics, hair care, nail polish and specialty moisturizers.

Value is a top consideration as women choose where to shop and what to buy. They are planning their purchases with intensified focus in order to obtain the high-quality products they want at price points they can afford. Many will purchase only when they can use a coupon and purchase their brands of choice on sale. Trial size, on-pack samples and bonus packs can also trigger purchasing, but women need to know when these value offerings will be available in the stores where they shop.

Catalina makes it possible to activate shopper marketing strategies in beauty care that integrate in-store, digital and internet communication. Messaging campaigns and money-saving offers can be personalized for each shopper based on her prior purchase behavior, enabling brands and retailers to effectively build their beauty care business with integrated programs that accomplish the following:

- Build awareness and trial of new products among high value shoppers
- Extend regimen use of facial care, hair care, color cosmetics and nail care
- Drive switching to higher-margin or premium products
- Drive beauty care shopping trips
- Retain customers and build loyalty to beauty care brands and retail stores

Capturing the attention of shoppers characterized as Innovation Seekers and Beauty Queens is critical to new product success.

To schedule a customized presentation of additional insights from this beauty care study, contact your Catalina representative.

Research Design

This study was informed by comprehensive online surveys completed by 2,500 women within the age range of twenty-one to sixty-five. Quotas were established to ensure nationally representative samples for each of the beauty categories and retail channels included in this study.

Special Thank You

A note of recognition to Pivotal Perspectives Consultancy for leading the consumer research to inform this study.

About Catalina

Catalina's personalized digital media drives lift and loyalty for the world's leading CPG retailers and brands. Catalina personalizes the consumer's path to purchase through mobile, online and in-store networks powered by the largest shopper history database in the world. Catalina is based in St. Petersburg, FL, with operations in the United States, Europe and Japan. To learn more, please visit www.catalinamarketing.com or follow us on Twitter @catalina.

