SUAVE (C)

We are doing one-third of what we can to aggressively promote this brand. Suave has become the old, reliable brand that has taken a back seat to Finesse. This brand is a marketer's dream. It just needs to get the attention it deserves. The upside for Suave is tremendous.

Tom Kuykendall, group brand manager for Suave, had joined the Consumer Products division of Helene Curtis just one month earlier, in January 1984. His views on the fiscal 1985[1] advertising campaign for Suave shampoo were in sharp contrast to those of Ellen Vallera, who had served for seven years as brand manager:

> Suave is not underadvertised. We cannot afford to spend any more money on advertising because Suave is a price brand. With its low margins we do not have much money to play around with. Any increase in advertising will require an increase in price. That would jeopardize our position as the number one shampoo in unit volume, and we could lose our trade support.

The debate had culminated in two media plans. The original plan was to increase the advertising budget 30%, to $7.8 million; $7.1 million would be divided between daytime and prime-time television, with $700,000 spent on Suave's first print campaign. The more recent proposal placed all television advertising in prime time, resulting in a total budget of $10.2 million.

Bob Thomas, vice president of marketing, was considering these two plans. He felt the brand was "at a watershed." Through October 1983, sales of Suave shampoo had been only 2% ahead of the previous year and 2% below plan. Unit sales share had declined from 12.2% in 1982 to 11.5% in 1983, and operating margin percentages had fallen. Furthermore, it had been learned that Gillette was test marketing White Rain, a new low-priced shampoo, and that Hazel Bishop Industries would soon introduce a line of three low-priced shampoos. Other major competitors were also planning a flood of new products. Procter & Gamble, according to industry sources, was preparing to introduce a relatively low-priced shampoo under the Ivory brand name that summer. The fight for retail shelf space would be fierce.

Helene Curtis Industries, Inc.

Helene Curtis created, manufactured, and marketed hair-care and other personal-care products, as well as adhesives and sealants. The company had four marketing divisions which generated $10.4 million in net earnings on $330 million in sales in fiscal 1984.

Suave was part of the largest division, Consumer Products. Before 1982, the division sold only the Suave product line. The premium-priced Finesse line was launched with a conditioner in 1982, shampoo in 1983, and hair spray in 1984. By fiscal 1984, Finesse accounted for nearly half of division sales. Finesse was expected to surpass Suave in dollar sales during fiscal 1985.

The division's two brands were marketed through food, drug, and mass merchandise outlets[2] in five large personal-care categories: shampoos, hair conditioners/rinses, hair sprays, deodorants/antiperspirants, and hand and body lotions. Suave and Finesse combined to make Helene Curtis the leading marketer in conditioners and second largest in shampoos (behind Procter & Gamble) in the United States. Suave had become the leading shampoo (in unit sales) and the second largest conditioner; Finesse, the third largest selling conditioner and among the top 10 shampoos.

Finesse had been introduced with $20 million in advertising and continued to be one of the most heavily promoted hair-care brands in the industry. As a result, whereas Finesse had a much higher gross margin than Suave, both had the same projected 1984 operating mar-

Professor Mark S. Albion prepared this case as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. All nonpublic data have been disguised.

[1] March 1, 1984–February 28, 1985.

[2] Mass merchandise outlets included discount stores, such as Kmart, Wal-Mart, Zayre, and Caldor.

gin percentage. Nevertheless, because of the price differential, Finesse generated nearly twice the dollar profit per case as Suave.

The Shampoo Market

It is not uncommon for ads and promotion to be the biggest expense. A little bit of money for the cleansing agent, coloring and fragrance, a bit for an agreeably shaped bottle and voila! A shampoo. There are few barriers to entry. You can subcontract out the actual production. All you really need is a good marketing idea and a chemist. And lately, lots of ad money.[3]

Sales in the seasonal $1.2 billion industry had been relatively flat in recent years. Unit sales[4] had grown at only a 2% compound rate since 1978. Industry experts predicted that the next five years would be characterized by continued slow growth, since it was felt that household penetration (90%) and female frequency of use (2.83 times per week) had peaked. The market was considered mature, with most of the forecast growth coming from a predicted slow, steady rate of population growth.

The shampoo market was highly fragmented. Only nine brands held a 3% unit share or greater, and no brand controlled as much as 12% (see Exhibit 1). Firms sought untapped consumer segments to sustain growth. Most shampoo marketers targeted the 18-34 year-old age group, traditionally the heaviest shampoo users. But the Census Bureau estimated that there would be 52.4 million women over 40 by 1990, a 15% increase from 1980. Families were also expected to be smaller.

Competitive Environment

The participants carry on like a heap of insects on a tropical forest floor, swarming all over each other, eating or being eaten with gusto and bringing a variety of ingenious strategies to the fray.[5]

With one point of market share worth over $10 million in sales and gross margins often 40% or more, the shampoo industry was a flurry of new-product activity supported by heavy advertising and promotional expenditures. During the 1970s the number of products had increased dramatically as marketers appealed to specialized needs. Shampoos were introduced to fight dandruff and for use on dry, oily, damaged, or normal hair. A variety of scents was offered as well.

It was expected that 1984 would be reminiscent of these earlier years. Five major competitors (Jergens, Johnson & Johnson, La Maur, Lever Brothers, and Revlon) were each prepared to launch new brands with unprecedented marketing support. In January, for example, Lever Brothers had announced to retailers that it would spend $60 million in 1984 to market its new brand, Dimension. These five brands alone, aimed at a relatively affluent audience, were to be supported by $44.5 million in advertising ($18 million for Dimension), with industry advertising expenditures expected to exceed $145 million. Companies like Procter & Gamble (Head & Shoulders, Pert, Prell) had signaled that increased advertising expenditures would be used to defend share.[6] Historically, nine out of ten new shampoos failed.

Between 1978 and 1983, the industry advertising-to-sales ratio declined from 13.2% to 10.1%. But variation among brands was marked: brands such as Vidal Sassoon, Jhirmack, and Prell averaged 25% ratios in 1983, whereas Flex and Suave maintained 5% to 6% ratios. Similarly, the market could be segmented by price, with Flex (13¢ per ounce) and Suave and private labels (9¢ per ounce, slightly above generics)[7] far cheaper than Vidal Sassoon (38¢), Jhirmack (32¢), and Prell (22¢).

Hazel Bishop's shampoo entries were to sell in 15-ounce bottles for 99¢, and Gillette's White Rain at $1.30 for an 18-ounce bottle, placing these shampoo lines in direct competition in the price/value segment with Suave, private labels, and generics. Private labels had grown to a 5.4% dollar share (6.9% unit share), generics a 1.3% share (2.2% unit share) of the shampoo market

[3] *Forbes*, December 6, 1982, "Hair Wars," p. 132.

[4] A unit was defined as a bottle of shampoo, regardless of its size in ounces.

[5] *Forbes*, December 6, 1982, "Hair Wars," p. 132.

[6] For brands after their introductory period, the average industry breakdown of marketing expenditures had been 53% for advertising, 14% for consumer promotions (samples, coupons, contests), and 33% for trade promotions (temporary price cuts to wholesalers and retailers). For Suave, the breakdown in fiscal 1984 had been 25% advertising, 7% consumer promotions, 60% trade promotions, and 8% other (primarily, market research).

[7] Private labels were brands owned by the retail merchants or other intermediaries, as distinct from those owned by manufacturers or producers; they were often called "distributor" or "store" brands. Generics were products that had no brand other than identification of their contents; they were often called "no-name" products.

by 1983. As Bob Thomas acknowledged, "The action in our business is taking place in the high and low end of the price spectrum. The middle is being squeezed."

Retail Channels

"Getting on the shelf is relatively easy; staying there is hard!" exclaimed one exasperated executive. Many manufacturers marketed full lines of hair-care products, often using the same brand names for conditioners or hair sprays, to allow costly television advertising to "carry" the sales of all the products under one brand name. In this way, a fast-selling shampoo could help win shelf space for its less prominent companion products.

With the proliferation of shampoo brands, retail support was critical. Approximately 50% of unit sales were through food stores, 30% through drug stores, and 20% through mass merchandise outlets; for Suave the breakdown was 65%/15%/20%. Retail margins were regularly 30%. The escalating fight for shelf space, however, had caused many manufacturers to augment their trade promotion budgets to satisfy retailers.

The complex consumer buying behavior in the shampoo market had led to increased retail trade importance as well. According to Richard Barrie, senior executive vice president at Faberge:[8] "A big percentage of purchase decisions are made in the store. Some companies spend $15 million to create a 'point of difference.' We fight at the store for shelf position and display."

Brand Loyalty

According to industry experts, perhaps the most important element for achieving success in the shampoo market was establishing brand loyalty. The industry was notorious for fickle consumers. As one manager explained: "Brand loyalty? It changes from the time consumers see an ad on television to when they walk up to the shelf in the supermarket or drug store." To retain their market positions and develop loyalty, companies had accelerated new-product development, appealing to specialized consumer needs. Longer shampoo product lines were marketed to keep consumers "in the family" if they chose to switch among types of shampoos (e.g., herbal versus strawberry scents, dandruff versus regular).

Consumers rarely purchased just one brand of shampoo and commonly kept a number of brands on their shelves at the same time. Users typically got bored with their shampoos easily, tried different types and different brands, and, some believed, developed a perceived physical immunity to specific brands that increased the longer they used them.

Market research by NPD[9] confirmed the low levels of loyalty that bedeviled the industry. According to all measures, Suave had the highest loyalty levels. Suave users satisfied 37% of their shampoo requirements with Suave in 1982–1983, down from nearly 50% in 1981. Private-label brands (35%) and Flex (33%), Suave's main competitors according to Helene Curtis executives, were the only other brands over 30%.

Suave

Originally a men's hairdressing in the 1950s, the first Suave shampoo was introduced in 1962. In fiscal 1984, shampoo still comprised most of Suave sales. Advertising of the Suave brand name began in fiscal 1974. All advertising was recorded under shampoos, although most advertisements included conditioners as well. There was no advertising of other Suave products.

Suave products were used in 16 million homes, with the shampoo alone in 13 to 15 million homes. Suave had become a $100 million brand in fiscal 1984 (see Exhibit 2 for income statement). The brand was commonly sold to retailers at a discount; approximately 60% of the marketing budget was for trade promotions. But with all the new-product activity in the shampoo market, and Suave's history of poor performance in years with many product introductions, the brand appeared to be vulnerable in 1984.

Suave had the longest line of shampoos in the industry, with a total of 40 SKUs[10] and an average of 12 in any one grocery store. New-product variations were constantly introduced to maintain the brand's vitality and to

[8]*Forbes*, December 6, 1982, "Hair Wars," p. 133.

[9]National Purchase Diary Research, Inc. conducted diary panel survey research on nationally representative samples of households. Households were asked to keep a record of their purchases for a specific period of time. This study was based on a sample of 6,500 households, June 1982–May 1983.

[10]An SKU was a stockkeeping unit, defined as a single item of merchandise for which separate sales and stock records were kept. One brand of shampoo of a particular type in a particular bottle size constituted one SKU.

allow Suave customers to switch (or fill more of their household purchases) within the Suave line.

Retail penetration was very good in food stores and mass merchandise outlets. In these stores, Suave was often the merchant's low-priced brand. Drug stores, however, particularly chain drug stores, tended to push their own private labels. They either carried very few (or no) Suave SKUs, or priced Suave higher than did other types of outlets.

Consumer Behavior: The Suave Customer

Helene Curtis conducted a number of market research studies to learn more about the shampoo market in general and the Suave consumer franchise in particular. Past success relied heavily on insight into and repeated research of consumers' usage, habits, preferences, and needs. Extensive large-scale interview data were collected on an ongoing basis from "Awareness, Usage, and Attitude" studies.[11] In addition, independent market research organizations, such as NPD, were commissioned to conduct further studies.

The demographic profile of the Suave user (Exhibit 3) was very similar to that of the heavy shampoo user, since Suave customers tended to be heavy shampoo users (Exhibit 4): female heads of household age 18 to 45, large families with young children, middle income, blue collar occupation. Use by many young children tended to skew the average age downward, and income level varied with the number of household incomes. Psychographic profiles (see "Suave (A)" for a detailed analysis) indicated that Suave users tended to be from heavy German/Dutch neighborhoods in rural, town, and downscale suburban areas, situated in the West Central, West North Central, and Mountain regions.

Concerned that approximately 50% of women who used shampoo had never tried Suave, and that 28% of women who had tried Suave were not current users, management authorized a statistical analysis intended to profile Suave users versus "trier rejectors" (no usage in the last six months) and "never users." The results are shown in Exhibit 5. Suave "trier rejectors" were found to be older women with higher household incomes, smaller families, and shorter, dyed hair. Further focus group interviews[12] uncovered that "trier rejectors" felt there was a difference among shampoos and that Suave was inexpensive and not good enough for their hair. Users stated that all shampoos were basically the same and that Suave was inexpensive and a good value (including benefits). Nonusers had few if any perceptions about Suave beyond "inexpensive" and "old fashioned."

Purchasing Patterns. Exhibit 6 provides a summary of purchasing patterns for shampoos bought in grocery stores. Suave and private-label/generic brands are highlighted. The heavy shampoo usage among Suave buyers (as 21% of total category buyers, they accounted for 38% of category ounces sold) was again evident. But the proportion of shampoo buyers purchasing Suave was smaller than that buying Pert (27%, accounting for 33% of ounces sold) or Head & Shoulders (25%, accounting for 32% of ounces sold). Still, the relatively high loyalty of Suave buyers was impressive.

Combination purchasing profiles were constructed through NPD's diary panel data of household purchases to examine what other brands of shampoo Suave customers purchased. The research indicated that Suave shampoo buyers had an above-average preference for Faberge, Alberto VO5, and private labels/generics. In addition, the research showed that Suave was purchased disproportionately as an alternative brand by Alberto VO5, private label/generic, Faberge, Flex, Prell, Clairol, and Pert customers. Only Suave and Faberge customers purchased private-label/generic brands disproportionately as alternative brands.

Marketing Strategy

Helene Curtis intended to keep Suave as a low-priced, heavily promoted brand. Research on the impact of marketing support had indicated that Suave retail sales, unlike those of other brands, correlated more positively with retail support than with advertising.

Management realized, however, that much of the brand's growth in the past five years had been from the introduction of new Suave shampoos. With less growth

[11]These studies were based on national probability samples of female heads of households. Approximately 300 telephone interviews were conducted for each study. Topics included: demographics, hair characteristics, usage patterns, brands purchased, brands ever tried, brand and advertising awareness, advertising recall, and attitudes toward brands and advertisements.

[12]In a focus group interview, a group of consumers was assembled for a free-form discussion on a particular subject. Such groups were led by market research professionals whose job was to encourage free discussion.

	Fiscal 1985 Planned Spending (000)	%	Per Case[a]	Change per Case from Fiscal 1984
Advertising	$ 7,800	28%	$1.03	+.23
Consumer promotions	1,521	5	.20	-.03
Trade promotions	17,008	60	2.24	+.35
Other marketing	2,018	7	.27	+.04
Total	$28,347	100%	$3.74	+.59

[a]Twelve units in a case; based on forecast volume.

of this type expected, the marketing strategy might have to include changes in the marketing mix to stimulate growth. These changes were most likely to occur, according to management, in direct consumer marketing: advertising and consumer promotions.

For fiscal 1985, as shown above, the marketing support program for Suave was to be increased 18%, to $28.3 million, and the historical Suave 60/40 split between trade and consumer spending maintained:

The rationale behind this initial budget was that the fiscal 1985 marketing support program would rely on price through trade promotions to defend its base volume. Advertising and consumer promotions would enhance the program by generating awareness and incremental volume. Nevertheless, much disagreement remained about the level and composition of advertising expenditures.

Advertising History

Suave had not been a heavily advertised shampoo. Budgets were set on a per-case basis, e.g., $1.00 per forecast case sold. A 5% to 7% advertising-to-sales ratio was typical.

Until July 1981, a price/value-oriented message had been used: "Suave does what theirs does for half the price." However, a new campaign was instituted that summer to stress more of a quality image: "Suave makes you look as if you spent a fortune on your hair." (See Exhibit 7 for a recent advertisement, aired since July 1983.) In addition, prime-time television advertising was used for the first time. Previously, daytime television had been the main media vehicle. An approximate 60/40 division between prime and daytime was scheduled.

With the onset of prime-time television advertising, management began a series of awareness and usage studies. To date, nine "waves" of results had been recorded, for both Suave and other selected brands of shampoos. Exhibit 8 contains the results for Suave, with June 1981 as the base period. The impact of prime time on awareness after Wave II had been called into question.

The Advertising Debate

During the fall of 1983, outside consultants to Helene Curtis delivered a report discussing their fiscal 1985 advertising budget recommendations. Essentially, they agreed with Tom Kuykendall: increase advertising expenditures aggressively and concentrate television dollars in prime time. Their $10.2 million alternative media plan and Ellen Vallera's $7.8 million plan are shown in Exhibit 9. To evaluate different alternatives, data on advertising rates and delivered audiences had been collected for television and selected magazines (Exhibit 10 and 11).

The consultants believed Suave had reached a plateau and there was an opportunity to increase all of the awareness and usage measures. They noted that Suave ranked below several other major brands as follows (June/July 1983 tracking results; Wave VII):

- Total Brand Awareness (88%): Head & Shoulders (96%), Prell (96%), Johnson's Baby (94%), Clairol (90%).
- Unaided Brand Awareness (19%): Prell (52%), Head & Shoulders (37%), Johnson's Baby (28%), Flex (24%).

- Advertising Awareness (29%): Suave ranked below every other brand studied (11 brands); range from Flex (31%) to Jhirmack (60%).
- Ever Used (45%): Prell (59%), Head & Shoulders (53%), Flex (47%).

The consultants argued that daytime advertising would only maintain awareness, whereas prime time would build it. Through prime time, they argued, more current and potential consumers could be reached, particularly working women. Higher expenditure levels, therefore, would be necessary to maintain prime-time *continuity* throughout the year—critical to increasing brand/advertising awareness levels. Data on the demographic categories of viewers and readers were examined to estimate the size and composition of the audiences of the different media vehicles (Exhibit 12).

Vallera admitted that prime time was an effective medium, but felt that the increase in expenditures required for continuity throughout fiscal 1985 could not be justified. In 1982 she had commissioned a one-year BehaviorScan test of higher advertising expenditures in two cities: $8.1 million versus $5.5 million national levels, with split-cable used within each market to regulate the level of advertising viewed by panelists. The results, she maintained, were inconclusive. Whereas a 15% increase in ounce sales of Suave shampoo had resulted, the impact of increased expenditures had lessened over time. She also believed that the number of new customers delivered did not justify additional expenditures. And at a $7.8 million budget level, only daytime television could provide continuity throughout the year.

Vallera argued further that daytime delivered more gross rating points[13] (see Exhibit 13) and had a much lower cost per thousand viewers. Print could be used in the second half of fiscal 1985, when there was no prime time scheduled (Exhibit 9), to supplement daytime and reach working women. Prime time would be used in the first half of fiscal 1985 not only to reach working women, but also to provide tactical support during key promotional periods.

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[13]Gross rating points (GRPs) were calculated by multiplying reach by frequency, i.e., the total number of people exposed to an advertisement times the average number of exposures per person. GRPs were used as a standard measure of the impact of advertising.

Exhibit 1 Share Trends of Selected Brands of Shampoo

	1980	1981	1982	1983
– *Suave*[a]				
– Unit share[b]	10.3%	11.4%	12.2%	11.5%
– Market share[b]	5.8	6.0	9.4	9.0
– Share of spending[b]	3.0	3.5	5.5	5.1
– *Agree*				
– Unit share	4.8	3.8	3.2	2.6
– Market share	4.3	3.4	2.7	2.2
– Share of spending	4.1	5.3	3.5	4.7
– *Flex*				
– Unit share	7.3	7.2	6.7	6.5
– Market share	7.1	6.8	6.6	6.4
– Share of spending	4.2	3.3	2.6	3.0
– *Head & Shoulders*				
– Unit share	12.0	11.2	10.9	10.4
– Market share	11.7	11.6	9.5	9.1
– Share of spending	17.5	18.3	17.1	14.3
– *Jhirmack*				
– Unit share	1.4	3.0	3.7	4.1
– Market share	NA	NA	NA	3.4
– Share of spending	2.4	4.8	4.2	8.0
– *Pert*				
– Unit share	4.7	6.6	5.3	4.7
– Market share	3.4	5.6	4.5	3.6
– Share of spending	18.3	14.6	9.5	8.0
– *Prell*				
– Unit share	8.6	7.3	7.1	6.8
– Market share	7.3	5.7	5.8	5.6
– Share of spending	11.8	10.3	10.3	13.6
– *Silkience*				
– Unit share	2.8	4.0	3.5	2.6
– Market share	2.1	4.3	3.3	2.6
– Share of spending	7.7	9.2	5.7	4.4
– *Vidal Sassoon*				
– Unit share	3.0	3.5	3.7	3.4
– Market share	3.3	4.6	4.2	4.4
– Share of spending	8.4	8.8	11.1	11.5
– *Total Category (millions)*				
– Unit sales volume	489	504	508	530
– Dollar sales	912	1,016	1,082	1,160
– Ad spending	115	117	100	118

Source: Company records.
[a]Reflects advertising for full line of Suave products; sales data for shampoo only.
[b]Unit (bottles) share, market (retail dollar) share, share of (industry advertising) spending; brand advertising spending included only media costs, not production costs.

Exhibit 2 Suave Income Statements[a] (in thousands)

	FY 1982 (ended 2/28/82)	% Net Sales[b]	FY 1983 (ended 2/28/83)	% Net Sales[b]	FY 1984 (ended 2/29/84)	% Net Sales[b]
Net sales	$73,335	100.0%	$89,755	100.0%	$99,005	100.0%
Variable costs	42,127	57.4	50,689	56.5	56,281	56.8
Gross margin	$31,208	42.6	$39,066	43.5	$42,724	43.2
Marketing expenditures						
– *Advertising*	4,094	5.6	5,457	6.1	6,054	6.1
– Prime time	2,279	3.1	3,124	3.5	3,539	3.6
– Daytime	1,815	2.5	2,333	2.6	2,515	2.5
– Print	0	-	0	-	0	-
– *Consumer promotion*	956	1.3	1,175	1.3	1,862	1.9
– *Trade promotion*	9,830	13.4	12,258	13.7	14,379	14.5
– *Other marketing*	1,503	2.0	1,540	1.7	1,670	1.7
Total marketing	$16,383	23.3%	$20,430	22.8%	$23,965	24.2%
Operating margin	14,825	20.2	18,636	20.8	18,759	18.9

Source: Company records.
[a]Reflects full line of Suave products.
[b]Numbers may not add precisely to totals because of rounding.

Exhibit 3 Suave Demographic Profile: 1981

Demographics	Total U.S. (000)	Suave Buyers (000)	Composition[a] (%)	Coverage[b] (%)	Buyer Index[c]
Total women	84,137	9,309	100.0	11.0	100
Female homemakers	77,178	8,321	89.4	10.8	98
Employed mothers	16,985	2,635	28.3	15.5	141
18–24	14,653	2,463	26.5	16.8	152
25–34	18,860	2,611	28.0	13.8	125
35–44	13,270	1,504	16.2	11.3	103
45–54	11,647	1,057	11.4	9.1	82
55–64	11,498	824	8.9	7.2	65
65 or older	14,389	850	9.1	5.9	54
18–34	33,513	5,075	54.5	15.1	137
18–49	52,352	7,052	75.8	13.5	122
25–54	43,776	5,172	55.6	11.8	107
35–49	18,839	1,977	21.2	10.5	95
Graduated college	10,781	980	10.5	9.1	82
Attended college	13,592	1,656	17.8	12.2	110
Graduated high school	35,091	4,163	44.7	11.9	107
Did not graduate high school	24,852	2,511	27.0	10.1	92
Employed	41,299	5,167	55.5	12.5	113
Employed full time	32,548	3,888	41.8	11.9	108
Employed part time	8,751	1,279	13.7	14.6	132
Not employed	43,018	4,142	44.5	9.6	87
Professional/manager	11,131	1,130	12.1	10.2	92
Clerical/sales	16,972	2,217	23.8	13.1	118
Craftsmen/foremen	823	102	1.1	12.4	112
Other employed	12,373	1,719	18.5	13.9	126
Single	14,314	1,503	16.1	10.5	95
Married	50,503	6,036	64.8	12.0	108
Divorced/separated/widowed	19,500	1,770	19.0	9.1	82
Parents	32,209	4,938	53.0	15.3	139
White	72,858	8,563	92.0	11.8	106
Black	9,685	623	6.7	6.4	58
Other	1,774	123	1.3	6.9	63
Household income $35,000 or more	8,095	986	10.6	12.2	110
$25,000 or more	19,296	2,271	24.4	11.8	107
$20,000–$24,999	27,398	2,945	31.6	10.7	97
$15,000–$19,999	10,637	1,193	12.8	11.2	102
$10,000–$14,999	10,197	1,284	13.8	12.6	114
$ 5,000–$ 9,999	17,269	1,836	19.7	10.6	96
Under $5,000	18,816	2,051	22.0	10.9	99
Household of 1 or 2 people	37,622	3,198	34.0	8.5	77
3 or 4 people	32,293	3,769	40.5	11.7	106
5 or more people	14,402	2,343	25.2	16.3	147
No child in household	47,610	3,672	39.4	7.7	70
Child(ren) under 2 years	6,638	1,121	12.0	16.9	153
2–5 years	12,590	1,958	21.0	15.6	141
6–11 years	16,251	2,518	27.0	15.5	140
12–17 years	18,905	2,666	28.6	14.1	128
Residence owned	60,513	6,527	70.1	10.8	98
Value: $40,000 or more	27,980	2,757	29.6	9.9	89
Value: Under $40,000	32,533	3,770	40.5	11.6	105

Source: Company records; based on research conducted by Simmons Market Research Bureau, 1981.
[a]100.0 = 9,309; 89.4 = 8,321/9,309. To be read, "89.4% of Suave female buyers were homemakers."
[b]11.0 = 9,309/84,137. To be read, "11.0% of all women bought Suave."
[c]152 = 16.8/11.0 To be read, "Women 18–24 were 52% more likely to buy Suave."

Exhibit 4 Selected Brand Shares of Buyer Categories: 1979

	Total Buyers		Light Buyers [<64 oz.]		Medium Buyers [64–144 oz.]		Heavy Buyers [>144 oz.]	
	% Buyers	% Volume	% Buyers	% Volume	% Buyers	% Volume	% Buyers	% Volume
Total for category	100.0%	100.0%	66.6%	29.8%	24.5%	37.6%	8.9%	32.6%
Suave	23.1[a]	11.9[a]	10.0[b]	6.7[b]	39.3	10.7	76.9	18.2
Agree	16.8	5.0	12.3	5.9	22.6	4.6	34.4	4.7
Breck	9.7	3.3	7.0	3.9	12.6	3.1	21.3	3.0
Clairol Herbal Essence	6.3	2.4	4.6	2.4	8.5	2.0	12.7	2.7
Flex	15.6	8.6	9.8	7.0	24.0	8.5	35.2	10.1
Head & Shoulders	25.6	7.8	22.5	11.2	32.7	8.5	28.9	3.8
Johnson's Baby	11.6	3.9	8.6	4.1	17.6	4.7	16.7	2.7
Prell	17.8	5.0	15.6	6.3	21.3	5.0	26.3	3.9
Selsun Blue	5.5	1.0	4.7	1.4	7.3	1.0	6.2	0.5
Vidal Sassoon	4.7	1.2	2.9	1.3	7.3	1.3	10.7	1.1
Private label	23.0	11.7	14.1	9.1	35.1	11.1	56.9	14.8
Other	-	38.2	-	40.7	-	39.5	-	34.5

Source: Company records; based on research conducted by Golatny & Blattberg, Inc., using National Purchase Diary Research Inc. 1979 results.
[a] To be read, "23.1% of all buyers purchased Suave. Suave accounted for 11.9% of all volume."
[b] To be read, "10.0% of all light buyers (purchased less than 64 ounces of shampoo in a year) purchased Suave. Suave accounted for 6.7% of all volume purchased by light buyers."

Exhibit 5 Summary Overview of Different Suave User Profiles[a]

	Current Suave Users[b]	Suave "Trier Rejectors"[b]	Suave "Never Users"[b]
– *Last brand used*	Suave Flex Johnson's Baby	Silkience	No specific brand(s)
– *Total brand usage (ever)*	Head & Shoulders Pert Prell	Silkience Sassoon	No specific brand(s)
– *Hair characteristics:* – Hair length – Hair type – Hair texture – Colored hair	 Longer Normal Normal No	 Shorter All types All textures Yes	 Shorter Normal/dry Fine Yes
– *Demographics:* – Age – Household size – Children – Income	 Younger 4+ Yes Average	 Older 2 No Higher	 Older 2–3 No Average

Source: Awareness, Usage, and Attitude Study, September 1982 (Wave V); company records.
[a]Results determined by assessing directional skews in data across user groups through multivariate, discriminant analysis.
[b]Base of 296 women. "Suave users" (197) were women who had used Suave in last six months. "Trier rejectors" (78) were women who had used Suave at least once more than six months ago, but no longer used it. "Never users" (103) were women who were aware of Suave, but had never used it.

Exhibit 6 1981 Purchasing Patterns: BehaviorScan Markets[a]

	Total Shampoo	Suave		Private Label/Generic	Hi/Lo Range (26 brands)
Ounce share	100%	18.3%	(1)[b]	17.0%	0.3–18.3%
Dollar share	100%	9.3%	(3)	7.4%	0.3–16.0%
Share index (dollar share/ounce share)	100%	51	(25)	44	44–367
Unit share	100%	13.1%	(2)	9.9%	0.1–14.4%
% of shampoo buyers purchasing	100%	21.2%	(3)	21.1%	0.9–26.6%
Ounces/buyer	46.4[c]	40.1[c]	(1)	37.3	5.4–40.1
Ounces/purchase occasion	12.5	17.4	(3)	19.6	3.9–19.6
Units/purchase occasion	1.1	1.1	(2)	1.0	1.0–1.2
Purchase occasions/buyer	3.7	2.3	(1)	1.9	1.1–2.3
Average days between purchases	76	86	(15)	92	45–104
% of total shampoo ounces accounted for by brand buyers	100%	37.8%	(1)	34.3%	1.9–37.8%

Source: Company records; based on research conducted over 52 weeks by Information Resources, Inc., in Pittsfield, Massachusetts and Marion, Indiana grocery stores; stores were equipped with UPC scanners to track sales, and purchase record of 2,956 households in each market were analyzed.

[a]Data were for grocery stores only, which represented 54% of the panel household sales in these two markets. Suave unit and dollar shares reported here are higher than those in Exhibit 1 because these data are for grocery stores only, where Suave is strongest.

[b]Ranking of Suave among 26 brands analyzed.

[c]To be read, "Those who purchased shampoo averaged 46.4 ounces of shampoo bought in grocery stores during the year; those who purchased Suave averaged 40.1 ounces of Suave bought in grocery stores during the year."

Exhibit 7 "ACTRESS"

ACTRESS: I'll never forget my first speaking part. There were only two words to remember.

Money was pretty tight back then.

So I started using Suave.

After I got (SHE GIVES SHEEPISH LAUGH) "discovered"

I tried those expensive shampoos and conditioners.

And I made a little discovery of my own.

They weren't any better than Suave.

They just cost more.

These days, it's not hard to spend a fortune on your hair.

I don't. Suave just makes me look like I do.

(SFX: APPLAUSE)

ANNCR: (VO) Suave makes you look as if you spent a fortune on your hair.

Exhibit 8 Suave Tracking Study Waves I–IX: Key Measures for Suave

	Waves[a]								
	I	II	III	IV	V	VI	VII	VIII	IX
	%	%	%	%	%	%	%	%	%
- *Brand awareness*									
- Unaided[b]	11	20	25	25	23	17	19	24	18
- Total[c]	77	83	82	87	85	91	88	93	89
- *Aided Advertising*									
- Awareness[d]	26	34	39	34	42	30	29	33	29
- *Ever used*	38	44	51	51	50	41	45	50	51
- *Used in past six months*	15	16	23	23	23	16	16	20	26
- *Used in past four weeks*	9	11	12	14	12	9	9	NA	NA
- *Ever purchased*	40	44	50	48	48	52	52	58	52
- Purchased in past six months	18	22	26	26	24	24	19	24	23
- Purchased in past four weeks	10	10	12	18	14	13	9	NA	NA
- Base (all women)	(300)	(299)	(308)	(307)	(296)	(300)	(270)	(270)	(270)
	Change in suppliers and methodology ⟶								
- *Date of tracking*	6/81	9/81	1/82	6/82	9/82	4/83	6/83	9/83	12/83

Source: Awareness, Usage, and Attitude Studies; company records.

[a]New advertising campaigns were started in 7/81, 8/82, 8/83. Prime-time advertising was used 7/81, 10/81, 5/82, 8/82, 10/82, 5/83, 8/83, 11/83.

[b]The percentage of respondents who mentioned Suave when asked, "What shampoo have you heard of?"

[c]The percentage of respondents with unaided brand awareness plus those with aided brand awareness who replied positively when asked, "Have you heard of Suave shampoo?"

[d]The percentage of respondents who replied positively when asked, "Have you seen an advertisement for Suave shampoo lately?"

Exhibit 9 Alternative Media Plans: Fiscal 1985

	1984										1985		
FY 1985	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	
	27 5 12 19 26	2 9 16 23 30	7 14 21 28	4 11 18 25	2 9 16 23 30	6 13 20 27	3 10 17 24	1 8 15 22 29	5 12 19 26	3 10 17 24 31	7 14 21 28	4 11 18	Advertising ($)
$7.8 Million Plan													
PRIME NETWORK													
40 W18-49 GRPs/10 Weeks[a]		XXXX	XXX		XXXXXXXX	XXX							3,391.5
DAY NETWORK													
45 W18-49 GRPs/21 Weeks	X X	X X		XXXXXXXX		X	X X	X X X	X X	X X	X X	X	3,702.9
30 W18-49 GRPs/5 Weeks	x X	X X	XXX	XXXXXXXX	XXXXXX	X	X X	X X X	X X	X X	X X	X	
PRINT: 10 INSERTIONS							←——3——→		←—2—→		←——3—X—2——→705.6		
TOTAL													7,800.0
$10.2 Million Plan													
PRIME NETWORK													
40 W18-49 GRPs/28 Weeks	XXXXXXXXX	XXXX	XXXX	XXXX	XXX	XXXXXX		XXXXXXXXX		XXXXXXXX	XX	XXXXXX	9,520.0
PRINT: 10 INSERTIONS							←——3——→		←—2—→		←——3—X—2——→705.6		
TOTAL													10,225.6

Source: Company records.
[a]To be read, "Will deliver 40 Gross Rating Points weekly for 10 weeks (400 GRPs) on women 18-49 years old."

Exhibit 10 Television: Costs and Audience Delivery[a]

Prime Time—Network					
	Estimated Audience Delivery (in millions)				
Cost of Average 30-Second Commercial	Homes	Total Female	Women 25–54	Total Male	Men 25–54
$77,975	12.9	13.3	4.9	12.0	4.5

Daytime—Network					
	Estimated Audience Delivery (in millions)				
Cost of Average 30-Second Commercial	Homes	Total Female	Women 25–54	Total Male	
$13,350	5.0	5.1	2.1	4.6	

Source: Company records, 1983/1984
[a]All numbers were averaged and do not reflect seasonal differences.

Exhibit 11 Selected Magazines: Costs and Audience Delivery

				Average Audience (in thousands)			
Publication	**Circulation Rate Base (000s)**	**4-Color Page Cost**	**Black and White Page Cost**	**Men 18+**	**Men 18–49**	**Women 18+**	**Women 18–49**
– *General Orientation*							
– Fortune	690	$36,020	$23,700	1,860	1,376	897	660
– National Enquirer	5,075	32,780	26,000	6,987	5,434	11,567	7,728
– The New Yorker	480	18,700	11,750	1,311	829	1,238	811
– People	2,600	49,200	38,175	7,871	6,479	13,953	10,931
– Time	4,600	101,825	65,275	12,322	9,181	9,146	6,500
– TV Guide	17,000	85,000	72,000	16,737	12,859	21,100	15,227
– *Male Orientation*							
– Playboy	4,400	53,765	38,395	8,422	7,357	-	-
– Popular Science	1,800	31,280	22,055	3,801	2,685	-	-
– Sports Illustrated	2,425	66,175	42,415	10,786	8,929	-	-
– *Female Orientation*							
– Cosmopolitan	2,500	36,575	27,180	-	-	8,253	7,068
– Family Circle	7,250	68,150	57,275	-	-	16,613	10,443
– Glamour	1,900	31,200	22,100	-	-	5,784	5,145
– McCall's	6,200	64,620	52,560	-	-	14,536	9,124
– Redbook	3,800	46,940	35,495	-	-	7,743	5,631
– Working Mother	500	11,750	8,850	-	-	993	793

Source: Company records, 1983/1984.

Exhibit 12 The Viewership of Television and the Readership of Magazines by Female Demographic Category (in thousands)

Total Base	Demographic Category	Viewership/ Readership[a]	Television Prime Time	Television Daytime	Magazines
33,513	Women 18–34	Heavy Medium Light	11,622 7,576 14,316	11,931 6,301 15,282	16,676 5,984 10,854
52,424	Women 18–49	Heavy Medium Light	19,112 10,926 22,314	16,854 9,277 26,220	24,322 9,128 18,901
20,049	Working Women 18–34	Heavy Medium Light	6,390 4,110 9,549	4,892 3,540 11,618	11,126 3,247 5,680
31,959	Working Women 18–49	Heavy Medium Light	10,630 6,079 15,251	7,048 5,391 19,519	16,505 5,034 10,420
13,465	Nonworking Women 18–34	Heavy Medium Light	5,232 3,466 4,767	7,039 2,761 3,664	5,553 2,737 5,174
20,465	Nonworking Women 18–49	Heavy Medium Light	8,484 4,847 7,063	9,806 3,886 6,701	7,818 4,094 8,481
5,551	Women 18–34 Suave Users	Heavy Medium Light	2,126 924 2,501	1,869 1,048 2,634	2,732 900 1,919
7,746	Women 18–49 Suave Users	Heavy Medium Light	3,113 1,414 3,219	2,455 1,481 3,810	3,661 1,314 2,771
19,346	Women 18–34 Heavy Shampoo Users	Heavy Medium Light	6,706 3,877 8,763	6,516 3,821 9,009	10,056 3,365 5,925
27,147	Women 18–49 Heavy Shampoo Users	Heavy Medium Light	9,820 5,447 11,880	8,549 5,163 13,453	13,304 4,545 9,299

Source: Company records, 1983/1984.
[a]The data provided estimates of how many women were considered to be heavy, medium, or light viewers of television and readers of magazines. To be read, "11,622,000 18–34 year-old women were heavy viewers of prime-time television."

Exhibit 13 Media Mix Analysis: GRPs, Reach, and Frequency[a]

Prime Time	Daytime	GRPs[b]	Reach W18–34 3+[c]	Reach W18–34 6+	Reach W18–49 3+	Reach W18–49 6+
100%	0%	700	74.2%	50.6%	79.1%	53.2%
50	50	800	76.6	50.6	78.5	51.6
0	100	1,420	53.6	43.2	53.6	43.2

Source: Company records, 1983/1984.

[a]These numbers were calculated based on an assumed fixed advertising budget.

[b]Gross rating points (GRPs) were calculated by multiplying reach by frequency, i.e., the total number of people exposed to an advertisement times the average number of exposures per person. GRPs were used as a standard measure of the impact of advertising. Often markets used ERPs (effective rating points) to measure the "real" effectiveness/impact. ERPs were calculated by multiplying GRPs by an index which was based on day-after advertising recall scores. Company records used 1.00 (prime time), 0.71 (daytime), and 0.50 (magazines) as that index.

[c]To be read as the percentage of women 18–34 who would see the commercial three or more times, e.g., a reach of 74.2% if all prime time was used.