

APPENDIX ONE SEGMENTATION ANALYSIS

Why use a segmentation approach?

Segmentation analysis is used to group individuals into segments with like characteristics. Segmentation is a way of examining whether the sample population is homogeneous (ie, basically one single group with similar attitudes and behaviour) or heterogeneous (ie, comprised of several distinct segments, each with different preferences, attitudes etc.).

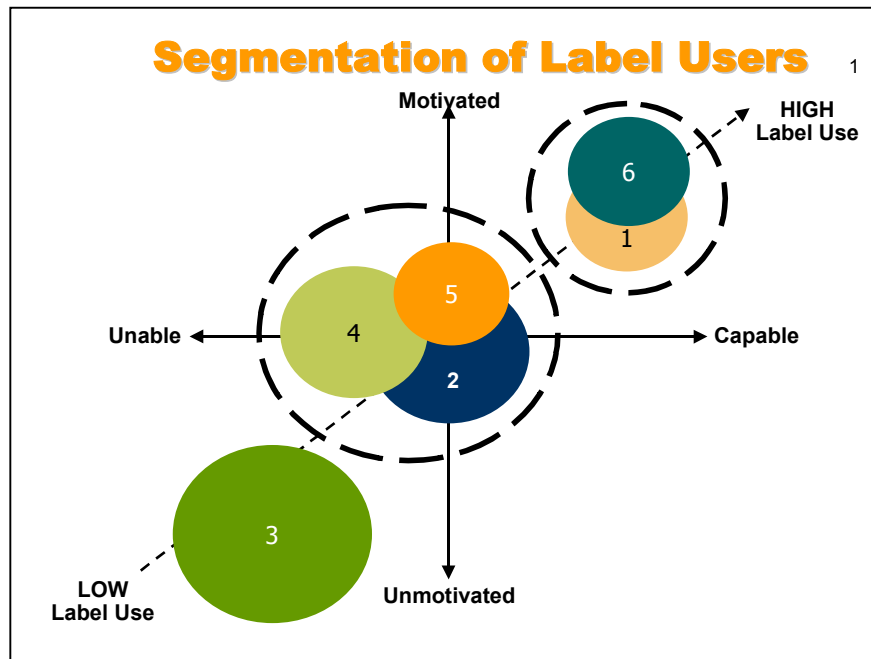
Traditionally, segmentation analysis involves the disaggregation of consumers by demographic characteristics, such as age, gender, educational qualifications, income etc.. However, when trying to characterise consumers with regards to the number (and also type) of label elements they use, the qualitative research indicated that there were several factors at play, other than demographics. Two key factors were the motivation of the consumer, and the reasons behind their motivation, and a consumer's capacity to use label elements, including their prior experience using labels.

Therefore, the segmentation model (below) is built around these two dimensions. "Motivation" and "capacity" are broad, qualitative terms, which emerged from the qualitative research, and included factors such as:

- Motivation – how health conscious a person is; whether they are selecting foods for a special health need; their interest in food label information; and their perceived importance and usefulness of food label information;
- Capacity - a person's past 'success' in finding food label information; whether they feel they have sufficient time to read labels while shopping; and their perceptions of how clear and trustworthy the label information is.

There were questions in the interview questionnaire that addressed each of these factors. Responses to these questions were compared between each segment, and used by the researcher to qualitatively 'rate' each segment as 'high', 'moderate' or 'low', thus allowing each segment to be placed where they best 'fit' on the model below. Intuitively, it appears that the motivation dimension is stronger than the capacity dimension, however this has not been tested statistically.

THE SIX SEGMENT PICTURE



The two segments with the highest motivation and capacity (segments 1 and 6) also use the greatest number of label elements (an average of 7 elements compared to an average of 5 elements for the total sample). These are also the smallest segments in terms of the number of consumers, each comprise 11% of the sample population.

The largest sized segment (segment 3) comprises one third (31%) of the total sample and it includes the lowest users. This segment uses an average of 4 label elements, and is characterised by the lowest motivation and low-moderate capacity.

The remaining three segments (segments 2, 4 and 5) are clustered together, around moderate levels of motivation and capacity. Segments 2 and 4 are relatively large, each comprising almost one fifth of the sample (19% and 17% respectively). Both segments use the average number of label elements (5). Segment 5 is smaller (10%) but uses one more element on average (6 in total) compared to the other segments around it.

The main differences between the segments, in terms of the motivation, capacity and demographic characteristics are summarised over the page, however note that few of these differences are statistically significant. More detail is provided in the PowerPoint slides 150-172.

Segment 1 – 11%

- Use 7 elements (highest)
- More couples
- More middle aged
- Higher income
- Strongest interest in label information
- No more success in finding information than others
- Time not a barrier

Segment 2 – 19%

- Use 5 elements (average)
- More middle aged
- More couples
- Time not a barrier
- Lower trust of some label elements
- Find label information less clear & easy to understand

Segment 3 – 31%

- Use 4 elements (lowest)
- More males
- Younger and older ages
- More singles, fewer children
- Few special needs
- Time is a barrier
- Lower trust of label elements
- Find label information less clear & easy to understand

Segment 4 – 17%

- Use 5 elements (average)
- More males
- More couples
- Few special needs
- Lower trust of label elements
- Find label information less clear & easy to understand
- More Australians
- Time not a barrier

Segment 5 – 10%

- Use 6 elements (above av.)
- More females
- More couples, more children
- Younger, fewer older aged
- Few special needs
- Trust label elements
- Find label information clear & easy to understand
- Time not a barrier
- More speak other languages

Segment 6 – 11%

- Use 7 elements (highest)
- More females
- More couples, more children
- Health conscious
- More special needs
- Trust label elements
- Find label information clear & easy to understand
- Time not a barrier
- Most English speaking

Implications and food for thought

Some segments are clearly more male, more dominated by couples with children, or people with special needs. However there appears to also be a complex interplay between the influences of motivation and capacity, in terms of driving the number of labels a consumer uses. Addressing motivation influences, for example targeting people with special needs, those who are most health conscious, or those most interested in label information – without addressing capacity influences – will not necessarily result in increased use.

Indeed, the analysis suggests that some consumers who use the most label elements (segment 1), who are most motivated, are reporting no more success in finding the information that they need than consumers in lower motivated, and lower-use segments. These people appear to be ‘soldiering on’ because their motivational reasons dictate their behaviour. This segment could be vulnerable to reducing their use of label elements if their motivation wanes. Furthermore, it will be difficult to increase label use by consumers in less motivated segments, without addressing the capability issues, particularly those associated with trust, and finding label elements easy to use and understand.