

Research Article

A Study of Product Development, Consumers and Sales of Perfume Products in an Indian Start-Up Venture

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A B S T R A C T

This paper intends to depict the product development process in a perfume startup company and the business potential for new entrants in the Indian Fragrance Market. It helps in ascertaining the current trends and demand of perfumes as a pre requisite for developing a successful perfume product. It accentuates the fact that people tend to resort to the use of concentrated perfume oils over body sprays and EDTs. Consumer response and attitude towards products of a novice brand and their expectations from perfume products has also been depicted by this study.

Keywords: Concentrated Oils, Perfume, Fragrances, Consumer, Product

Introduction

Perfumes are made by extracting natural oils from plants and mixing with essences and other solvents to give a pleasing scent and odor. No perfume will smell exactly the same on two different individuals due to the differences in their body temperatures, reaction with body chemicals and specific body odor. Moreover, climatic conditions of a region are also vital in determining the demand of a particular fragrance. The efficient and effective introduction of new products into the marketplace is a way in which many organizations can gain significant competitive advantage.

La Miss Perfumes in itself is a child-ling that brings out the feminist supremacy in encompassing the fragrances of life. La Miss Perfumes was established in early 2017,

completing its first anniversary in May 2018. The brand-La Miss Perfumes, empowers the founder to bring the best out of the nature-gifted aura and aromas.

La Miss Perfumes, Pune classifies their fragrances into two major genres:³

1. Oriental/ Arabic Fragrances: These are exotic fragrances, typically strong with scents of jasmine, amber, patchouli, etc. reminders of local tradition.
2. Occidental/ French Fragrances: They have strong fresh sea notes including sweet and floral combinations.

The company's product range includes:

- Concentrated Arabic Perfume Oils
- Concentrated French Perfume Oils
- Arabic EDTs
- French EDTs



**Figure 1. La miss EDT products
(La miss Perfumes, 2018)**



**Figure 2. La miss Perfume products variants
(La miss Perfumes, 2018)**

Literature Review

It was stated¹ that the country's fragrance industry business is estimated at about Rs.3700 crores with the unorganized sector accounting for nearly 30 per cent of the total fragrance industry business. Further it manifests that according to a study¹ conducted by ASSOCHAM, "Domestic Fragrance Industry: The way ahead", the fragrance industry consisted of deodorants, perfumes and roll-ons. Indian deodorant and roll-on market is estimated at about Rs.1800 crores and is growing at about 55 per cent annually

Out of all the fragrances, the floral fragrance is the most popular one due to its varied uses. An article states² that the fragrance market in India has been propelled by the hot and humid climatic conditions and increasing population of working class. The fragrance market has significantly grown during the span of last five years FY'2010-FY'2015, at a CAGR of 10.0%.

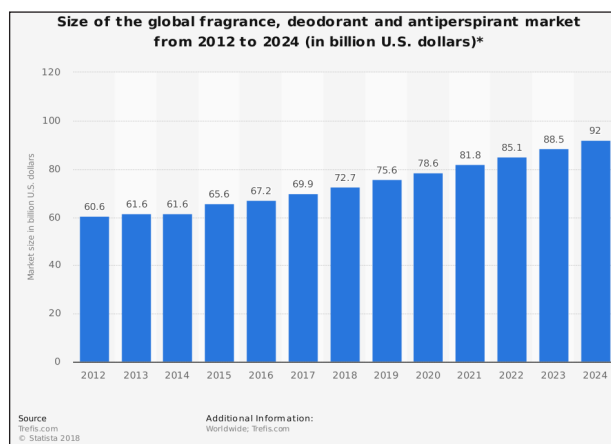


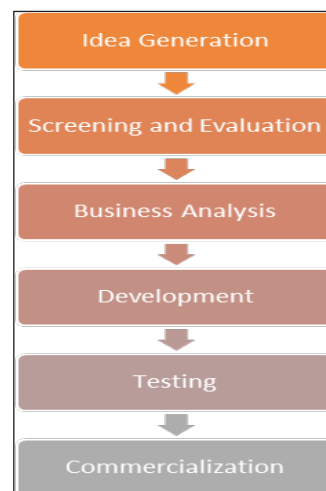
Figure 3. Size of the global fragrance, deodorant and antiperspirant market (NIIR Project Consultancy Service, 2015)

The overall size of the perfume industry of India is currently estimated at Rs.2000 crores, which is further projected to grow by 50% to Rs.3000 crores in the next 5 years. Young Indian entrepreneurs, according to a study,² have now come up with some extremely talented and confident homegrown perfume brands, which are making India smell good and that also for the longest time

It is their opinion that what you apply on your body gets absorbed and accumulates in the tissues.

NPD is a critical, risky and imperative process in the growth and success of a business and despite extensive research on how to make headway; companies often deliver products that fail.⁴

The NPD process is divided into seven stages according to a study by Booz, Allen and Hamilton;⁵ new product strategy development, idea generation, screening and evaluation, business analysis, development, testing and commercialization.



**Figure 4. Stages of New Product Development (NPD)
(Booz, Allen & Hamilton, 1982)**

Objectives of the Research

- Analyzing the current trends and successful development and launch of the products in the target market.
- To identify the fragrance fondness among the consumers and to ascertain the possibilities of encouraging them to use concentrated oils instead of deodorants.
- Determination of appropriate marketing strategies in due course of time for maximum customer attraction and brand awareness.

Research Methodology

The research is quantitative and exploratory in nature with the selection of a sample set of 100 from Pune city region, India using a method of simple random sampling.

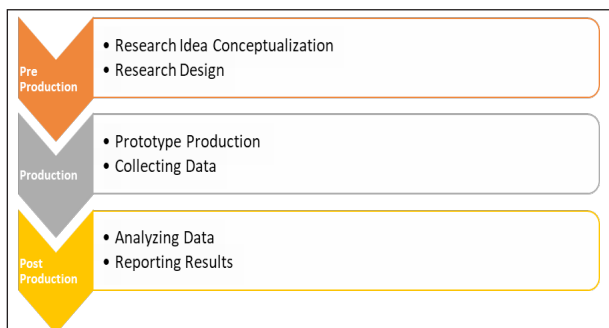


Figure 5.Steps in research design

Pre-Production: This stage incorporated idea generation and market research for ascertaining existing fragrance demands and customer preferences in the target market. This is followed by selection of exquisite fragrance notes that meets the consumer demands and requirements.

Production: The product design and packaging are determined and samples are produced. Samples are tested for fragrance longevity, strength and attractiveness. Feedback responses and eclectic data has been collated for analyses of the same.

80 consumer and 20 retailer feedbacks have been collected for the research analyses by means of questionnaires.

Post-Production: The data thus generated is statistically analyzed using percentage analysis and pie charts to determine the success of the production. It also determines the consumer response to the product launches by La miss Perfumes. These results are finally reported through graphs and numerical data to assist in the launching and commercialization of the products.

Product Development

Being a start-up venture, at La miss Perfumes the development of perfume products was conducted on a small- medium scale with scrupulous planning and step by step approach for successful development and launch of

products that would appeal the target customers.

Pre-production: According to the research methodology discussed earlier, the pre-production phase consisted of gathering and collection of data from the consumers and retailers of perfume products in order to ascertain the current top fragrances in the market, the consumer preferences from perfume products, the prospective customers, etc. The data thus collected helped in decision making of the following.

Target market: As a start-up venture it is essential to target the right market and customers to ensure successful exposure and response to your products. From the data collected in Pune city, students and professionals seemed to be the major consumers of perfume products.

Fragrance selection: It has been found that men in Pune city preferred fresh, with a little spicy notes and longer lasting fragrances. While in case of women there was equal demand for fresh and fruity notes.

Sampling and testing: Various samples were prepared keeping in mind the fragrance demands. Usually the ratio of men to women product launches in the market is 3:1, however at the rudimentary stage, La miss perfumes decided to go ahead with a ratio of 3:2 due to increasing number of women working in India. These samples are mixed and tested regularly to determine the strength, longevity and diffusion of fragrance notes.

Product Aesthetics: This includes selection of the size, design and material of the bottles for perfumes as well as deciding the package designing. Finally, order placement for the same as the packaging and bottles should be available when the production batch starts to ensure minimum lead time delays.

Pricing and Costing: It is important for the products to be affordable as being at a nascent stage, the company is targeting the middle class and common man as its prospective consumers. Hence the cost of production and the ultimate sale price is ascertained prior to actual production taking into account all factors such as labor, materials, machinery, packaging, wastage, etc.

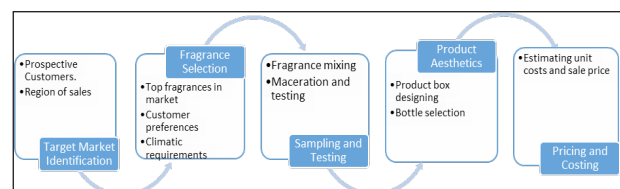


Figure 6.Steps in research design

Production: The production at La miss Perfumes was carried out with the help of manual labor consisting of 8-10 workers. The process involved fragrance mixing, maceration, bottle filling, capping and product packaging. The perfume oil was

filled into 6ml glass bottles with precision to avoid spilling and wastage. The production rate was computed to be 300 bottles per day. The wastage and losses during the production phase is depicted under data analyses. Bottle filling and packaging was conducted simultaneously to save time and money.

Post-production: The finally packed perfume products were arranged in dozen boxes for market distribution. Accurate inventory records have been maintained depicting units produced, units dispatched for distribution, material required, actual material utilized and stock of raw material in hand and ready products in hand. The various marketing strategies adopted at various stages have been delineated under the inferences and data interpretation section.

Data Analysis

Consumer Data

The data has been collated from 75 consumers from Pune city region on the basis of simple random sampling.

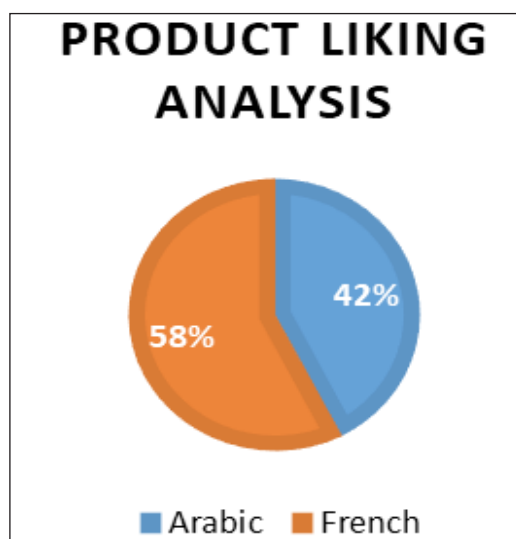


Figure 7. Product liking analysis chart

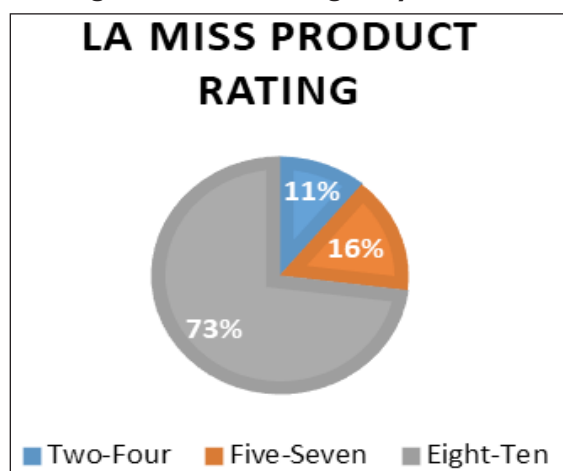


Figure 8. La miss product rating analysis

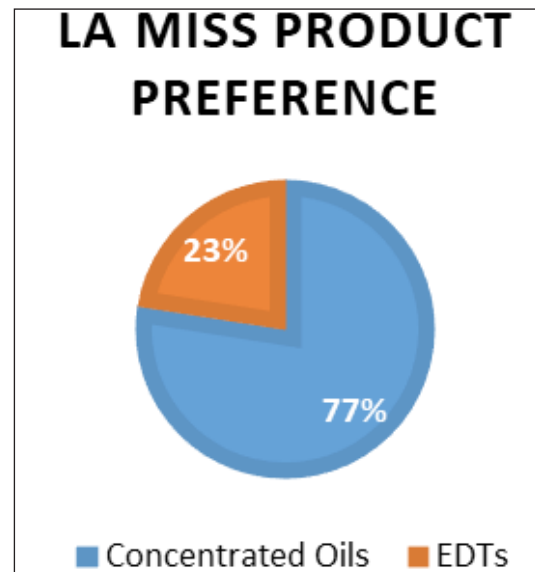


Figure 9. La miss product preference

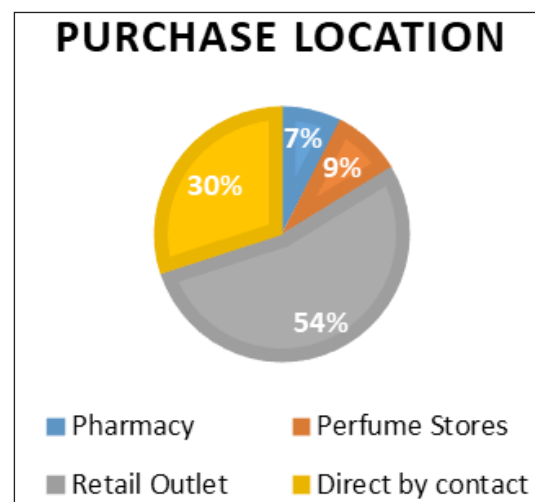


Figure 10. Purchase location analysis

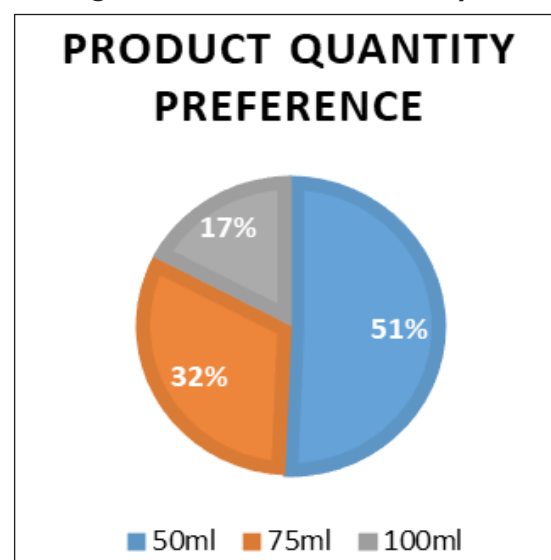


Figure 11. Product quantity preference analysis

PRODUCT PACKAGE PREFERENCE

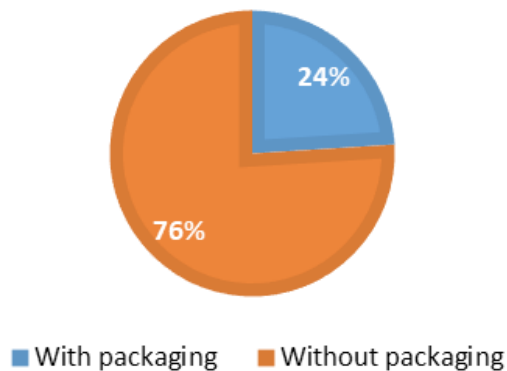


Figure 12. Product package preference analysis

PRODUCT PURCHASE FACTORS

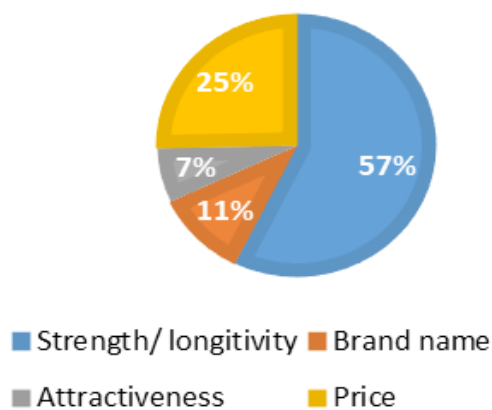


Figure 13. Product purchase factors analysis

LAMISS BRAND RECOMMENDATION

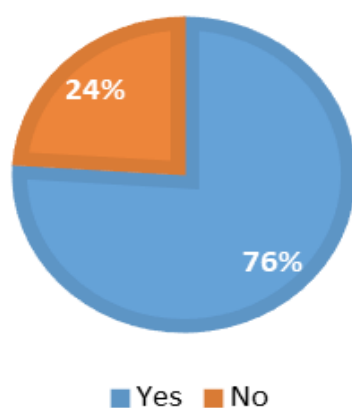


Figure 14. Product purchase factors analysis

Retailer Data

The data consists of responses from 25 retailers in the Pune city region.

PURCHASE ROUTINE

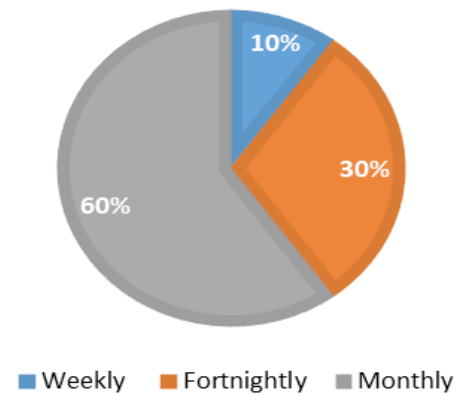


Figure 15. Purchase routine analysis chart

PAYMENT MODE

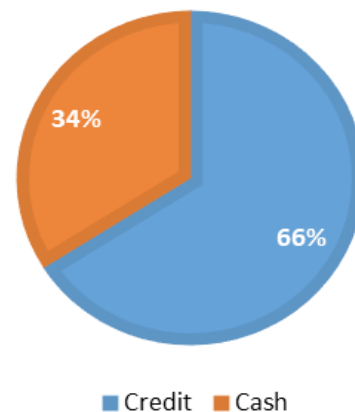


Figure 16. Retailer payment mode analysis

CREDIT TIME ANALYSIS

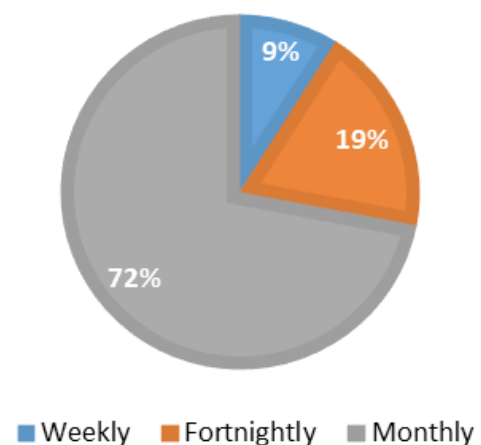


Figure 17. Credit time analysis

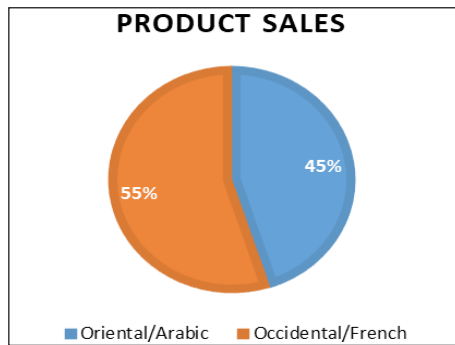


Figure 18. Product sales analysis

Production Data Analysis

Since the production was conducted on a small scale with manual labor, the losses and wastages that incurred during the process has been briefed as in Table 1.

Table 1. Wastage analysis during production

Category	Wastage Rate	Percentage of production
Defected/ Damaged Procured Bottles	3/200 (3 in 200 bottles)	1.5%
Perfume bottles/ plugs/ roll-ons damaged during production	1/300	0.33%
Perfume oil spilling	4/300	1.33%
Package designing defects	6 in 100	6%

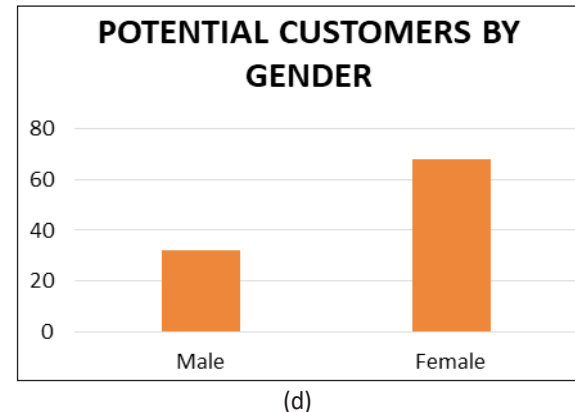
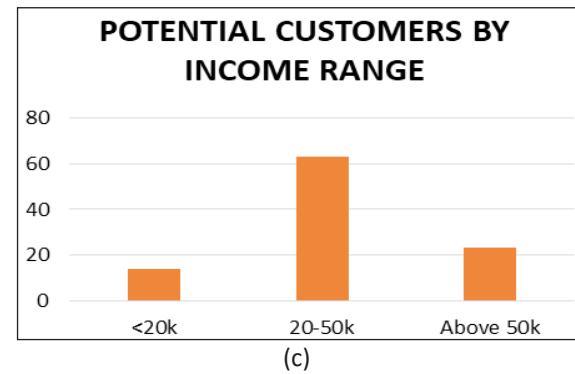
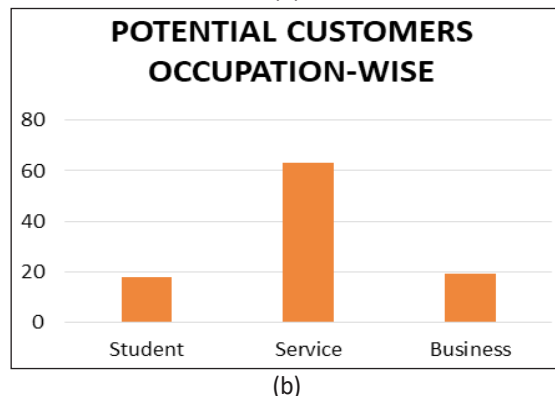
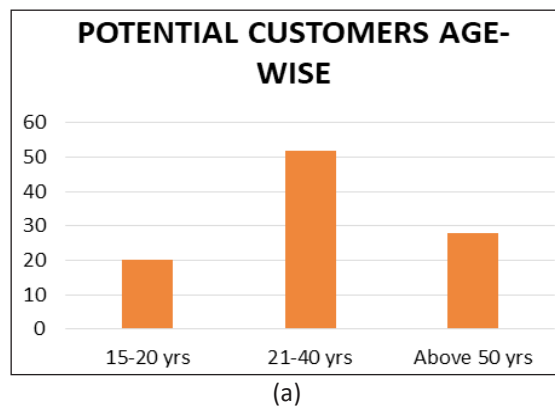


Figure 19. Potential customers apportioned in various categories

Inferences and Data Interpretation

As per the data analysis, the potential customers in different categories can be determined as given in Figure 19. Earlier perfumes were considered as an exquisite and luxury product, however with the recent increase in the working population and disposable income, there seems to be a greater demand for perfumes. This comes as a great opportunity for young entrepreneurs who intend to start a venture and have keen interest and predilection to fragrances.

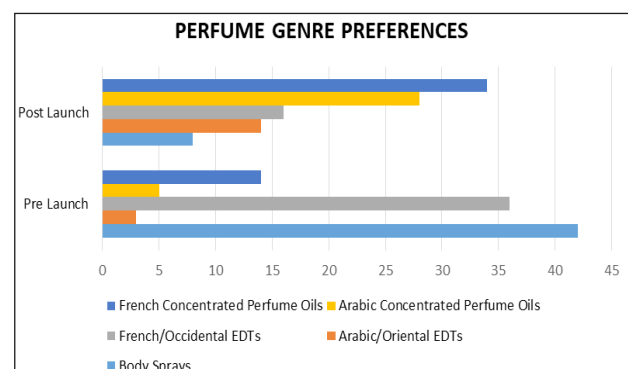


Figure 20. Perfume product genre sales analyses before and after launch of La miss products

The customer preferences and consumer buying behavior pertaining to perfume products can be manifested as in Figure 20.

Table 2. Quarterly adoption of marketing strategies

S. No.	Marketing Strategy	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1.	Paid Advertising	Low	Medium	Medium	Medium
2.	Relationship Marketing	Low	Medium	High	High
3.	Word of mouth	High	High	Medium	Medium
4.	Transactional Marketing	Low	Medium	Medium	Medium
5.	Internet Marketing	Low	Low	Low	Medium
6.	Direct Marketing	High	High	Medium	Medium
7.	Promotions/ Sponsorships	High	Low	Low	High

Adoption of different marketing strategies during the course of business can be explicated as given in Figure 21.

In Figure 21., a 'Low' corresponds to value '1', 'Medium corresponds to value '5' and 'High corresponds to value '10'. The chart depicts the prominence of marketing strategies adopted during each quarter.

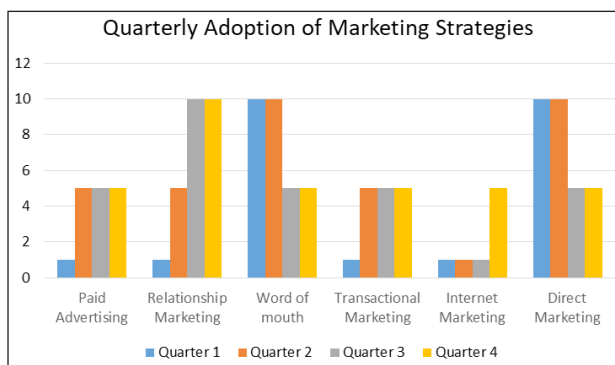


Figure 21. Quarterly adoption of marketing strategies

Findings

- Arabic fragrances are becoming more popular and higher in demand in market nowadays. People now prefer Arabic fragrances because of their exotic, strong piquancy and nature.
- Experiencing skin rashes due to use of body sprays have made people to resort to the use of concentrated perfume oils free from alcohol. They are safe for the skin as well as stronger and long lasting than body sprays.
- Majority of customers are not concerned with the brand name, product packaging and design. They desire longer lasting fragrances with composite blend of sweet and fresh notes.
- Fragrance has become an essential these days and a requirement for working people. Hence there a lot of potential for the perfume industry to grow in the future.
- There are only a few local perfume brands in India. It is thus a good opportunity to introduce and launch new brand products into the local market to begin with.
- Purchase of perfumes is an impulse buying process and

entails comprehensive sensing/ sniffing and testing to know the signature fragrances and notes present in a particular perfume product. Hence there is a restriction when it comes to e-commerce.

Limitations

- Research reveals customer attitudes about the new product such as the intentions to buy it. However, these intentions may not translate to actual sales in future.
- Market research afforded a small focus group, which gives inconclusive data about your new product.
- Time constraint pertaining to data collection and interpretation.

Future Scope and Suggestions

- With the successful launch of our products in the niche market, there is a need to use effective marketing strategies and advertisements for increasing brand awareness and reaching out to larger areas.
- We need to work out on the promotional packs and gift packs to target the festive seasons and other occasions.
- Focus on the event management at educational institutes and other organizations as youngsters are the majority perfume users.
- Upon acquiring successful brand awareness and customer satisfaction, resorting to e-commerce would enable accessing greater section of the market.

Conclusion

An extensive market research was executed prior to the development plan for effective decision making in order to design an appropriate and exquisite product for the marketplace. The research at this point enabled to come up with new ideas for the company's product positioning and differentiation in the market. It also helped in determining strategies to be adopted by startups to increase their growth.

A post launch review/ feedback was performed for the consumers as well as the retailers to ascertain the success of the product launch in the market and the acceptance of the company's products. This review implied the strength and

weaknesses of the company's products over its competitors. It delineated consumer's openness to new brands offering products in the market. It also depicted a rise in the demand for the use of concentrated oils as compared to body sprays and EDT's. Consumers are thus concerned with the quality of a product rather than the brand name.

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