

An Investigation of the Product Development Process, Indian Consumers, and the Sales of Fragrance Goods Produced by a New Indian Business

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Abstract

The goal of this paper is to depict the product development process in a perfume startup company as well as the commercial opportunities for new entrants into the Indian Fragrance Market. It assists in understanding current perfume trends and demand, which is required for producing a successful fragrance product. It emphasises that people prefer strong perfume oils over body sprays and EDTs. This survey also depicted consumer reactions and attitudes about new brand items, as well as their expectations from smell products.

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

INTRODUCTION

Perfumes are made by extracting natural oils from plants and blending them with essences and other solvents to create a pleasing odour and scent. No perfume will smell the same on two different persons due to differences in body temperature, sensitivity to bodily chemistry, and distinct body odour. Furthermore, the weather conditions of a location influence the

desire for a certain aroma. Many businesses may gain a significant competitive advantage by putting new products into the market in an efficient and profitable manner.

La Miss Scents is a child-child who epitomises feminist power by absorbing existence's perfumes. La Miss Perfumes was established in early 2017, and it

celebrated its one birthday in May 2018. La Miss Perfumes enables the founder to make the most of nature's smells and environment.

La Miss Perfumes in Pune categorises its perfumes into two key categories: 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



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

According to one estimate, the country's fragrance industry is worth more than Rs.3700 crores, with the unorganised sector accounting for about 30% of total fragrance industry business. According to an ASSOCHAM study¹ titled "Domestic Fragrance Sector: The Way Forward," the fragrance business consists of deodorants, perfumes, and roll-ons. The Indian deodorant and roll-on business is worth over Rs. 1800 crores and is growing at a 55% annual pace. Floral smell is the most popular of all perfumes due to its diverse uses. According to an article², the fragrance industry in India has benefited from hot and humid weather conditions as well as an increasing working-class

population. From fiscal year 2010 to fiscal year 2015, the fragrance market grew at a CAGR of 10.0%.

The total size of the Indian perfume industry is presently anticipated to be Rs. 2000 crores, with a 50% rise to Rs. 3000 crores expected in the next five years. According to a study², young Indian entrepreneurs have now established some very outstanding and self-assured indigenous perfume companies that have been making India smell lovely for the longest time. They believe that anything you put into your body gets absorbed and accumulated in the tissues. NPD is a crucial, hazardous, and necessary process

in the growth and profitability of a company, and despite extensive research on how to succeed, corporations regularly produce things that fail. 4

According to a Booz, Allen, and Hamilton⁵ study, the NPD process is divided into seven stages: new product strategy formulation, idea generation, screening and evaluation, business analysis, development, testing, and commercialization.

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.

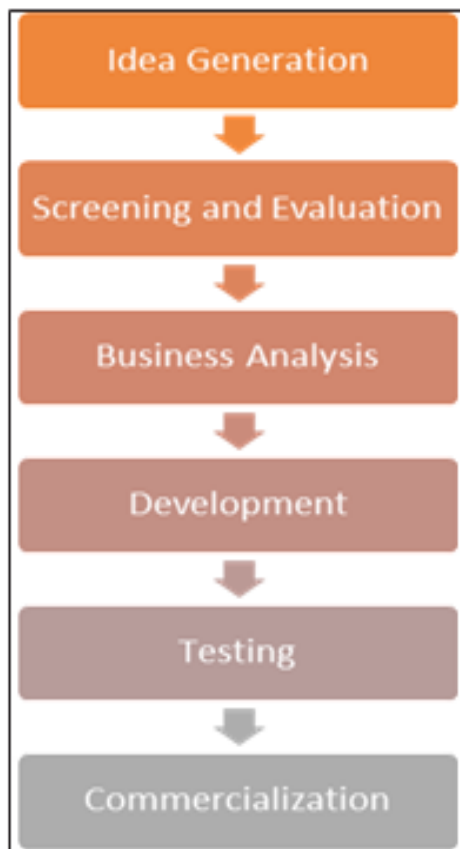


Figure 4. Stages of New Product Development (NPD) (Booz, Allen & Hamilton, 1982)

Research Methodology

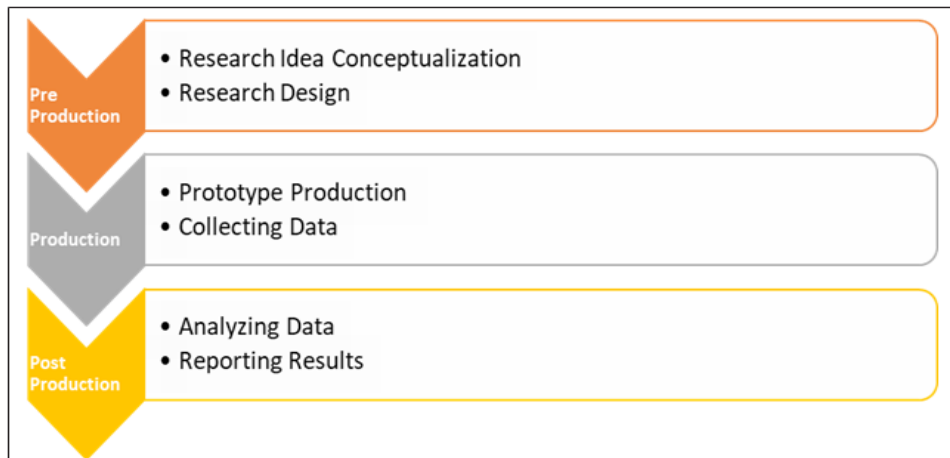


Figure 5.Steps in research design

The study is quantitative and exploratory in character, with a sample set of 100 people drawn from the Pune city region in India using a basic random sampling procedure.

Pre-Production: This stage included concept creation as well as market research to determine existing scent demands and customer preferences in the target market. This is followed by a selection of magnificent scent notes that match the wants and requirements of the consumer.

Production: The product design and packaging are decided upon, and samples are made. The aroma duration, strength, and attractiveness of the samples are all examined. Feedback answers and diverse data have been gathered for analysis.

Questionnaires were used to obtain input from 80 consumers and 20 retailers for the study studies.

Post-Production: To assess the success of the production, the data collected is statistically examined using percentage analysis and pie charts. It also influences the consumer reaction to La Miss Perfumes' new releases. These findings are then presented in graphs and numerical statistics to aid in the launch and marketing of the items.

Product Development

As a start-up, La Miss Perfumes developed perfume goods on a small-medium scale with meticulous planning and a step-by-step strategy to ensure the successful creation and introduction of products that would appeal to the target clientele.

Pre-production: According to the research methodology discussed previously, the pre-production phase consisted of gathering and collecting data from perfume product consumers and retailers in order to determine the current top fragrances in the market, consumer preferences from perfume products, prospective customers, and so on. The information gathered thus far has aided in the following decisions.

Target market: As a new business, it is critical to target the correct market and customers to achieve effective product exposure and reaction. According to the statistics gathered in Pune, students and professionals appeared to be the primary buyers of perfume goods.

Fragrance selection: It was discovered that males in Pune favoured fresh perfumes with a hint of spice and smells that lasted longer. Women, on the other hand, were equally interested in fresh and fruity scents.

Sampling and testing: Various samples were produced with the scent criteria in mind. Normally, the market ratio of men to women product releases is 3:1, however due to the increasing number of women working in India, La Miss perfumes chose

to push forward with a 3:2 ratio at the preliminary stage. These samples are blended and evaluated on a regular basis to assess the scent notes' intensity, duration, and dispersal.

Product Aesthetics: This involves choosing on the size, design, and material of perfume bottles, as well as the design of the packaging. Finally, order placement for the packaging and bottles should be available when the production batch begins to ensure the shortest possible lead time.

Pricing and Costing: The items must be inexpensive since, at this early stage, the firm is targeting the middle class and ordinary man as possible customers. As a result, the cost of manufacturing and the final sale price are determined prior to real production, taking into consideration all elements such as labour, materials, machinery, packing, waste, and so on.

Production: La Miss Perfumes required manual labour consisting of 8-10 people to accomplish their production. The process included fragrance mixing, maceration, bottle filling, capping, and product packaging. The perfume oil was properly placed in 6ml glass bottles to reduce leaks and waste. A daily output rate of 300

bottles was computed. Data analysis reveals the waste and losses that happened during the manufacturing process. Bottle filling and packaging were done concurrently to save time and money.

Post-production: For market distribution, the final perfume items were packaged in a dozen cartons. Accurate inventory records

have been kept, displaying the units produced, the units sent for distribution, the material required, the actual material utilised, and the stock of raw materials and finished items on hand. The section on findings and data interpretation goes into detail about the various marketing tactics employed at various stages.

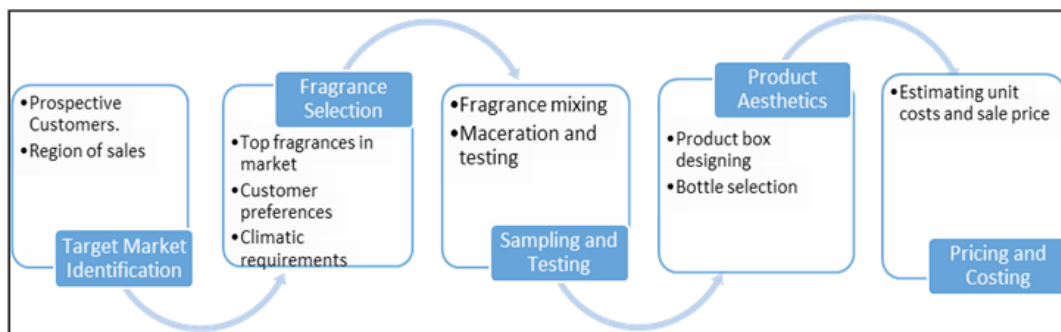


Figure 6. Steps in research design

Data Analysis Consumer Data

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

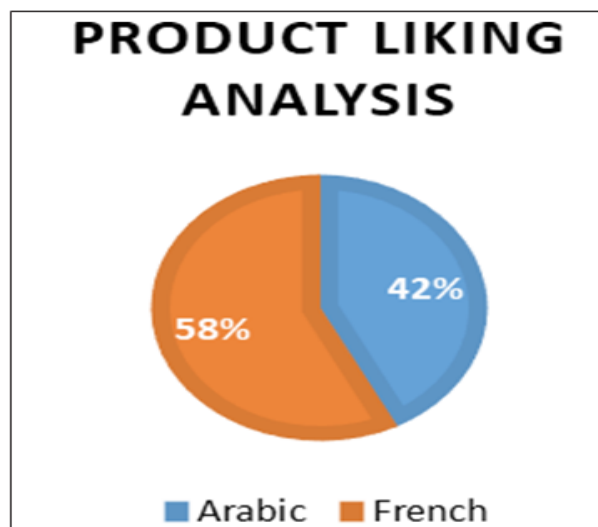


Figure 7. Product liking analysis chart

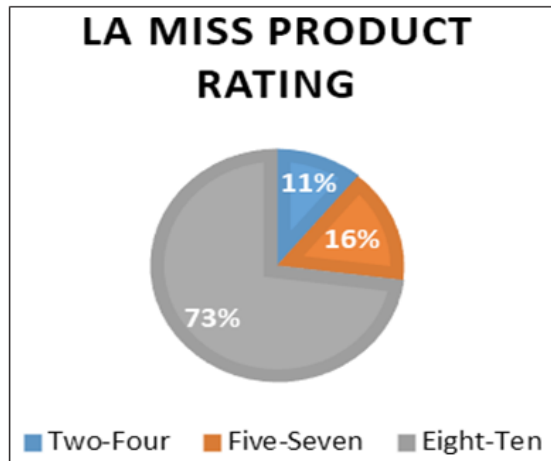


Figure 8. La miss product rating analysis

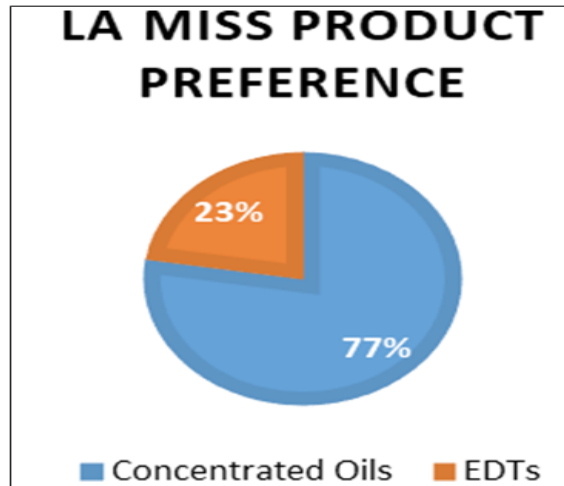


Figure 9. La miss product preference

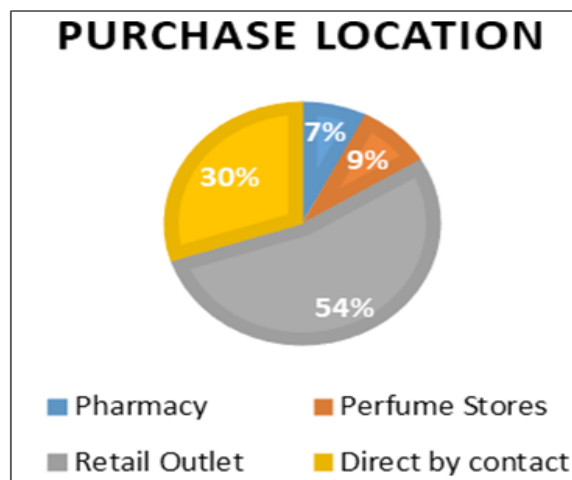


Figure 10. Purchase location analysis

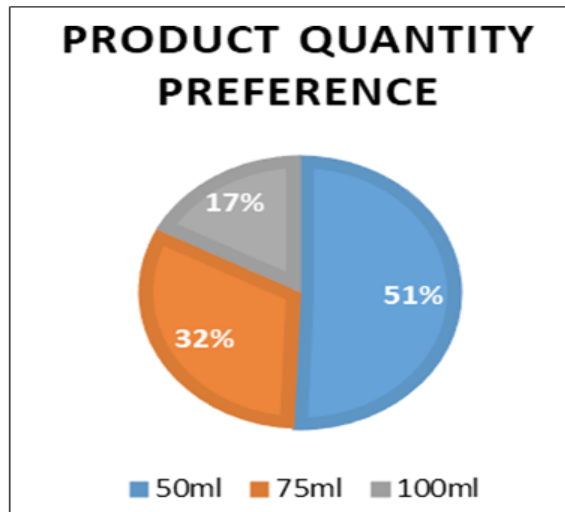


Figure 11. Product quantity preference analysis



Figure 12. Product package preference analysis

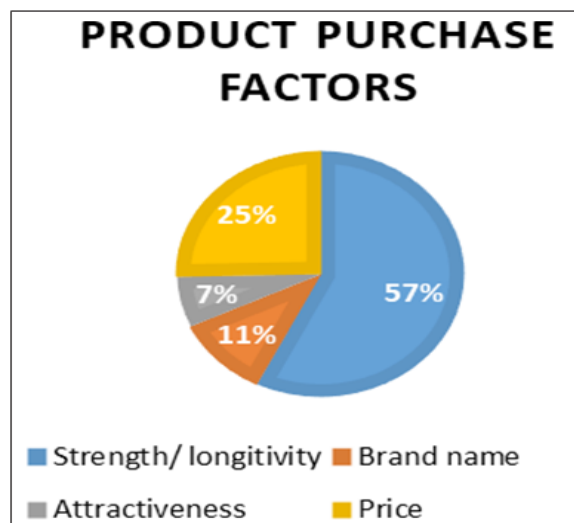


Figure 13. Product purchase factors analysis



Figure 14. Product purchase factors analysis

RETAILER DATA

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

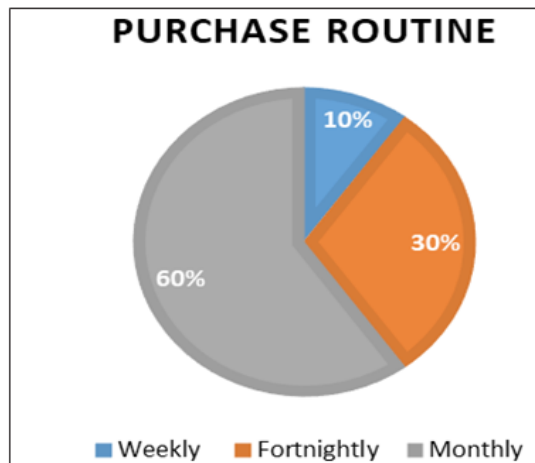


Figure 15. Purchase routine analysis chart

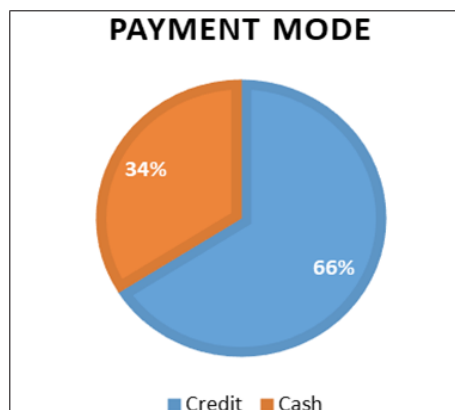


Figure 16. Retailer payment mode analysis

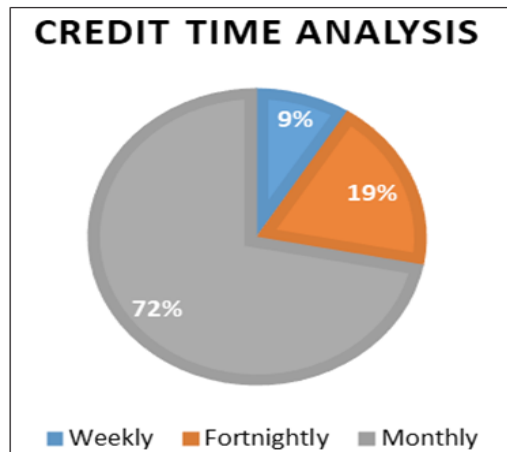


Figure 17. Credit time analysis

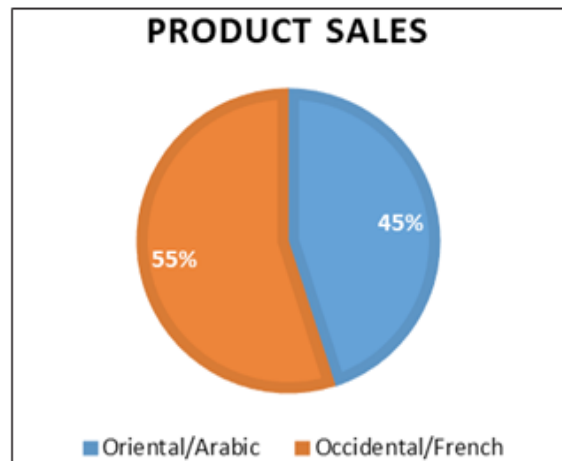


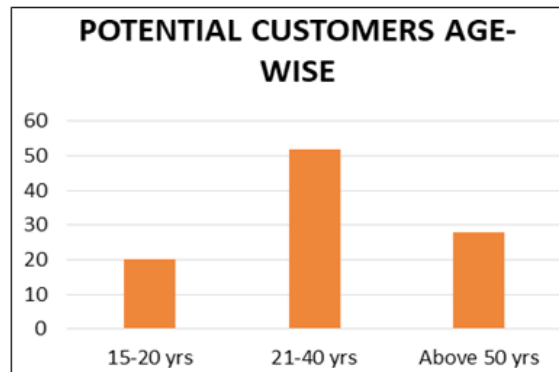
Figure 18. Product sales analysis

Production Data Analysis

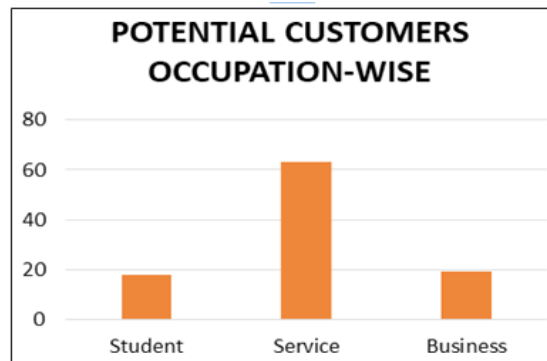
Since the production was conducted on a small scale with manual labor, the losses and wastages that incurred during the process has been briefed as in Table 1.

Table 1. Wastage analysis during production

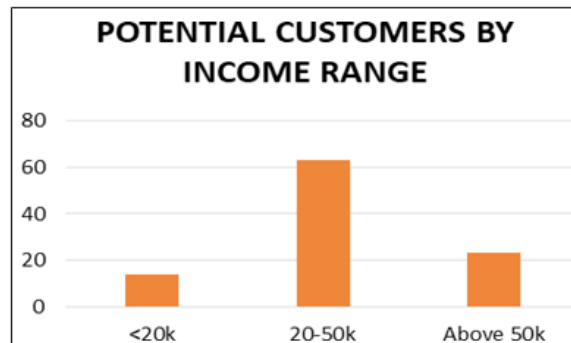
Category	Wastage Rate	Percentage of production
Defected/ Damaged Procured Bottles	3/200 (3 in 200 bottles)	1.5%
Perfume bottles/ plugs/roll-ons damaged during production	1/300	0.33%
Perfume oil spilling	4/300	1.33%
Package designing defects	6 in 100	6%



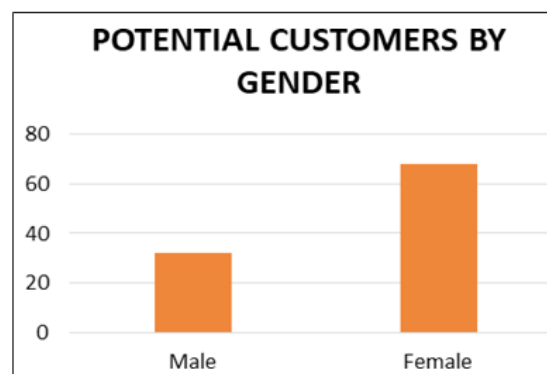
(a)



(b)



(c)



(d)

Figure 19. Potential customers apportioned in various categories

Data Interpretation and Inferences

According to the data analysis, potential clients in various categories can be identified, as shown in Figure 19. Previously, fragrances were seen to be an exquisite and luxury item, but with the current growth in the working population and disposable cash, there appears to be a growing demand for perfumes. This is a

fantastic chance for young entrepreneurs who want to establish a business and have a strong interest in and preference for perfumes.

Figure 20 depicts customer preferences and consumer purchasing behaviour in relation to scent goods.

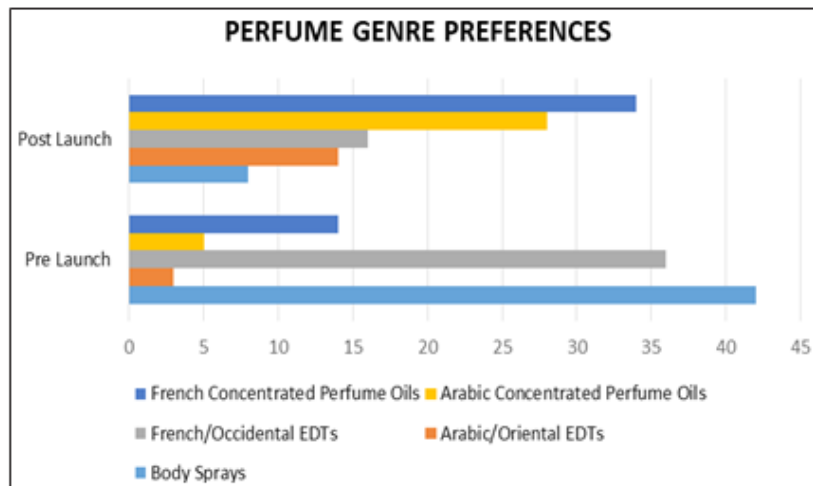


Figure 20. Perfume product genre sales analyses before and after launch of La miss products

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.

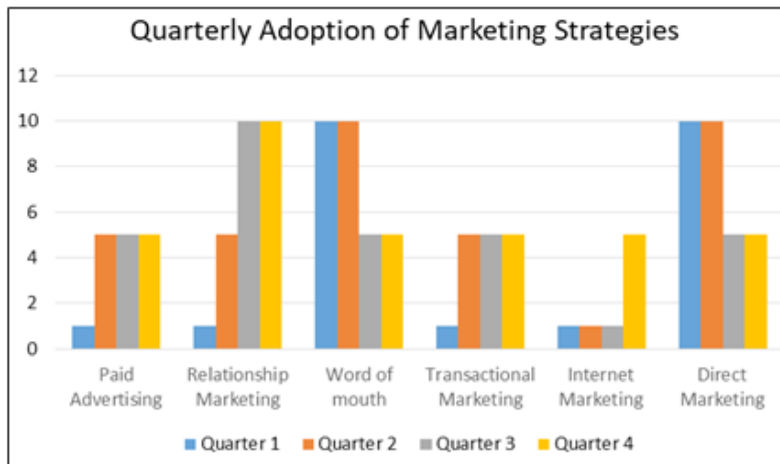


Figure 21. Quarterly adoption of marketing strategies

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.

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

Prior to the development plan, significant market research was conducted in order to make informed decisions and build an acceptable and beautiful product for the market. The study at this stage allowed for the generation of fresh ideas for the company's product positioning and differentiation in the market. It also aided in the development of strategies for start-ups to improve their growth.

A post-launch review/feedback was conducted for both customers and merchants to determine the performance of the product introduction in the market and the acceptance of the company's products. This review suggested the advantages and

disadvantages of the company's goods over its rivals. It defined consumers' willingness to try new brands and items on the market. It also showed an increase in the demand for concentrated oils as compared to body sprays and EDTs. As a result, consumers are more concerned with product quality than brand identity.

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