

A Work Project, presented as part of the requirements for the Award of a Master's degree in Management, from the Nova School of Business and Economics.

**How to launch and position the Master & Apprentice
brand as a recognized high-level perfume brand:
Company overview & Market analysis**

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Abstract

Comporta Perfumes, founded in 2017 and known for its luxury fragrances, launched its exclusive Master & Apprentice (M&A) Collection in 2022. This line, the result of a collaboration between an experienced perfumer and an apprentice, is now to be repositioned in the niche perfume market as an independent brand. Five master's students from the Nova School of Business and Economics are developing a strategic plan for the rebranding. This thesis explains strategies for the new brand, with a focus on differentiation, storytelling, and exclusivity.

Keywords

Brand Management, Marketing Strategy, Brand Differentiation, Strategic Market Positioning, Luxury Fragrance Branding, Storytelling, Craftmanship, Niche Perfume Market

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Introduction

Comporta Perfumes is a Portuguese company founded in 2017 that produces and distributes high-quality luxury perfumes and operates in the niche fragrance market. The company offers a range of ten unique fragrance creations inspired by the impressions and memories of Comporta, a small city on the Atlantic coast of Portugal. In 2022, Comporta Perfumes proudly presented the Master & Apprentice (M&A) Collection, the start of a new exclusive perfume line developed by an experienced perfumier and an apprentice. Each perfume in this collection represents the fusion of their expertise, individual interpretations, and creative thinking. The launch of the M&A brand represents a significant opportunity for Comporta Perfumes, not only because of its innovation and quality but also because of its divergence from its original physical source of inspiration, Comporta. Therefore, a group of five master's in management students at the Nova School of Business and Economics were invited to develop a strategic plan to launch the M&A brand.

Research problem and objectives

Comporta Perfumes is exploring the creation of a new brand, "Master & Apprentice". This new brand will be a standalone, premium fragrance line, requiring a marketing strategy differentiating M&A from the existing Comporta Perfumes collection. Thus, given the dynamics of the perfume market and the challenges posed by the different consumer propositions, the question arises: "How to launch and position the M&A brand as a recognized high-level perfume brand?" The objective of this research project is to provide Comporta Perfumes with a comprehensive strategic plan that not only ensures the successful launch of the M&A brand but also positions it as a distinct and respected premium fragrance brand capable of meeting the evolving demands and preferences of consumers in the niche fragrance market. This plan should include the following key deliverables:

1. *Differentiation*: Identifying effective strategies to differentiate the new M&A brand from the original Comporta Perfumes and create a distinct identity and market presence to ensure a strategic and memorable presence in the niche fragrance market.
2. *Link with the flagship brand*: Establishing how and if the new brand can leverage the reputation and awareness of the Comporta Perfumes flagship brand to build trust and credibility in the market.
3. *Evaluate and adapt brand assets*: Analyzing existing components, including packaging, logo and bottle design, and recommend necessary adjustments to align them with the new brand identity and target audience.
4. *Sustainability*: Investigate and define sustainable practices and initiatives that can be integrated into the M&A brand to align with modern consumer expectations and environmental responsibility.
5. *Market recognition and success*: Developing a roadmap for achieving recognition and success in the fragrance market, considering the brand's departure from its original inspiration and storytelling approach.

1 Market research

To gain a comprehensive understanding of the niche fragrance market, a deep understanding of the target demographic and an awareness of the evolving dynamics of the industry and relevant trends are important. To delve deep into the nuances of this niche market, the authors interviewed three experts with years of experience in the niche perfume industry. In addition, two surveys were conducted to understand the preferences and decision criteria of the target audience. By combining the extensive expertise of these niche perfume connoisseurs with a thorough analysis of the target audience, the authors can derive actionable recommendations for M&A.

1.1 Qualitative research: Interviews with niche perfume industry experts

In the upcoming qualitative research section, expert interviews with industry experts **Johann Vitrey-Tardif**, **Marta Tamayo** and **Ricardo Claudino**, play a central role in the analysis of the niche perfume industry. Through these interviews, the authors gain access to insights and learnings about the industry, from the passionate approach of niche perfume entrepreneurs to changing consumer preferences and the delicate balance between sustainability and regulatory requirements.

Findings from the interview with **Johann Vitrey-Tardif** (Managing Partner at "INTERPRET.lab") an expert in the niche perfume industry, offer valuable insights into the niche perfumery sector: Johann Vitrey-Tardif's journey into the niche perfume industry began in 2006 in Macau, where he joined a Dubai-based distributor (see Appendix 16). By 2018, he had forged links with UK-based Cain & McKay and gained key experience in shaping the niche perfume landscape, particularly in the Middle East (Vitrey-Tardif 2023). According to Vitrey-Tardif, several key trends are evident in the ever-evolving world of niche perfumery. The emergence of "perfume brands" is a definite movement, with perfumers now launching their own collections, highlighting their unique creations, and creating a more personal connection

with consumers. Authenticity has taken center stage, and the perfumer's direct involvement has become an important aspect as consumers seek and value genuine and customized fragrance experiences. Educated consumers, often referred to as "perfumistas," are exerting a significant influence on the evolution of the industry (Vitrey-Tardif 2023). There is a clear delimitation between mass-market fragrances and niche perfumes. Niche perfumes stand out by offering distinctive fragrance experiences and staying away from the ingredient-based trends that dominate the mass market. Interestingly, regional differences in fragrance preferences have emerged, according to Vitrey-Tardif: While European markets tend toward woody scents, the Middle East has developed a preference for floral notes, underscoring the importance of understanding and catering to different tastes (Vitrey-Tardif 2023). One challenge in the market, according to the expert, is the acquisition of niche brands by larger companies. Such acquisitions can affect the nature of niche perfumery in the long term. Larger companies, often driven by financial motives, may unintentionally dilute the artistic and authentic character of these niche brands (Vitrey-Tardif 2023).

In contrast, the niche spirit remains alive through the efforts of passionate perfume entrepreneurs. These individuals are determined to preserve the essence of niche perfumery by opening small stores, even in out-of-the-way locations, ensuring that niche fragrances reach a wide and diverse audience. The concept of pop-p or non-permanent stores is becoming increasingly popular, making niche fragrances accessible even in areas of limited availability, celebrating the true art of perfume (Vitrey-Tardif 2023).

The interview with niche perfume industry expert, **Marta Tamayo** (General Manager at "Le Secret du Marais" Parfumerie), provides further valuable insights that shed light on the inner workings of this specialty sector (see Appendix 17). Firstly, the niche perfume industry has emerged as a reaction to the more commercial world of perfumery. It places great emphasis on the creative process, emphasizing artistic creation over fleeting trends and offering consumers

unique, finely crafted fragrances (Tamayo 2023). Secondly a notable recent development is the move away from strong, overpowering fragrances toward more subtle and timeless scent profiles. This evolution reflects the changing tastes and preferences of discerning consumers. Sustainability and ethical sourcing of ingredients are increasingly taking center stage in the niche fragrance industry. However, challenges arise due to regulatory restrictions, indicating a growing commitment to ethical practices and consideration of environmental impact (Tamayo 2023). Furthermore, rare, and exclusive ingredients can add significant value to niche fragrances, but the process of creating the final scent is equally critical. It's not just about the rarity of the ingredients, but how these elements are artfully used and blended to create exceptional fragrances. Additionally, high quality ingredients, building personal relationships with customers is paramount in the niche perfume industry. Whether in-store or online, a personal approach is essential to building trust and gaining insight into individual consumer preferences. In this industry, honesty and authenticity are key to customer service. Fragrance preferences are highly personal and can vary greatly from person to person, making transparent and authentic advice essential in this handcrafted and highly individualistic sector (Tamayo 2023).

The final insightful conversation with niche perfume expert, **Ricardo Claudino** (Managing Director "Embassy" Niche Perfumery), provided several new insights into the world of niche perfumery (see Appendix 18). Firstly Mr. Claudino's personal passion for perfume is evident. Not only does he approach the industry as a professional, but he is a true perfume enthusiast who appreciates every facet, from sales to customer relationship management. His hands-on involvement shows that he has a comprehensive understanding of the various aspects of his business. With nearly seven years of experience in the niche fragrance industry through his project "Embassy", Mr. Claudino's journey is very diverse. Embassy's mission is to popularize niche fragrances in Portugal, representing an extensive portfolio of over 30 niche brands

(Claudino 2023). Mr. Claudino emphasizes how customer tastes in the niche fragrance market are evolving. According to him, modern customers are searching for fragrances that deliver long-lasting performance, with a focus on the timeless appeal of base notes. It is surprising to see that people are open to investing in excellent, unique perfumes, thus pricing is not the main factor. The perfume industry's complex web demonstrates a history of transformation. Once distinct disciplines, niche perfumery and commercial perfumery are gradually merging. Niche brands are being absorbed by larger perfume corporations, and some niche producers are adopting business-like tactics. The business sector's dearth of innovation and risk-taking is what's driving this change (Claudino 2023).

In the niche perfume sector, sustainability and ethical considerations are significant factors, and the International Fragrance Association (IFRA) has regulatory power. The prohibition of some natural ingredients, especially those sourced from animals, highlights the continuous transition to sustainable sourcing. The relationship between industrial dynamics and market demands is very complex. The usage of finely crafted synthetic and molecular substances made in laboratories is a common trend. Surprisingly, certain synthetic elements are more affordable and of higher quality than their natural equivalents. According to Claudino, the emergence of molecular perfumery will have a significant impact on the industry's future (Claudino 2023). In addition, packaging design is becoming a powerful narrative tool that encapsulates niche perfume businesses. This field is dominated by minimalist designs, which have a deep and classic appeal. Personalized packaging is praised to stand out in a very competitive specialized industry, especially when it features unique bottle designs. Packaging sustainability is a major concern, and there are compelling arguments in the EU to outlaw the use of plastic in the packaging of perfumes. This emphasis on the environment reflects the changing industry culture (Claudino 2023). Furthermore, crafting a unique brand identity involves using exclusive design elements and customized bottles. A fundamental aspect of niche perfumery involves deviating from the conventional. These fragrances stand apart due to their unique scent stories,

innovative approaches, and limited-edition in-store aromas (Claudino 2023). Moreover, Claudino highlights the significance of establishing strong connections with clients, delivering exceptional service, and enabling customers to experience perfumes before buying them.

Concludingly, Claudino asserts that boutique perfumery primarily focuses on creativity, storytelling, and providing distinct scent encounters. Recent advancements in the industry, such as personalized packaging and sustainability practices, are driving the market forward, while word-of-mouth referrals and immersive in-store experiences sustain the interest of the target audience.

1.2 Quantitative research: Survey results of relevant target group

Two surveys were conducted and administered using the online survey platform Qualtrics, allowing for efficient and standardized data collection. The tabulated survey data from the general survey regarding luxury niche perfume preferences and the design survey can be found in Appendix 6 and 7.

1.2.1 Results survey 1: Preferences in the luxury niche perfume market

The survey captures responses from 384 participants, featuring a diverse gender and age distribution. Among them, 146 identify as male (38%), 235 as female (61%), and 3 as non-binary (<1%). The majority of respondents are aged 25-34, with 156 participants (41%) followed by the two age groups 35-44 with 76 participants (20%) and 55+ with 67 participants (17%), highlighting a mixed demographic profile (see Figure 26 below).

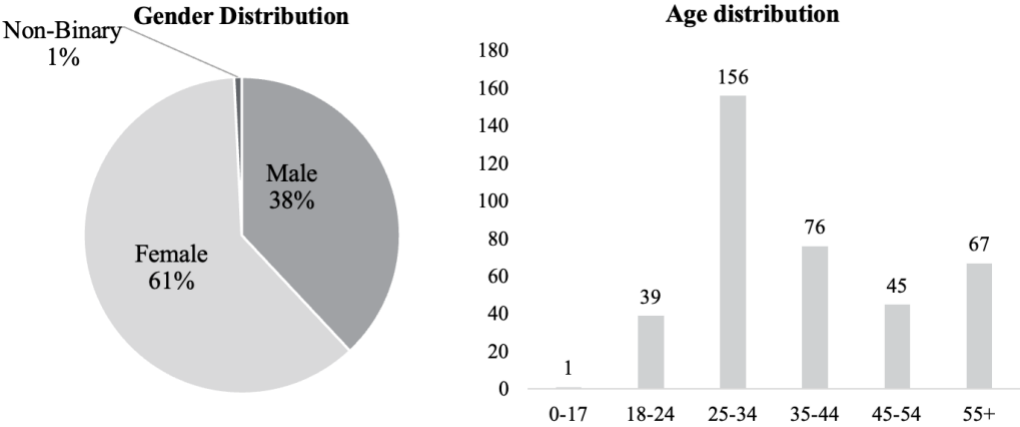


Figure 1: Gender and age distribution of survey results (Personal collection)

Looking at the **educational background**, the survey participants have a wide range of qualifications. The highest number of 211 respondents (55%) have a Bachelor's degree, followed by 122 people (32%) with a Master's degree. In addition, 22 respondents (6%) have a doctorate, 21 (5%) have a high school diploma, 2 (0.5%) have an apprenticeship and 1 person (0.3%) is currently attending school. The "other" category includes 5 respondents (1%). In terms of **employment status**, the survey revealed different categories. The majority of respondents (212 respondents, 55%) are employed full-time, while 70 (18%) are students and another 70 (18%) are employed part-time. The unemployed category includes 26 people (7%) and a smaller group of 6 (2%) are retired, as shown in Figure 27 below.

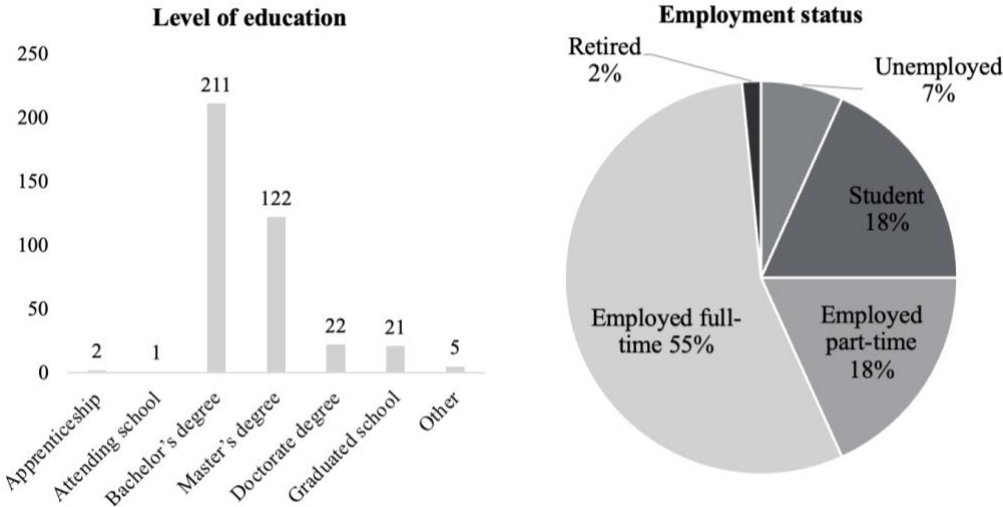
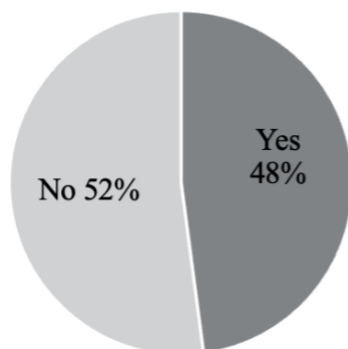


Figure 2: Level of education and employment status of survey results (Personal collection)

The survey data also shows consumers' **attitudes towards buying luxury perfumes** in relation to their income. The results show an almost even distribution among the respondents: 48% are willing to invest more than €200 in a luxury perfume, while a slight majority of 52% are not willing to spend this amount for a perfume. Furthermore, the survey divides respondents into five groups according to their **approximate net income**. A significant proportion, namely 147 participants, have an annual net income of less than €20,000 which can be explained due to the number of students, unemployed, and part-time employed participants. The income ranges of €20,001 to €40,000 and €40,001 to €60,000 are represented by 80 and 70 respondents respectively. Fewer participants, 42 in total, stated an income of between €60,001 and €80,000. The upper-income category above €80,000 comprises 45 respondents (see Figure 28 below).

Willingness to pay more than 200€ for a luxury perfume



Approximate annual net income

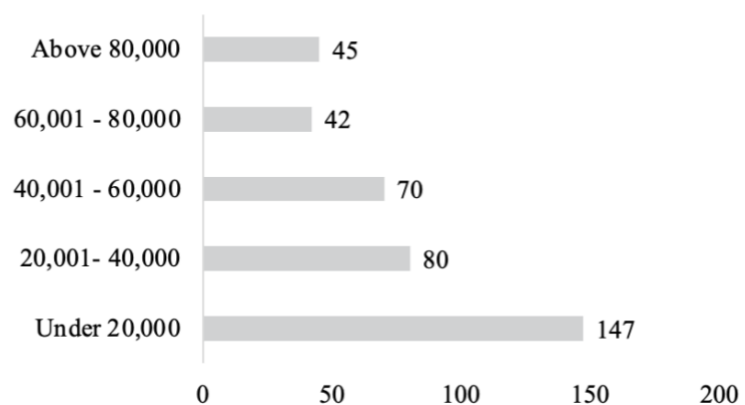


Figure 3: Willingness to pay more than €200 for a luxury perfume and participants net income of survey result (Personal collection)

Among those respondents willing to spend over €200, the survey examined **which online and offline sources** people rely on for researching luxury perfumes before making a purchase decision. The survey data revealed that majority of the consumers (64%) prefer the traditional in-store testing when choosing luxury fragrances. Online, social media platforms (Instagram, YouTube, TikTok) and perfume-specific websites (“Parfumo” 2023; “Fragrantica” 2023) are influential when it comes to reviews and recommendations from peers. Personal advice from

friends, family members or experts also serves as a decision-making guide (11%). There is often a mixed approach, with consumers trying fragrances in person before looking online for more information and better deals. Some people rely solely on their individual experience without doing any additional research (see Figure 29 below).

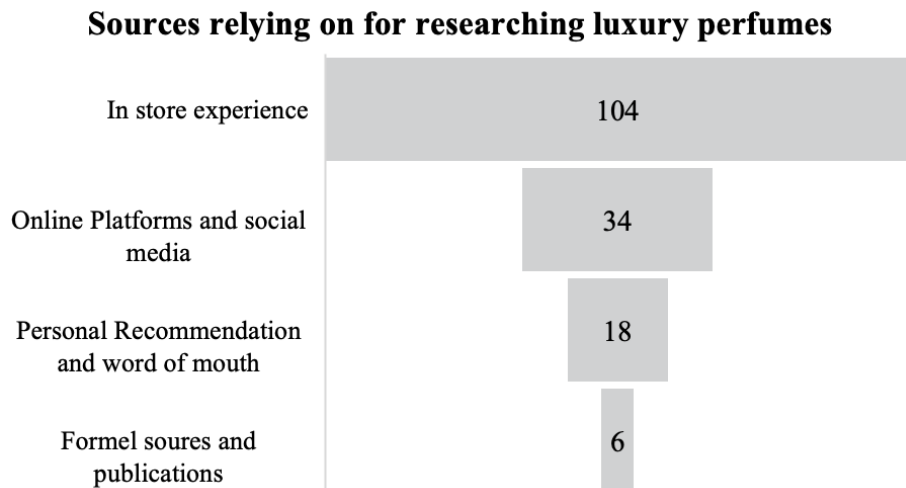


Figure 4: Survey results. Sources for researching luxury perfumes (Personal collection)

When assessing the **influence of advertising on purchasing decisions** (among those willing to spend over €200), 122 respondents (61%) stated that advertising had encouraged them to consider certain products, while 28 respondents (14%) stated that advertising had a significant influence on their purchasing decisions. In contrast, 50 respondents (25%) stated that advertising did not influence their decision-making process. The survey further investigated the **frequency of luxury perfume purchases**. Notably, 80 (47%) respondents reported making purchases occasionally (once a year or less), while 31 (18%) respondents disclosed making such purchases very frequently (three or more times a year) (see Table 5 below).

How does advertising influence your luxury perfume decision?		How often do you purchase luxury perfumes?	
It encourages me to consider certain products	122	Never – I have never purchased a luxury perfume	2
It has no impact on my purchasing decisions	50	Rarely – I only purchase luxury perfumes on special occasions	26
It significantly influences my purchasing decisions	28	Occasionally – I buy luxury perfumes once a year or less	80
		Moderately often – I purchase luxury perfumes twice a year	61
		Very frequently – I buy luxury perfumes three or more times a year	31

Table 1: Survey results. Influence of advertising on purchasing decision and frequency of purchase of luxury perfumes (Personal collection)

Furthermore, the results of the survey show a wide range of **motivations** for buying luxury perfumes. The most important factor, with 172 (87%) responses, is luxury for oneself. A smaller but still considerable number of respondents (8 each) are motivated by collecting rare or limited edition perfumes (4%) or by following trends and recommendations in the fragrance industry (4%). Gifting luxury perfumes also plays a role, although to a smaller extent 4%. In addition, a minority of 3 responses (2%) mentioned various other reasons as seen in Table 6 below.

What motivates your decision to buy luxury perfumes? (multiple answers possible)	
Treating myself or enjoying personal luxury	172
Collecting rare or limited edition perfumes	8
Following the recommendations or trends in the fragrance industry	8
Gifting a special fragrance to someone else	7
Other	3

Table 2: Survey Results. Motivations to purchase luxury perfume (Personal collection)

Looking on **perfume purchasing decisions**, the survey reveals differences in consumer preferences (Table 7 below). Brand reputation is moderately important to 63 participants (32%),

very important to 17 (9%) and not important to 22 (11%) participants, indicating its irregular influence. The uniqueness of the scent is very important to 98 (49%) and quite important to 73 (37%) indicating a strong preference for distinctive fragrances. The quality of ingredients is very important to 82 (41%), highlighting consumer demand for high-quality compositions. Product exclusivity is very important to 37 (19%) and quite important for 36% demonstrating interest in niche fragrances.

What factors influence your decision to purchase a new perfume?				
	Brand reputation	Uniqueness of scent	Quality of ingredients	Exclusivity of product (niche)
Not important	22	1	6	15
Slightly important	33	9	18	24
Moderately important	63	19	25	51
Quite important	62	73	69	72
Very important	17	98	82	37

Table 3: Survey results. Factors that influence purchase decision (Personal collection)

The aspect of **sustainability** is also an important factor, considered very important by 26 respondents (13%) and quite important by 56 respondents (28%). This reflects a growing trend towards environmentally conscious choices in this market. Moreover, the role of packaging in purchase decisions was also analyzed. Notably, 47 respondents (24%) emphasized the significant influence of packaging on their purchase decisions, followed by 68 (34%) responses finding packaging quite important in their decision-making process as seen Table 8 below.

How important is sustainability to you when purchasing luxury perfumes?		How important is the packaging when making a purchase decision for a luxury perfume?	
Not important at all	34	Not important at all	7
Slightly important	47	Slightly important	26
Moderately important	37	Moderately important	52
Quite important	56	Quite important	68
Very important	26	Very important	47

Table 4: Survey results. Importance of sustainability and packaging in purchasing decision (Personal collection)

In terms of the **ideal shopping experience**, 162 respondents (81%) preferred face-to-face advice in a physical store, while 23 respondents (12%) preferred seamless online shopping with detailed product information. In terms of the shopping experience and when assessing the importance of brand reputation and history, 90 respondents (45%) found this to be quite important, while 27 respondents (14%) found this to be very important (Table 9 below) which indicates potential for the M&A.

How do you envision the ideal buying experience for a luxury perfume? (multiple answers possible)		How important is the reputation and history of a perfume brand when making a purchase decision?	
Personalized assistance in a physical store	162	Not important at all	8
Other	2	Slightly important	18
Seamless online shopping with detailed product information	23	Moderately important	57
Social commerce (direct link on social media)	3	Quite important	90
Pop-up stores for fragrance discovery	4	Very important	27
Exclusive events for unique fragrance exploration	6		

Table 5: Survey results. Vision of ideal shopping experience and importance of perfume brand reputation for purchase decision (Personal collection)

The importance of a strong **thematic concept** or narrative behind the fragrances was also evaluated. It is worth noting that 81 respondents (41%) rate this as quite important, while 25 respondents (13%) rated it as very important. Another part of the survey examined respondents'

interest in limited editions of luxury fragrances, with 122 (61%) expressing a positive attitude, while 78 (39%) did not share this interest (see Figure 30 below).

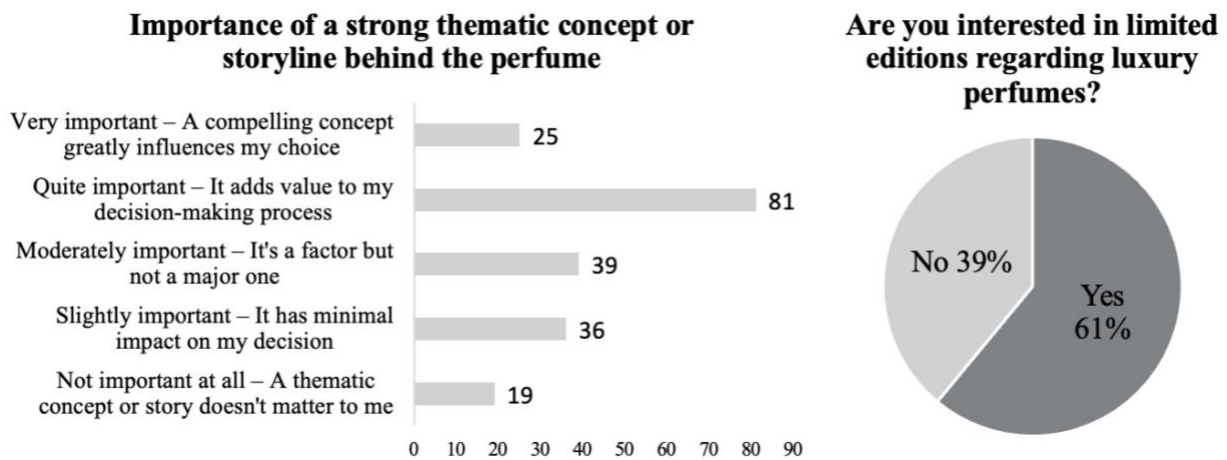


Figure 5: Survey results. Thematic concept and interest in limited editions (Personal collection)

Lastly, the question about willingness to spend money on niche luxury perfumes provided interesting insights into the preferences of the target group. The data shows that a significant proportion of respondents, around 21%, are willing to spend between €91 and €100 on a luxury perfume. Only a few of the remaining survey participants were willing to spend over €150 on a luxury perfume (see Figure 31 below).

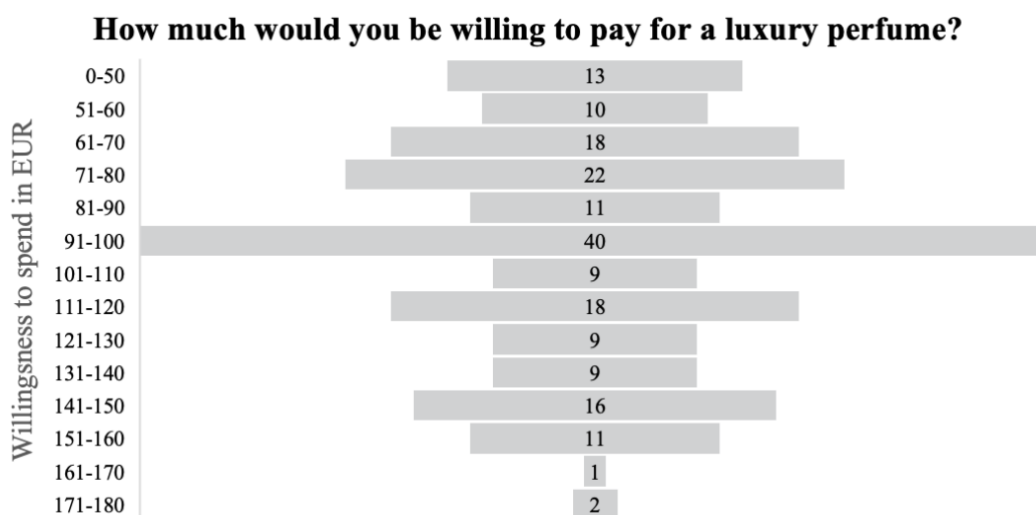


Figure 6: Survey results. Willingness to pay for luxury perfume (Personal collection)

The survey provides important facts about the consumer behavior regarding the niche perfume market. The gathered insights will serve as a basis in the development of the Marketing Strategy.

1.2.2 Results survey 2: Preferences design and product development

The second survey aimed to gain insights into design preferences for a niche line of luxury perfumes. It is important to note that out of the 384 people who were asked to participate, only 222 people responded to have the willingness to pay more than €200. Consequently, the questions were directed solely at this subgroup (see Figure 32 below).

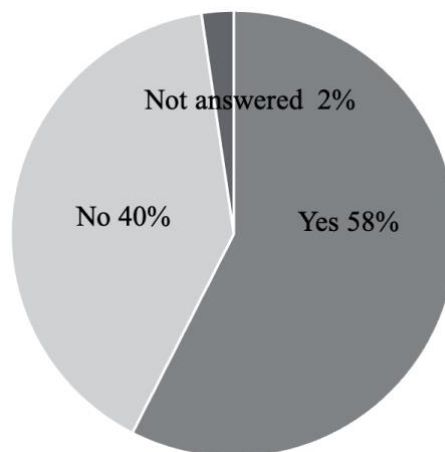


Figure 7: Survey results. Willingness to pay more than €200 for a luxury perfume (Personal collection)

A brand name significantly shapes the identity of a brand and influences consumer perception (Klink 2003). In the survey, participants were given the options of "Dialogue", "Duet", "Fusion" and "Master & Apprentice". The survey revealed that the name **Dialogue** was preferred by 63% of respondents and therefore best reflects the storyline of the M&A brand (see Figure 33 below).

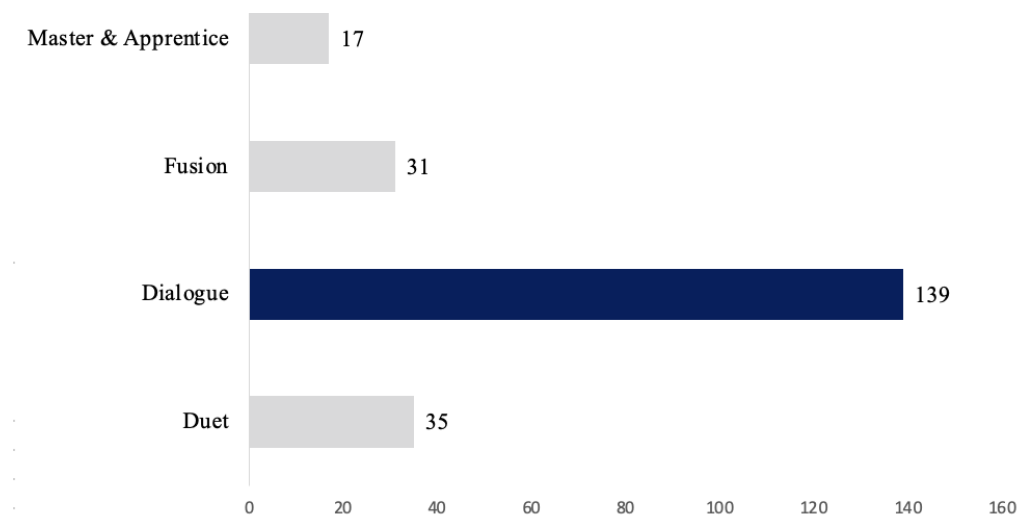


Figure 33: Survey results. Preferred brand name (Personal collection)

Besides the brand name, the authors evaluated five **bottle designs**, from classic to modern, to determine the most appealing to their target audience. The survey results showed a strong preference for the **fifth bottle**, which stood out for its unique, wide, and flat shape. This bottle was perceived as very appealing by 116 respondents (52.3%), indicating its strong aesthetic appeal and unique features (see Figure 34 below).



Figure 10: Extracted image from design survey. Bottle designs (Personal collection)

The survey highlighted the importance of consistent typography and color for **bottle labeling** to create a consistent brand identity. Initially, a darker label was considered to emphasize M&A's high-end urban feel. However, the survey results showed that 65% of respondents (144

out of 222) preferred a white label over a black label. Only 12 respondents found both designs unattractive. The preference for the white label reflects the consumer's preferences, making it the preferred choice for the brand's products (see Figure 35 below).



Figure 35: Extracted image from design survey. Label designs (Personal collection)

The survey further delved into the attractiveness of bottle designs within the product line, with a focus on the **lid**. Respondents evaluated six different lids on a scale of 1 to 5, with 5 indicating the highest appeal (see Figure 36 below).



Figure 11: Extracted image from design survey. Lid designs (Personal collection)

The survey explored the impact of lids presenting options in various shapes and materials like glass, metal, and concrete. This selection is crucial for crafting a cohesive and appealing brand identity. The second lid design, distinguished for its premium quality, received the with 110 respondents (50%) rating it "very appealing" the highest rating. Therefore, **option 2 emerged as the most preferred lid**, while **lid 5** was least favored. The other designs received mixed responses, with none matching the popularity of lid 2.

The design survey also evaluated two **packaging designs** on a scale of 1 to 5, with 5 indicating the highest appeal. Two packaging options were evaluated in the survey (see Figure 37 below).



Figure 12: Extracted image from design survey. Packaging designs (Personal collection)

Of the respondents, 98 (44%) found Packaging 2 “very appealing”, 88 (40%) “moderately appealing”, 33 (15%) “somewhat appealing” and only 3 (1%) “not at all appealing”, making it the first choice among the participants. Packaging 2 is designed like a book and contains the story of the respective Master and Apprentice Perfumer on the inside. This creates a unique unboxing experience, which 96% of survey participants value. Therefore **Packaging 2** results as the packaging choice for the M&A brand.

To conclude, the survey provided valuable insights into the design preferences of individuals willing to spend more than €200 on luxury perfumes. The data suggests that the brand name "Dialogue", a white label design, bottle 5, lid 2 and packaging 2 are the most attractive option. The final new product will be presented in the further part of this work project in chapter 8.3. The results will be helpful in developing the marketing strategy and the promotion of the M&A line, effectively serving the target audience.

2 Marketing strategy

In the highly competitive and dynamic world of luxury fragrances, a carefully considered marketing strategy is essential. Central to this strategy is an in-depth understanding of the target market, which is vital for developing a brand message that resonates with specific consumer segments. The strategy entails developing a unique brand identity for M&A, incorporating key marketing mix elements: Product, price, place, and promotion. This comprehensive strategy goes beyond merely presenting a fragrance; it aims to create an engaging experience through compelling storytelling and consideration of the details. Ultimately, the strategy aims to position M&A as a leader in niche luxury fragrance market, resonating with consumers who value exclusivity and superior quality.

2.1 Target market

Selecting the right target market is critical to developing an effective brand strategy as it defines the audience of the brand that should be attracted and served. Based on the understanding of the target market's unique characteristics, preferences, and needs, it is possible to craft the brand message and positioning to appeal directly to that audience. A well-defined target market also helps to allocate resources and ensures that the brand's marketing efforts and budgets are focused on the right audience.

2.1.1 Target market size and growth potential

The global fragrances market is a rapidly growing industry, with revenue totaling an impressive US\$58 billion in 2023. Projections for the market indicate a steady annual growth rate of 2.95% (CAGR 2023-2028) reflecting its resilience and continuous appeal to consumers worldwide (“Statista” 2023c). Looking at Europe, the market for prestige fragrances has fluctuated, with many countries experiencing a decline since 2011. Germany is the leading importer of essential oils into Europe, commanding a volume share of 23%, and sources a significant portion of its perfume imports from France, with a total import value of €1.4 billion (“CBI” 2018).

2.1.2 Segmentation

A well-considered segmentation strategy emerges as indispensable in navigating this complex market landscape. The perfume market is segmented based on geography, end user, and product type. Based on the end user, the market is segmented into women, men, and unisex. The segmentation strategy aligns the brand with its target consumers' values, behaviors, and demographic characteristics, providing a solid foundation for successful market entry and establishing a commanding presence within the niche luxury perfume market (“Fabnomics” 2011).

Segmentation by geography:

Geographical segmentation is a critical strategy in the high-end niche perfume market, recognizing diverse consumer preferences and lifestyles across regions. The fragrance market can be segmented by geographic regions, which differ in their consumer preferences as well as market dynamics. M&A places its focus primarily on the European market, due to homogenous market characteristics. The detailed market selection process will be further elaborated in Chapter 9: European Expansion Strategy.

Segmentation by demography:

Demographically, the brand targets a mature audience, aged 25 to 60 years, with a focus on professionals, entrepreneurs, and individuals in creative or artistic fields. They are more inclined to appreciate the artistry and craftsmanship that define the niche luxury perfumes (Dias and Noronha 2023). According to research, the proportion of women as end users in luxury perfumes is higher than men, due to women’s preferences for sustainable fragrances for personal grooming. However, men are the fastest-expanding group due to increased personal hygiene and grooming knowledge among men (Nandi 2023). Further studies reveal that women value luxury brands more than men. For the product category perfumes, a stronger relationship

exists between brand exclusivity and attitude toward the brand for females (Stokburger-Sauer and Teichmann 2013). Referring to the results from this paragraph and the results discovered in Chapter 5: Market analysis, it can be concluded that M&A, should focus on female fragrances and gender-neutral fragrances compared to pure male fragrances.

Segmentation by psychography:

Psychographic segmentation delves into the aspects of consumer lifestyles, values, and personal interests, providing a deeper understanding of the motivations that drive high-end niche perfume preferences (Otebele 2023). The consumption of luxury items is generally influenced by the extrinsic motivation to obtain an external reward (Shao, Grace, and Ross 2019) or the intrinsic motivation to obtain self-pleasure and quality (Brun and Castelli 2013). The choice of this target group of high-end niche perfume preferences reflects their cosmopolitan lifestyles and the pursuit of exclusivity.

Segmentation by product type:

In the work project, the focus is on the premium niche perfume market and the M&A line, therefore our attention is solely on Eau de Parfum. Eau de Parfum is considered higher quality compared to Eau de toilette due to its superior concentration of fragrance oils, resulting in a longer-lasting and more intense scent experience (McIntock 2023). Eau de Toilette is considered less premium than Eau de Parfum due to its lower concentration of fragrance oils, resulting in a shorter-lasting and less intense scent experience (Scheibe 2023). This is why Eau de Toilette will be excluded. The target audience for high-end niche perfume is typically high-end consumers who are willing to spend a significant amount of money on individual luxury goods. This may include people who are looking for a luxury fragrance for special occasions or as a gift, as well as those who are looking for a high-end, everyday (Dias and Noronha 2023).

Segmentation by price range:

A distinction is made between mass-market and luxury perfumes. The former is affordable, widely accessible and aimed at a broad consumer base. Mass market perfumes are designed to achieve high sales figures and are currently leading the market (J. N. Kapferer and Bastien 2009). Premium and luxury perfumes, on the other hand, position themselves as high-end products and are often characterized by high-quality packaging and a higher price. The focus is often on natural ingredients and innovation, so they are likely to be the fastest growing segment soon (Kumar 2023).

2.1.3 Target groups

Based on the segmentation, the target groups are formed. To set up a presence in the niche luxury fragrance market, the selection of the target group plays a crucial role in the development of the brand. In the perfume industry, it is distinguished between male, female, and unisex. Among these end users, the female segment has a higher share in the luxury fragrance market, as most of the luxury fragrance products offered by manufacturers are specifically targeted at the female population (Abel and Roshan 2019). These target groups are not price-sensitive but rather value-oriented, perceiving a premium price as a justifiable investment when it is accompanied by a compelling story or heritage behind a product (Dias and Noronha 2023). As described in the demographic segmentation, female consumers of luxury fragrances value exclusive products more than men due to a stronger existing relationship between brand exclusivity and attitude toward the brand. These insights lead us to the formation of two related target groups, both with consumers aged between 30-60.

Urban elites:

The first formed target group is the urban elites. This segment comprises individuals residing in metropolises renowned for their economic significance and cosmopolitan lifestyle. Members

of this group typically possess substantial purchasing power and a strong preference for luxury items. Their budget is high and these individuals value exclusivity in products. These consumers appreciate the value of fine craftsmanship and view fragrance as an extension of their social identity (Dias and Noronha 2023).

Art and niche perfume enthusiasts:

The second target group is art and niche perfume enthusiasts. This segment encompasses individuals who exhibit a distinct interest in the artistry and craftsmanship inherent in the niche perfume industry. They are not merely consumers but also serve as connoisseurs and experts in the world of fragrances. Art enthusiasts, on the other hand, are driven by a profound appreciation for creativity and aesthetics. The fragrance's composition, bottle design, and the story it conveys are of central importance. For art enthusiasts, perfume serves as a medium for self-expression and emotional connection. They are more likely to explore avant-garde and artistic niche perfumes that evoke powerful emotions, much like a piece of art (Dias and Noronha 2023).

2.2 Brand strategy development

In the dynamic landscape of markets, developing a strong brand strategy is crucial for M&A. It shapes the brand's market positioning and fosters engagement with the target audience. Key elements such as precise positioning and a unique brand identity are critical to M&A's distinct value proposition and set it apart from the competition (Mindrut, Manolica, and Roman 2015). This chapter will address M&A's brand strategy, focusing on short-term goals for market positioning. This chapter will explore the strategic positioning of M&A in relation to its parent company, Comporta Perfumes, analyzing the potential integration and establishment of M&A as a standalone brand. It will examine the implications of creating a new brand, weigh the pros and cons, and evaluate the most appropriate brand architecture for the product line. In addition,

the marketing mix, positioning, and other critical decisions based on the chosen strategy will be examined. Furthermore maintaining brand equity, the value derived from brand awareness compared to competitors, is paramount (Shariq 2019).

2.2.1 Marketing mix: Product, price, place, promotion (4 P's)

The basis for the marketing strategy lies in the marketing mix, which includes the four P's: Product, price, place, and promotion. In the following, the four P's will be further examined.

Product

Crafting a compelling product strategy for the M&A Perfume line requires a focus on design, storytelling, ingredients, and exclusivity. These characteristics form the unique identity and appeal of the M&A line (Ghorbanzadeh and Rahehagh 2021)

Unique ingredients:

The foundation of exclusive products for the M&A product line is the use of high-quality ingredients. The difference between mass market and high-quality perfumes lies in the oils. Mass market oils use synthetic oils, whereas high-quality perfumes use natural oils (Gould 2023). To maintain the brand's commitment to luxury, only premium-quality oils and ingredients will be used. In high-end perfumes, a high concentration of these oils is an important quality trait. For the M&A line, this means that the perfumes should have a 15-20% concentration of oils, which means that for one 100ml bottle, 15-20 mg of oil should be used (Venables 2021). Moreover, every scent within the M&A portfolio must carry a signature fragrant created in dialogue by the two perfumers that resonates deeply with the brand's core concern of luxury and exclusivity (Dias and Noronha 2023).

Storytelling:

The storyline behind the M&A brand is the heart of the brand and describes the dynamic synergy between a master and an apprentice. This story about the creation process of perfumes sets M&A apart from its competitors and creates an emotional connection with its customers. M&A's perfumes are more than just products, they are the result of a collaboration that combines traditional know-how with new creativity (see Appendix 10). The brand's marketing strategy takes advantage of this history to deepen the customer's connection with the perfume. The aim is to reflect this master-apprentice relationship on the perfume packaging so that customers can build a bond with the product by understanding the art and story behind the creation of each individual product (see Figure 43).

Price

The pricing strategy for the M&A Perfume Line from Comporta Perfumes is characterized by a premium pricing approach, reflecting the line's exclusivity and commitment to quality. The pricing structure is thoughtfully designed to align with the inherent exclusivity of the brand and the use of locally sourced, natural, high-quality ingredients. The core range of M&A fragrances will be positioned within the price range of €200 to €260, firmly establishing them at the upper end of the typical price range for Comporta Perfumes, which typically falls within the €160 to €225 bracket (“Comporta Perfumes” 2023). This pricing strategy underscores the premium nature of the M&A line, resonating with the target audience's preferences.

Place

Studies reveal that in 2023, above 80% of the perfume revenue originated from offline sales, while only 5.4% of the total perfume sales originated from online sales (“Statista” 2023o).

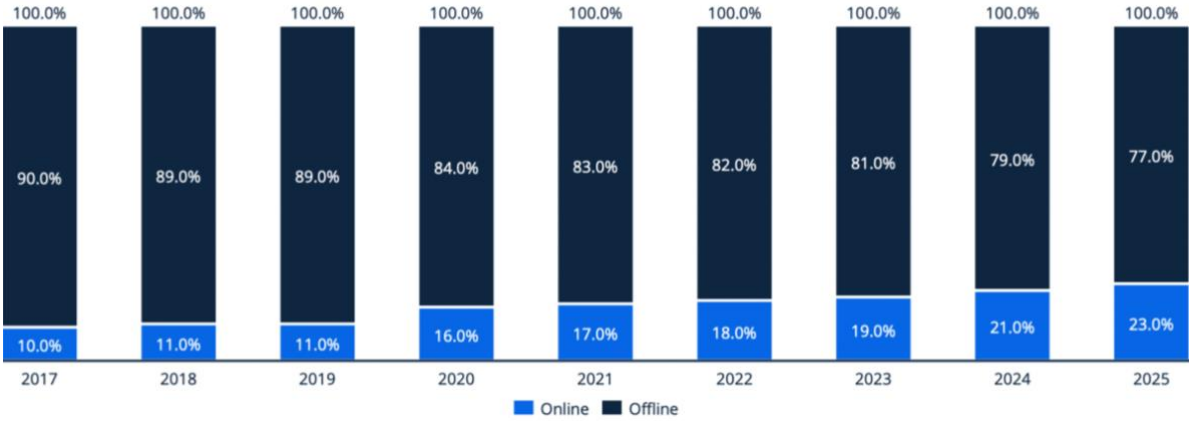


Figure 13: Prestige cosmetics & fragrances markets online and offline revenue share distribution (“Statista” 2023o)

This is also supported by the data from Comporta Perfumes, with more than 90% being offline sales (Dias and Noronha 2023). Based on this data and the survey, the distribution strategy for the M&A line will focus on offline sales channels that encompass niche perfumeries, pop-up shops, and placement in exclusive boutiques and lifestyle spots, ensuring to reach high-end customer groups and providing a rare brand experience. To meet the needs of the customers who prefer purchasing their perfume online, M&A perfumes will be available via the M&A website, niche perfume websites and exclusive beauty websites.

Pop-up shops:

As stated before, 90% of Comporta Perfumes sales are from offline sales (Dias and Noronha 2023). This significant number represents the importance of a physical retail presence. A pop-up store is an attractive concept for both smaller and larger brands. To introduce the M&A brand to new audiences and maintain the sense of exclusivity, temporary pop-up shops will be strategically organized in high-traffic luxury locations in the chosen cities of each respective country (see Figure 45). Pop-up stores provide opportunities to build awareness and storytelling, engage with customers, collect data, and test a specific location with low risk (Lutkevich 2020). It is essential for M&A that the pop-up store has a well-thought-out concept

that tells the brand's story, makes customers curious about the products and the story, and has testing stations where customers can get to know the fragrances of M&A. The implementation of the pop-up stores is further elaborated in Chapter 10.

Placement in lifestyle hotspots and exclusive boutiques:

To expand the brand's presence, collaboration with lifestyle hotspots, such as exclusive gyms, boutiques, or hairdressers in selected cities, will be considered. In Lisbon, an example would be the exclusive gym "Amplify" where products from high quality brands are placed in the locker rooms for the guests to try out for free. On top, exclusive boutiques renowned for their dedication to luxury and craftsmanship should be selected to place the perfumes. M&A is already distributing its perfumes in selected boutiques, and it is recommended that this approach is expanded further into other selected boutiques. By targeting these locations, M&A aims to connect with its target audience in spaces that match their lifestyle, desires, and preferences. This approach will likely strengthen the brand's exclusivity and appeal to the desired customer group and create the conditions for greater recognition and market penetration.

Placement in niche perfumeries:

The selected placements in niche perfumeries are essential for a coherent external perception of M&A. Therefore, large commercial perfumeries should be avoided, as they are outside the line with M&A's values. Instead, M&A works with specialized niche perfumeries such as "Parfums Uniques", which focuses exclusively on niche fragrances and avoids commercial brands ("Parfums Uniques" 2023). These boutiques are known for their high-quality product selection and the individual service they provide. "Parfums Uniques" represents this segment by offering distinctive, handcrafted, limited-edition perfumes. Each product, characterized by its uniqueness and underlines the commitment to individuality over mass production ("Parfums

Uniques” 2023). The alignment of these values with the ethos of M&A makes the distribution of products in such niche perfumeries a natural fit.

Presence on selected websites and Integrated online shop:

To remain relevant in the future and attract the growing online customer base for perfume and beauty products, it is advisable to distribute the M&A line exclusively through carefully selected online channels (see Figure 38). These include a M&A website with an integrated online store and exclusive websites that sell high-quality beauty products. The M&A perfume line should avoid distribution via mass-market platforms like Amazon or Alibaba to maintain its exclusivity and values. It is suggested to distribute the M&A line exclusively through the website of the brand and selected online stores that meet M&A's high-quality standards, such as niche online stores specializing in premium beauty products like “niche-beauty.com” (“niche-beauty.com” 2023). This strategy offers several advantages, including maximizing profit margins by eliminating commissions typically paid to wholesalers and retail stores. In addition, selling online is convenient as customers can explore and purchase M&A fragrances from home, reaching a global audience.

Promotion

The promotion strategy for the M&A niche perfume line is crafted to support the brand's unique essence, niche appeal, and luxury positioning.

Print and online advertising:

M&A should commit to an advertising strategy emphasizing its exclusive status while connecting with its potential consumers. During the research process, the authors identified two magazines that would be a good fit for the M&A line. These two magazines can be seen as reference and inspiration for other countries M&A will enter in the future. The first

recommended magazine is "Niche by NEZ", which would be an excellent match for M&A due to its focus on niche perfumes. Niche by NEZ is a global, free magazine dedicated to the independent perfumery sector, offering insights into the universe of niche perfumery in English and French ("NEZ" 2023). The second recommendation is the Spanish magazine "Beauty Prof" ("Beauty Prof" 2023). Beauty Prof magazine talks about high niche perfumery, beauty, and cosmetics, therefore matching the M&A target group perfectly.

Social media strategy:

In today's digital landscape, a successful distribution strategy combines physical boutiques with a solid online presence. Consumers look to social media and e-commerce platforms for savings, convenience, and detailed information (Bosze 2023). Therefore M&A's active digital and social media presence will support the advertising strategy. All digital communications must reflect M&A's brand values to ensure consistent messaging across all channels. M&A should focus on Instagram and Facebook to reach its target demographic: Facebook is popular with users aged 25 to 34 and over 35 ("Statista" 2023d). while Instagram targets users aged 18 to 24 (30.8%) and 25 to 34 (30.3%) and also appeals to older generations ("Statista" 2023e). The role of social media is to engage and entertain (Hawkins 2021). making it ideal for awareness campaigns in the upper marketing funnel. The goal is to raise awareness and communicate the story and products of M&A through captivating campaigns. Social media is key to engaging with the target audience, sharing stories about fragrances, and giving behind-the-scenes insights into the creation process. To be successful digitally it is important to be aware of the following recommendations (Bosze 2023):

1. Highlight the features of the brand.
2. Use search engines to make it easier for customers to buy.
3. Show social proof of satisfied customers to strengthen the brands position.
4. Understand local markets to differentiate yourself.

5. Generate online traffic through:
 - a. Online ads (Google Ads, advertising on social networks).
 - b. SEO with optimized keywords.
 - c. User-generated content (UGC), sharing reviews, ratings, and collaboration with influencers.
6. Enhance the online shopping experience with an eye-catching first impression, a user-friendly homepage and subpages, and a straightforward checkout process.

As consumers become more aware of M&A and more engaged on social media, social commerce can be leveraged. This blend of e-commerce and social media enables purchases directly on social platforms with minimal effort (Dollarhide 2022) and targets the lower purchase funnel. A direct-to-customer (DTC) store will seamlessly redirect users from social media to the store, enabling social commerce (N. Kim, Shin, and Kim 2021). This blend of e-commerce and social media enables purchases directly on social platforms with minimal effort (Dollarhide 2022) and targets the lower purchase funnel. A direct-to-customer (DTC) store will seamlessly redirect users from social media to the store, enabling social commerce. M&A should set up a DTC store for this purpose. Using upper and lower-funnel campaigns creates an immersive digital experience that combines engagement with the brand and purchase for highly active online consumers (“AIContentfy” 2023). Influencer and perfume expert cooperation’s that align with M&A's values and aesthetics should be leveraged to increase credibility and reach. Finally, M&A should prioritize exceptional customer service and community management on social media and other channels to drive brand loyalty through community engagement.

Collaboration with perfumers:

Instead of traditional celebrity endorsements, M&A should emphasize collaborating with renowned perfumers and fragrance experts in the niche perfume industry. These collaborations will be featured in the brand's storytelling, showcasing the artistry and craftsmanship behind each fragrance. This approach reinforces the brand's authenticity and builds credibility within the niche perfume community. The collaboration with well-known perfumers in the creation of new fragrances will be one of the most important sales arguments and will be clearly visible on the product packaging.

2.2.2 Customer-based brand equity model

Within the 4P's, M&A's strategy is guided by the *customer-based brand equity model* and aims to build a strong presence in the niche perfume market, as explained in Chapter 2.1.1. At the **core of its brand identity**, M&A is characterized by unique storytelling that sets it apart in the highly competitive niche perfume industry and forms the basis of its distinctive identity (see Figure 2).

On the **second level**, brand meaning, M&A focuses on producing high-quality perfumes and concentrates on performance and representation. Regarding performance, M&A is committed to exceeding customer expectations by using natural, and high-quality ingredients, ensuring the standard of excellence in the industry. This commitment sets M&A apart and creates a compelling fragrance narrative. At the same time, brand representation is crucial. M&A uses a clear visual language, through the unique design of the perfume bottle and coherent market presence, to stand out in the market and establish its identity with a discerning audience.

The **third level**, brand response, is activated when customers interact with M&A. Here, the focus is on shaping customer perception in relation to product performance. M&A products must consistently meet high standards and ensure positive feedback on promise, quality, reliability, and functionality (Molinillo, Ekinici, and Japutra 2019). This requires continuous quality monitoring and improvement, as well as transparent communication, to build trust. Such

strategies ensure positive customer experiences and turn them into brand advocates through their reviews and feedback (Yang and Battocchio 2021).

Finally, on the **fourth level**, brand resonance, M&A aims to build a lasting customer bond. This is achieved by creating a unique and memorable brand experience, integrating storytelling into the product, and providing a distinctive unboxing experience. M&A aims to evoke emotions that foster brand loyalty, deepen customer engagement with the brand, and increase the likelihood of purchase.

2.2.3 Unique selling proposition

In this chapter, the authors delve deeper into the concepts of the unique selling proposition (USP) and brand differentiation. To gain a competitive advantage, a brand must pinpoint its USP and use it to stand out. This requires a deep understanding of the target market. Establishing a unique selling proposition (USP) is crucial for distinguishing a brand in a competitive market. This concept highlights a product or service's unique and compelling aspects and underlines the brand's competitive edge (Dens and Pelsmacker 2010). Implementing a USP effectively requires clear communication across all marketing channels, accommodating engaging storytelling to make the USP relatable (Dens and Pelsmacker 2010).

M&A USP

M&A's USP stems from its unique blend of a master perfumer's expertise with the innovative ideas of an apprentice, resulting in fragrances that redefine luxury and individuality. This innovative interplay is the brand's foundation, building an emotional bond between customers and their fragrances and turning a simple purchase into a personal experience. Therefore, M&A's USP forms the backbone of its brand identity, fostering a solid and enduring connection with its customers (Dias and Noronha 2023). This narrative distinguishes M&A within the

perfume industry and underscores its commitment to high-quality perfume creation (Dias and Noronha 2023). M&A focuses on two primary elements to strengthen its USP:

Firstly, the **M&A storyline** enriches each fragrance with depth and significance, creating a unique identity that resonates with customers who appreciate scents with compelling and captivating backstories.

Second, the brand highlights the **high quality and uniqueness of the perfumes**, targeting a luxury market that values exclusivity and individuality (Dias and Noronha 2023). This focus on quality and distinctiveness sets the brand apart from mass-market perfume brands and attracts customers who seek a more personalized and luxurious fragrance experience. By integrating stories with each fragrance and blending tradition with innovation, M&A establishes a deep emotional connection with its customers, demonstrating its dedication to providing unmatched olfactory experiences (Dias and Noronha 2023).

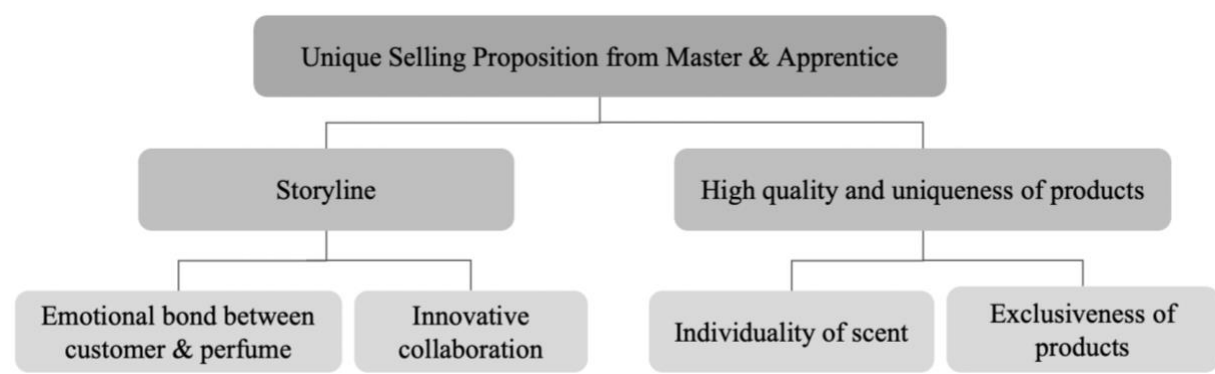


Figure 14: Unique selling proposition of the Master & Apprentice brand (Personal collection)

2.2.4 Positioning M&A within the niche perfume market

A successful brand strategy is rooted in precise brand positioning, essentially shaping how a brand is perceived by its target market (Azmat and Lakhani 2015). This section takes a closer look at the strategic positioning of M&A in the niche perfume industry based on the previously gained insights. Chapter 7.1 presents the results of expert interviews and surveys that highlight the preferences and needs of M&A's valued clientele in the premium niche perfume market and

emphasize their demand for uniqueness, exclusivity, and a deep emotional connection to fragrances. This demand sets M&A apart from competitors catering to a broader consumer base (“Highsnobiety” 2019). Building upon the preliminary industry analysis in Chapter 5.6, we directly compare M&A and key competitors, including Creed, Editions de Parfums Frédéric Malle, Xerjoff, TOBBA, Renier, and Rosendo Mateu. With a price range of €200 to €260, M&A will establish itself as a player in the lower price range of the niche perfume niche fragrance industry. In contrast to its competitors, M&A differentiates its fragrance offerings from its parent brand, Comporta Perfumes. M&A’s pricing strategy reflects its focus on minimizing the risk of market cannibalization. By catering to a distinct market segment, M&A ensures the integrity of its brand and Comporta Perfumes. This strategic separation enables Comporta Perfumes and M&A to coexist harmoniously, addressing diverse consumer preferences and strengthening their market presence (Mason and Milne 1994).

Perceptual mapping

In order to provide a comprehensive representation of brand positioning, the authors decided to use perceptual mapping as a framework. This mapping technique illustrates the perceptions of existing and potential customers about products and services. It describes the company's offering and the perception of competing brands and their products (Lacobucci and Grisaffe 2018). The subsequent perception map, seen in Figure 40, performs a comparative analysis and contrasts M&A with its competitors, which include Creed, Editions de Parfums Frédéric Malle, Xerjoff, TOBBA, Renier, and Rosendo Mateu.



Figure 15: Perceptual map: Niche perfume market (Personal collection)

By focusing on two main factors - *exclusivity and price* - this perception map assesses the market position of M&A. The assessment includes an evaluation of the pricing structure of all currently available products as well as various elements that contribute to exclusivity, such as brand presentation, artistic craftsmanship, uniqueness of storyline, quality of ingredients, limited editions, and the views of industry experts within the niche fragrance market. The criteria used to assess exclusivity were evaluated through a qualitative survey conducted by Comporta Perfumes, the detailed survey results can be found in Appendix 8.

2.2.5 Positioning M&A as part of a house of brands strategy

M&A can be strategically positioned within the Comporta Perfumes brand as a sub-brand, forming part of a **House of brands strategy**. This approach allows each brand to operate autonomously, catering to distinct target demographics. It involves developing unique communication and positioning strategies for each brand, maintaining their identities while benefiting from the synergy of the broader brand portfolio (Hsu, Fournier, and Srinivasan

2016). The House of brands approach enables M&A to tailor its market approach to specific segments within the niche fragrance sector, aligning communications and positioning with the distinct preferences of the target audience (Koo and Loken 2021). A key advantage of positioning M&A as a sub-brand within this strategy is the potential for product line expansion without diminishing the value of the overarching Comporta Perfumes brand. M&A can diversify its offerings, access new customer segments, and bolster its market presence, all while leveraging the established reputation and credibility of Comporta Perfumes (Hsu, Fournier, and Srinivasan 2016). M&A can also use the parent brand's established infrastructure, including logistics, networks, and expertise. Establishing its distinct identity and competitive edge ensures differentiation while protecting the integrity of the parent brand and preventing consumer confusion (Hsu, Fournier, and Srinivasan 2016).

2.3 Sustainability

Focusing on sustainability improves how organizations relate to the environment and their stakeholders. This can lead to higher employee satisfaction and increase brand loyalty (Anadura et al. 2023). This chapter addresses environmentally friendly adjustments that M&A can implement in its strategy to reduce its footprint. As already explained in Chapter 5.3 and in the expert interviews, sustainability is also increasingly important in the perfume industry, and consumers are paying more attention to responsible and ethical practices. In addition to plastic-free packaging and a glass bottle cap, another idea is the introduction of reusable perfume bottles as a sign of corporate responsibility. Through a design innovation of the closure, bottles can be created that are not thrown away after their first use but remain in a continuous cycle. Furthermore, the offered "Go Green" shipping mechanism not only ensures the easy return of empty bottles, but also functions as an integral part of the overall ecological commitment. M&A's coverage of the shipping costs demonstrates the brand's commitment to low-emission

and environmentally friendly logistics. As a reward for customers' participation in this eco-conscious offer, M&A will offer an exclusive 15% discount on the regular price of a new perfume when the empty bottle is returned and refilled. Another key factor for sustainability of perfumes is the sourcing of raw materials. Sustainability in this case refers to ensuring that natural raw materials are grown, processed, and harvested in an ethical and eco-friendly way. It is therefore essential that M&A uses natural ingredients for perfume production, takes a close look at the cultivation and sourcing of these and is transparent towards customers. The use of certified recycled paper for all packaging and the shipment of perfumes with biodegradable and recycled shipping material is also an important sustainability measure for M&A. All these practices contribute to making the value chain more sustainable and not only help to protect the environment but also to strengthen the image of the M&A brand.

2.4 Creative outlook

In this chapter, we explore innovative strategies to broaden and enhance the appeal of M&A's perfume offering. Building on the insights and trends observed in the luxury fragrance industry, this chapter takes a closer look at several key initiatives. The goal is to strengthen and improve M&A's position in the market, ensuring long-term growth and fostering stronger relationships with both existing and potential customers. Throughout this exploration, the focus is solely on the creative elements of enriching M&A's perfume range, deliberately excluding financial considerations from the discourse.

Exclusive miniature and travel sets:

To further increase the accessibility and appeal of M&A's fragrance offering, the authors recommend expanding beyond the traditional 100ml perfumes and introducing exclusive miniature and travel sets. These sets should be designed to contain a variety of 10ml fragrances in travel-friendly bottles. An example of the success of this approach is the implementation by

established brands such as Creed, who already offer discovery sets with three to five miniature fragrances (“Creed” 2023). By offering such sets in a price range between €60 and €80, M&A could create a more affordable entry point for customers who may be hesitant to invest in a full-size bottle without having tested the fragrance nuances first. Such discovery sets would not only appeal to a wider audience, but also provide customers with an engaging experience as they explore the different facets of the M&A collection. By encouraging interest through accessible miniature sets, the brand can create a deeper connection with customers and increase the chance of them exploring and investing in the full M&A collection.

Multi-purpose design:

M&A should enhance customer experience through a multi-purpose design approach. The qualitative packaging or perfume bottles, post-use, can be repurposed as small decorative items or small vases. This not only adds practical value but aligns with sustainability trends, appealing to environmentally conscious consumers. By giving the packaging a second life, M&A reinforces its products' perceived value and establishes a positive brand image associated with creativity and sustainability.

Customizable bottles:

M&A should prioritize customer satisfaction by offering customizable options for perfume bottles. An option would be for customers to personalize their fragrance experience through color choices, monograms, or unique cap designs. This customization fosters a sense of ownership and responds to the increasing demand for personalized products. By allowing customers to tailor their perfume bottles to reflect their style, M&A deepens the emotional connection between the brand and its customers, highlighting its commitment to uniqueness and creativity in the niche luxury fragrance market.

Limited editions:

By implementing the strategy, the focus for M&A should primarily be on all perfume collections, with limited editions strategically complementing this approach. Recognizing the trend of exclusivity and the appeal of limited editions in the fragrance industry (as discussed in Chapter 5.3), M&A should leverage collaborations with renowned perfumers to craft these exclusive releases. Moreover, it is noteworthy that more than half of the survey respondents exhibited a positive interest in limited editions of luxury perfumes (as detailed in Chapter 7.2.1). Limited editions aim to create a sense of urgency and desirability, particularly targeting niche fragrance enthusiasts seeking rare and exceptional scents (Miranda 2023). To maximize the impact, it is crucial to position limited editions as an integral part of the brand's overall narrative. Emphasizing the story behind their creation becomes a core component of the promotional efforts, adding depth and appeal to the brand. This strategic approach not only aligns with industry trends but also fosters brand loyalty among fragrance connoisseurs and enthusiasts who value the exceptional craftsmanship synonymous with the niche perfume industry.

3 Financial considerations

In the proposed strategy, an essential consideration is the comprehensive financial analysis of the M&A product line over the next six years. This is crucial for determining the potential benefits or disadvantages for Comporta Perfumes, which depend on the **Net Present Value (NPV)** of the project's future cash flows. Given the marketing uncertainties about the potential pricing for Comporta Perfumes products, the financial evaluation considers three distinct pricing scenarios - these include a selling price of €200, €230, and €260 per bottle, as can be seen in Appendix 3. The middle scenario (€ 230 per bottle) is discussed in the following sections. Further, it is assumed that there will be an annual sales increase of 15%, attributed to the brand's growing establishment in the niche perfume market and the anticipated rise in brand awareness over the coming years. In the following, the authors explain the calculations behind the future cash flows in detail, considering all costs, the marketing implementations, and the pricing strategy. All calculations are based on assumptions derived from data provided by Comporta Perfumes and can be found in Appendix 3.

Master & Apprentice - Income Statement						
in €	FY24	FY25	FY26	FY27	FY28	FY29
Bottels produced	595	668	785	886	1,036	1,175
Bottles sold	578	665	765	880	1,012	1,164
Price per bottle	230	230	230	230	230	230
Rebates & Discounts (per bottle)	23	23	23	23	23	23
Revenue	119,646	137,655	158,355	182,160	209,484	240,948
Bottle	2,023.0	2,327.5	2,677.5	3,080.0	3,542.0	4,074.0
Pump	462.4	532.0	612.0	704.0	809.6	931.2
Cap	462.4	532.0	612.0	704.0	809.6	931.2
Label	115.6	133.0	153.0	176.0	202.4	232.8
Packaging	2,023.0	2,327.5	2,677.5	3,080.0	3,542.0	4,074.0
Production	1,156.0	1,330.0	1,530.0	1,760.0	2,024.0	2,328.0
COGS	6,242.4	7,182.0	8,262.0	9,504.0	10,929.6	12,571.2
Gross Profit	113,403.6	130,473.0	150,093.0	172,656.0	198,554.4	228,376.8
Pop-up store costs	45,650.0	37,650.0	37,650.0	37,650.0	37,650.0	37,650.0
Placements (year 1)	4,000.0	4,000.0	2,000.0	2,000.0	2,000.0	2,000.0
Magazine marketing	8,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0
Online marketng	12,000.0	9,000.0	9,000.0	9,000.0	9,000.0	9,000.0
Content creation	4,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0
Influencer & Expert Collaborations	10,000.0	7,500.0	7,500.0	7,500.0	7,500.0	7,500.0
Launch Event (year 1)	18,000.0	-	-	-	-	-
Trade fairs (yearly)	24,000.0	24,000.0	12,000.0	12,000.0	12,000.0	12,000.0
Website & Online Shop (yearly)	12,000.0	12,000.0	12,000.0	12,000.0	12,000.0	12,000.0
Staff: Project Lead (yearly)	35,000.0	35,000.0	35,000.0	35,000.0	35,000.0	35,000.0
Staff: Master perfumer (yearly)	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0
Staff: Apprentice perfumer (yearly)	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0
Staff: Intern (yearly)	15,000.0	15,000.0	15,000.0	15,000.0	15,000.0	15,000.0
Marketing & Sales	149,000.0	117,500.0	103,500.0	103,500.0	103,500.0	103,500.0
Operating expenses	194,650.0	155,150.0	141,150.0	141,150.0	141,150.0	141,150.0
EBITDA	(81,246.4)	(24,677.0)	8,943.0	31,506.0	57,404.4	87,226.8
Machinery & Design	1,700.0	1,700.0	1,700.0	1,700.0	1,700.0	1,700.0
Depreciation	1,700.0	1,700.0	1,700.0	1,700.0	1,700.0	1,700.0
EBIT	(82,946.4)	(26,377.0)	7,243.0	29,806.0	55,704.4	85,526.8
Interest payments	415.7	415.7	415.7	415.7	415.7	415.7
Financing	415.7	415.7	415.7	415.7	415.7	415.7
EBT	(83,362.1)	(26,792.7)	6,827.3	29,390.3	55,288.7	85,111.1
Taxes payable	(17,506.1)	(5,626.5)	1,433.7	6,172.0	11,610.6	17,873.3
Taxes	(17,506.1)	(5,626.5)	1,433.7	6,172.0	11,610.6	17,873.3
Net income	(65,856.1)	(21,166.3)	5,393.5	23,218.3	43,678.0	67,237.7
EBIT	(82,946.4)	(26,377.0)	7,243.0	29,806.0	55,704.4	85,526.8
Taxes	(17,506.1)	(5,626.5)	1,433.7	6,172.0	11,610.6	17,873.3
Operating cash flow	(77,085.3)	(21,175.6)	1,289.6	22,061.2	38,131.8	64,326.6
Financing cash flow	17,584.3	(2,415.7)	(2,415.7)	(2,415.7)	(2,415.7)	(2,415.7)
Machinery & Design	(20,000.0)	-	-	-	-	-
Investing cash flow	(20,000.0)	-	-	-	-	-
Free Cash Flow	(79,501.1)	(23,591.3)	(1,126.2)	19,645.4	35,716.0	61,910.8
Discount rate	3%	3%	3%	3%	3%	3%
Net present value	(77,308.5)	(22,308.0)	(1,035.5)	17,566.3	31,055.3	52,347.1
NPV	316.6					

Figure 50: Income statement Master & Apprentice (Personal collection)

This financial analysis involves a multi-layered approach that considers the dynamic interplay between pricing, sales forecasts and the costs associated with production, marketing, and operational activities. The aim is to provide a thorough and insightful assessment of the

potential financial performance of the M&A line. By considering three different pricing strategies and acknowledging the available data from Comporta Perfumes, this analysis aims to provide a solid basis for decision-making. Firstly, the paper examines the diverse costs associated with production. Therefore, this analysis utilized the available data from Comports Perfumes production costs, given that the M&A products are planned to be manufactured in the same glass factory. This decision is further supported due to several factors, including the existing relationship with the supplier, their high quality, the manufacturer's well-established name in the niche perfume market, and their continuing adoption of sustainable production methods. The **cost of goods sold (COGS)** includes the bottle, pump, cap, label, packaging, production, and an initial one-off machine investment of €20,000 financed over a ten-year period (see Appendix 3). The annual machine costs amount to €2,415, made up of a loan repayment of €2,000 and an interest payment of €415. It is crucial to note that the COGS increases by 15% for each bottle produced. Consequently, the number of bottles sold, and the COGS depict a positive linear relationship.

Furthermore, it is important to highlight that the authors have formulated assumptions regarding the recruitment of two new staff members to realize the comprehensive implementation of M&A. These central roles include a project manager who serves as the main point of contact for all M&A matters and takes responsibility for sales, marketing, and customer relationship management (CRM). This position is complemented by an intern who is expected to take on the various tasks related to the new brand. The authors considered the alternative of existing Comporta Perfumes employees splitting their time between the new and ongoing tasks, but rejected this idea due to the significant scale and time demands of the project. Securing a dedicated person as a direct contact and leader of the project is considered imperative by the authors. The assumed annual salary for the project manager is €35,000 (equivalent to a monthly salary of €2,900) and for the intern €15,000 (equivalent to a monthly salary of €1,250).

Deducting all the operating expenses mentioned above and the depreciation regarding the machinery investment from the original gross profit gives the **Earnings Before Interest and Taxes (EBIT)**. In Portugal, the **corporate income tax (IRC)** is 21% (“ePortugal” 2023). This percentage is then deducted, resulting in the net income of €-49,226 in the first year (EBIT - Interest = EBT; EBT - Taxes = Net income). The **Operating Cash Flow (OCF)** is calculated by taking the operating income (EBIT) (€-61,272), subtracting taxes of 21% (€13,085), adding the depreciation (€4,700) and then subtracting the change in **Trade Working Capital (TWC)** of €8,664. This results in an operating cash flow of €-52,151 (OCF = EBIT - taxes + dep - TWC). Additionally, it was assumed that the inventory of the company would include a stock that is 3% greater than the number of products estimated to be sold in the year (Inventory from previous year + (bottles produced * price per bottle) - (bottles sold * price per bottle) = inventory). The formula for TWC comprises the sum of inventories and accounts receivables less trade payables. It is further assumed that the company requires one month to repay its suppliers, and the buyers and distributors need the same amount of time to pay M&A. Therefore, the change in TWC reflects the year-over-year adjustments in the company's operational liquidity, indicating how effectively it is managing its short-term assets and liabilities (see Appendix 3).

Due to the high investment costs of the machine used in production, it was decided to finance it over a period of 10 years. As a result, only €5,000 in yearly instalments plus interest payments of 3,6%, which is the average long-term interest rate in Portugal, are charged for the machine in the first year instead of the initial investment of €50,000. Therefore, the **financing cash flow (CFF)** in year 1 is €43,96 (FCF = Loan issued - repayment - interest payments). The **free cash flow (FCF)** is calculated by adding the three components of the cash flow statement (OCF + CFF + ICF = FCF). For year 1, this calculation results in a Free Cash Flow of €-58,191. The discount rate is calculated using the **Weighted Average Cost of Capital (WACC)** formula ($(E/V * re + D/V * rd * (1-t) = WACC$), considering that M&A is exclusively debt-financed,

with no equity financing from Comporta Perfumes (interest rate * (1 - tax rate)). This calculation results in a discount rate of 2.8%, which is then applied to discount the Free Cash Flow ($FCF / (1 + \text{discount rate})^t = NPV$), to compute the **Net Present Value (NVP)**. Consequently, the NPV in year 1 is €-77,308. According to the estimates given, M&A will be profitable for the first time from the fourth financial year onwards. The NVP resulting from the calculations of the assumptions for the first six years is positive (€316), suggesting an implementation of the project with the proposed measures (see Appendix 3).

Summary and recommendation for M&A

In summary, the financial outlook for the M&A product line is a scenario characterized by risks and uncertainties. The entire analysis is based on several assumptions that introduce an element of risk into the projected financial results. The reliance on assumptions, particularly in relation to the percentage increase in costs, sales volumes, and external factors such as economic conditions and political influences, contributes to a high degree of uncertainty. Fluctuations in these external variables could pose additional challenges that further increase the overall risk profile of the project. Furthermore, the pricing strategy has a direct impact on the sales volume required to achieve a positive NPV. At a price of €200 per bottle, M&A would have to sell more than 671 bottles in the first year, with an assumed subsequent annual increase of 15 %, in order to achieve a positive NPV from the fourth year onwards. At a price of €230 and €260 per bottle, the required initial sales volume is more than 578 and 509 bottles respectively to achieve the same positive NPV. The calculated sales targets underline the need for sustained growth in sales volume in subsequent years to ensure the long-term profitability of the M&A product line. The 15% annual increase becomes a critical factor in achieving a positive NPV from the third year onwards, underlining the need for consistent market penetration and consumer acceptance (see Appendix 3).

The financial chapter underlines the complexity and multi-layered nature of forecasting success for M&A. Despite these challenges, the financial analysis suggests that with a flexible and proactive management approach, the M&A project has the **potential to be financially viable**. The M&A brand with its unique positioning in the niche perfume market is promising. The **authors recommend proceeding with the M&A project**, with the understanding that expenditures will need to be regularly adjusted in line with sales. This cautious but optimistic approach allows Comporta Perfumes to capitalize on the potential of the M&A brand while remaining aware and responsive to the pulse of the market.

4 Limitations

During the work project, several types of limitations occurred in the process of developing a comprehensive marketing strategy for the M&A perfume brand. These limitations had an impact on the depth and accuracy of the project. The challenges were especially noticeable in attempting to comprehend the high-end luxury scent niche industry, mostly because of its lack of transparency. The primary issue in this niche industry was the limited up-to-date external information on consumer preferences, rival strategies, and market dynamics. Therefore, the authors largely relied on the results of the two surveys that were performed to make up for the lack of available data. Moreover, there was the challenge of finding 385 participants to participate in the survey and willing to spend more than €200 for a perfume. To ensure that the correct target group was addressed, the authors excluded the participants who were not willing to spend more than €200 for perfume. Further limitations were identified in the financial chapter. The costs included are research-based and rely on assumptions. Expenses are expected to differ depending on the location and city where the M&A line will be introduced. Furthermore, several challenges were encountered during the collaborative efforts with the management of Comporta Perfumes. Primarily, issues stemmed from inconsistent coordination in management communication, resulting in alterations to information multiple times. Moreover, there was a tendency to discourage critical inquiries from the team, subsequently impeding comprehensive communication.

5 Conclusion

The success of the new M&A brand is influenced by several key factors. One crucial point is recognizing the main target groups. For M&A, these are the “**Global Urban Elites**” and “**Niche Perfume Enthusiasts**” who offer opportunities for brand loyalty based on a shared enthusiasm and appreciation for craftsmanship. Another key element for success is the positioning of the brand. M&A sets itself apart from the competition through a unique collaboration between a master perfumer and an apprentice to create exceptional fragrances. This approach emphasizes storytelling, premium quality and exclusivity and creates emotional connections with customers. In addition, the **House of Brands strategy** positions M&A within the Comporta Perfumes brand so that both coexist harmoniously, serving different consumer preferences and minimizing the risk of cannibalization. This strategic approach capitalizes on the reputation and value of the parent brand while maintaining M&A's independent identity. In terms of product development, it is crucial to eliminate the existing inconsistencies in the brand's visual identity. Recommendations include maintaining a consistent design, using glass bottle caps for a premium image, choosing the brand name “**Dialogue**”, using white label designs, and introducing innovative book-style packaging. Finally, the selection of target markets through a detailed target market analysis plays a crucial role in determining the brand's expansion potential in **Europe**. Based on market potential, population size and consumer prosperity, **Munich** was identified as the city with the highest potential for M&A expansion. Depending on the development in Munich, Zurich or Valencia will be entered. To summarize, M&A's success in the niche perfume market results from a combination of target audience engagement, differentiation through unique stories, strategic market selection, and a coherent brand identity with consistent design elements. By following these strategies and recommendations, M&A can develop into a recognized high-end niche perfume brand that satisfies the unique tastes of their target audience and establishes a lasting presence in the highly competitive luxury perfume industry.

6 Company overview

Comporta Perfumes is a fragrance company established in 2017 in Lisbon, Portugal. The company was founded by Pedro Simões Dias, who is a lawyer with experience in internet law and copyright. His enthusiasm towards perfumes led him to start his own brand after finding his joy and passion in Comporta, a township on the Portuguese Atlantic coast. The company was established in response to a visible gap in the Portuguese market caused by the lack of exclusive niche perfumes. Dias envisions fragrances as aromatic compounds and symbols of exclusivity and artisanal craftsmanship. He targets an exclusive clientele who perceive fragrances not only as scents but as representations of narratives and cultured tastes (Dias and Noronha 2023). The municipality of Comporta is one of the most exclusive destinations in Europe, with endless white beaches. Located about an hour from Lisbon, the village offers a cosmopolitan mix of surf spots, authentic beach huts, pine and cork oak forests, and exclusive boutiques (Klippel 2022). It serves as an inspiration for the brand. This geographical uniqueness is a key selling point. Comporta Perfumes offers fragrances that tell appealing stories and represent experiences and memories from Comporta. Each creation story is described on the back of every fragrance box so the buyer can read it anytime. The portfolio includes fragrances for different seasons and preferences (Dias and Noronha 2023). Comporta Perfumes has positioned itself in various retail locations in international cities, including Lisbon, Porto, Madrid, Barcelona, Paris, and many others. The brand does not have its own shops, but the perfumes can be bought online on their website and at large perfumeries or beauty shops. Their target group is men and women aged between 25 and 60 looking for exclusivity and a relaxed luxury atmosphere (Dias and Noronha 2023). Comporta Perfumes total revenue as of October 2023 amounts to €366,800. Portugal accounts for 89.6% of international sales. Italy is another crucial market for Comporta Perfume's business, accounting for 4.2% of total revenue. It is followed by Austria with 2.8%. The brand reports sales in 21 countries (see Appendix 3). The

following table shows revenues on the most important international markets and their respective weighting as of October 2023.

Market	Portugal	Italy	Austria	United Kingdom	Others
Revenue	€327,700	€15,300	€10,300	€7,500	€5,000
Weight	89,6%	4,2%	2,8%	2,1%	1,3%

Table 6: Revenue by country (Appendix 3)

Another trademark of Comporta Perfumes is its quality packaging. The brand collaborates with "Vista Alegre" to upgrade its exclusive presentation with premium perfume bottles (see Figure 8). Vista Alegre is one of the most prestigious porcelain brands in the world, combining the Portuguese heritage of glass making in a luxurious niche perfume bottle (see Appendix 4).



Figure 16: Vista Alegre bottle ("Comporta Perfumes" 2023)

6.1 Product portfolio

Over the years, Comporta Perfumes has grown through the company’s efforts to launch several collections. Three perfume lines have been launched so far, all serving the Eau de perfume segment: "Original", "Millésime" and "Master & Apprentice”. The company is also presenting the "Home Stories Collection", which is dedicated to home decoration and includes candles and home fragrances. The "Original" Eau de Parfum line includes four perfumes (see Figure 9).

These were created by different perfumers and cost between €160 and €165 for 100ml (“Comporta Perfumes” 2023).



Figure 17: Original Eau de Perfume line (“Comporta Perfumes” 2023)

On the other hand, the “Millésime” line (see Figure 10) has four perfumes, which range in price from €190 to €225 for 100ml. The higher price is related to the higher perfume concentration, as this line is made from extremely rare absolute oils and exclusive raw materials (“Comporta Perfumes” 2023).



Figure 18: Millésime line (“Comporta Perfumes” 2023)

6.2 Master & Apprentice line

In 2022, Comporta Perfumes launched the “Master & Apprentice” Collection, a fragrance honoring the tradition of mentorship and collaboration in perfumery. This collection presents the partnership between a master perfumer and an apprentice who create a fragrance together. This collection is characterized by the unique and creative synergy that unfolds through the joint work of the two artists (Dias and Noronha 2023). Each scent will express their know-how,

personal interpretations, and inventive thinking capacity, resulting in a true battle of wits (see Appendix 4). The M&A perfumes are manufactured with exceptional raw materials and a high concentration of fragrance, which is a characteristic of high quality. Fragrances are conceived not just for their olfactory appeal but as carriers of narratives and emotional connections. The brand intends to produce fragrances that provide sensory pleasure and connect to memories and stories. The M&A collection enriches Comporta Perfumes product portfolio, contributing to its reputation as a brand of high-level and innovative perfumery products in the market (Dias and Noronha 2023) .

The collection currently consists of three fragrances (see Figure 11). Within Comporta Perfumes' M&A line, two fragrances stand as pioneering examples of the M&A concept - Femme Fougère and Bravo, both of which are available at a price of €190 for 100ml (see Appendix 4). The newest piece in the M&A product line, "Will," was introduced in March 2023 in Milan at the “ESXENCE” trade fair, an international event dedicated to artistic perfumery. This fragrance costs €225 and is described as: “A turning point in perfume aesthetics. A vertical scent that blows your mind from the first nanosecond sniff. Will is the future based on deep and complex work on ultra-modern molecules combined with superlative natural raw materials. This is the first “Will” in perfumery. Our will to the world of scents.” (see Appendix 4).



Figure 19: Master & Apprentice line (“Comporta Perfumes” 2023)

To guarantee that each brand preserves its unique personality and appeal, the founder, Pedro Simões Dias, strives for a clear distinction between the Comporta Perfumes and M&A brands (Dias and Noronha 2023).

6.3 Communication and brand management strategy of Comporta Perfumes

Comporta Perfumes mainly uses digital channels for marketing communications, including its website and social media platforms (see Appendix 4). The website serves as a gateway to products, information and social media integration and is central for building the online identity and ensuring a consistent shopping experience. Comporta Perfumes uses platforms including Facebook, LinkedIn, and Instagram to engage with customers, share content and develop a community.

In addition to their digital presence, the brand advertises in fashion and lifestyle magazines such as *Vogue Portugal* and *The Gentleman* to increase their reach and brand awareness. Furthermore, brand books, perfume samples, mouillettes (scented test strips) and branded shopping bags are distributed for merchandising purposes to strengthen customer loyalty (see Appendix 4). The following figure shows the marketing funnel, a concept that describes the different stages a potential customer passes before buying a product or service. These stages include attention, interest, consideration, intention, and conversion to a paying customer. At the

beginning of the funnel, in the awareness phase, the focus is on attracting the attention of potential customers and making them aware of the product or brand (Foerster 2023).

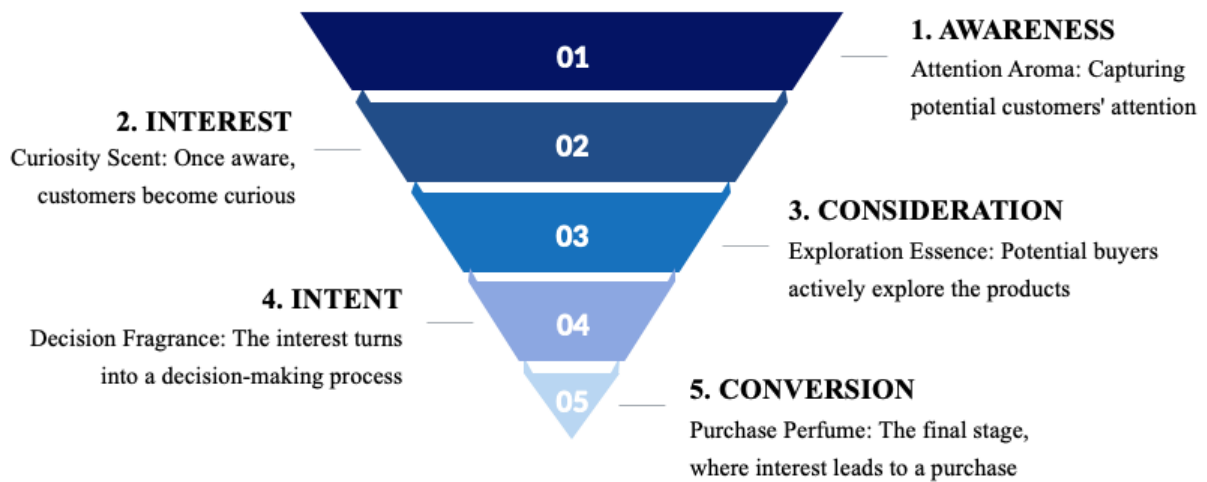


Figure 20: Marketing funnel (Personal collection)

Comporta Perfumes is in the awareness stage of the marketing funnel without investing in costly advertising. The company naturally attracts attention by being present on social media platforms and creating high-quality content. Through these efforts, Comporta Perfumes can build a solid base of potential customers who are interested in their brand and can move on to the next stage of the funnel: Interest. The goal is to get consumers to reach the conversion stage and purchase the product.

7 Market analysis

This chapter analyzes the perfume market. First, the history of the perfume industry is explained, essential figures are discussed, and forecasts for the future are provided. Furthermore, current trends are outlined, the niche perfume market segment is introduced, and the competitive analysis of Comporta Perfumes' most significant competitors is presented.

7.1 History of the perfume industry

The term "perfume" comes from Latin and goes back to the expression "per fumum", which means "through smoke". The art of perfume making can be dated back to early recorded human civilizations. Perfumes, meaning aromatic substances derived from natural sources such as flowers, herbs, and spices, played a multifaceted role in ancient societies (Schwedt 2008). The perfume industry today is a thriving global market, encompassing a multitude of brands and involving constant innovation in fragrance technology. For example, environmental and ethical concerns have led to a shift towards sustainable and natural perfume ingredients (Mc Mullen and Dell' Acqua 2023). The historical development of the perfume industry is a testament to the dynamic interplay of culture, science, and society. From its origins in ancient spiritual and personal practices to its modern evolution into a multi-billion-dollar global enterprise, the perfume industry has evolved significantly.

Based on the concentration of essential oils contained, perfumes are divided into different categories (see Table 4). The most concentrated form is called "parfum" and contains 20 to 50% perfume, making it the strongest and longest-lasting fragrance. "Eau de Parfum" contains 10 to 15% perfume, while "Eau de Toilette" or "Cologne" contains 3 to 8 % (Sinks 2018).

Category	Concentration
Parfum	20-25% perfume
Eau de Parfum	10-15% perfume
Eau de Toilette	3-8% perfume

Table 7: Perfume categories (Personal collection)

7.2 Current market size and growth

The global perfume market is a significant and dynamic industry that appeals to a broad spectrum of consumers. The market was worth around USD \$46.5 billion in 2021, and forecasts show that it will continue to grow. It is expected to be worth around USD 52 billion in 2025 and USD 69.25 billion by 2030 (“Statista” 2023a). The most significant contributor to the perfume market revenue is the United States, with USD 8,715.00 million in 2022, with a per capita revenue of around USD 29.72 (“Statista” 2023b). In terms of the global luxury niche perfume market, the market size was USD 2,397 million in 2021, which is expected to reach USD 328,080 million in 2031 (see Figure 13) (Business Research Insights 2023).

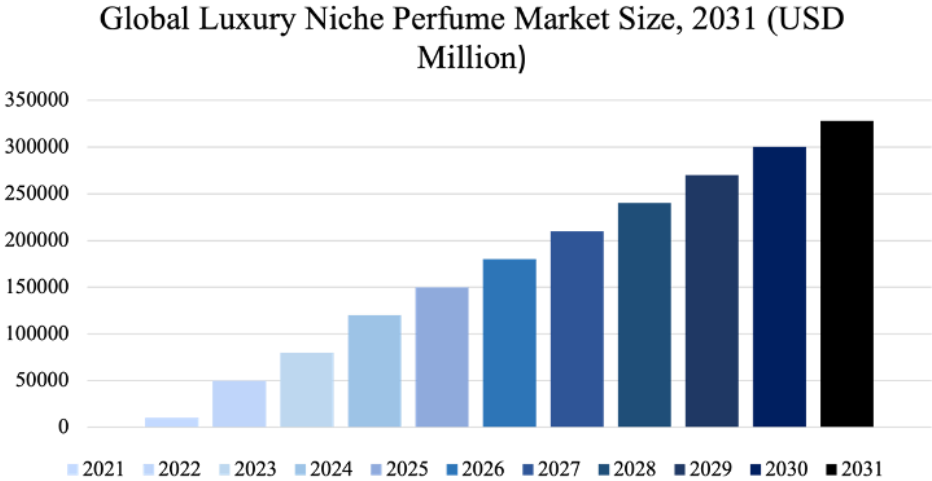


Figure 21: Luxury niche perfume market size, share, growth, and industry analysis, by type (Personal collection)

The following paragraph outlines the key factors that significantly influence market growth in the perfume industry. Constantly changing consumer preferences and fashion trends play an

important role. Hence, key market players are concentrating on developing exciting, unique, and new fragrances to remain competitive and appeal to a variety of consumer groups around the world. As a result, brands are investing heavily in the areas of research and development as well as promotional activities to affect consumers' purchasing decisions (Monange 2021). In particular, the growing impact of social media and influencers has changed advertising strategies, with an increasing focus on visual and interactive content. Another aspect is the shift towards online sales. While 10% of prestige cosmetics and fragrances sales occurred online in 2017, this figure has already risen to 18% by 2022 and is forecast to reach 23% by 2025 (“Statista” 2023a). This prompts cosmetics and perfume retailers to step up their online marketing efforts. Some retailers even offer their customers the opportunity to design their own perfumes and fragrances to cater to individual preferences and strengthen customer loyalty (Business Research Insights 2023).

7.3 Current trends in the global perfume industry

The perfume industry, known for its constant evolution and adaptability, is currently going through a period of remarkable change (Monange 2021). The following chapter overviews the latest trends influencing the global perfume market. These trends reflect changing consumer preferences and the industry's response to social and environmental changes.

Sustainability and natural ingredients:

Perfume manufacturers are increasingly emphasizing sustainability when sourcing ingredients. This includes responsible and ethical practices such as supporting local communities, preserving plant species, and preventing raw material depletion. Sustainable packaging solutions are also becoming increasingly important. As a result, some perfume brands are already using recyclable materials, reducing unnecessary packaging, and designing biodegradable or reusable packaging. This trend reflects growing consumer concern about

environmental impact (March 2022). Natural ingredients derived from plant sources are also experiencing a resurgence. Essential oils, plant extracts, and natural resins are increasingly used to create perfumes. In addition, perfume brands are educating consumers more about the ingredients used in their fragrances. This includes clearly labeling natural ingredients, synthetic additives, and potential allergens to be transparent to the consumer (Azaldin 2022).

Customization and personalization:

Another growing trend in the perfume industry is the individualization and personalization of fragrances. This enables the creation of unique fragrances that match everyone's preferences and personality. Therefore, brands invest in advertising and promotion to attract consumers through innovations (McIntyre 2019). Some brands even take personalization a step further and offer customized packaging and labels that allow customers to add a personal touch to their perfume bottles. The perfume becomes even more meaningful and unique by choosing the shape, color, and packaging, as well as engraving the name, a date, or a message (Eternity Insights 2022). This personalization strengthens the emotional bond between the consumer, the product, and the brand. In addition, customization and personalization improve the overall buying experience by making it more attractive and customer oriented (McIntyre 2019).

Gender-neutral fragrances:

Gender-neutral fragrances, or unisex or genderless fragrances, break traditional gender norms and stereotypes. They are designed to be appealing and suitable for people of all gender identities (J. N. Kapferer and Bastien 2009). Thus, unisex fragrances can be chosen according to personal preferences rather than societal expectations, as they are not oriented toward traditionally masculine or feminine scents (Lundqvist et al. 2009). In this way, perfume brands can promote inclusivity and diversity. Packaging and brand design are minimalist and straightforward, avoiding gendered marketing or design elements (McIntyre 2019).

Limited editions and collaborations:

Limited edition perfumes are fragrances produced in a limited quantity for a specific period. This conveys a sense of exclusivity and urgency. As a result, they can become collectors' items and are highly desired by fragrance lovers. They usually have special packaging and bottles that differ from the brand's regular range, which also increases the value and exclusivity for the collector (Eternity Insights 2022). Perfume collaborations are partnerships between perfume brands and external people, such as celebrities, designers, artists, or other brands, to create unique fragrances. Many fragrances brands work with celebrities who contribute their name, image, or creative input to the fragrance (Spence 2021). Limited-edition fragrances and perfume collaborations make the fragrance market exciting and diverse, appealing to various tastes and interests. These strategies help fragrance brands strengthen their brand identity and target their audience more specifically (Spence 2021).

Another trend in the perfume industry is niche perfumes, which have gained enormous importance in recent years and have conquered a whole new market. Therefore, the following chapter will go into more detail, and the information is mainly based on the expert interviews conducted.

7.4 Niche fragrance market

Niche perfumes are fragrances that stand out from the usual mainstream perfumes. This industry emerged as a counter to commercial perfumery, prioritizing creation over trends (Tamayo 2023). In 2012, 1330 fragrances were launched, including 331 niche fragrances, equating to one in four fragrances. In the last ten years, the market for niche fragrances has tripled (Janvier 2018). Those niche brands target fragrance lovers looking for something special and unique that underlines their personality. They are usually produced by small, independent brands focusing on high quality, exclusivity, and creativity to influence perceived value and emotional

appeal in their brand positioning. Rare, natural, or synthetic ingredients are used in the production of these fragrances, creating an extraordinary and complex scent (Markwide Research 2023). Niche perfumes focus on unique olfactory experiences rather than following ingredient trends (Vitrey-Tardif 2023). In addition, they are often produced in limited quantities. This gives the fragrances a sense of exclusivity and uniqueness, as other consumers are less likely to wear the same fragrance. This feeling is also intensified because niche fragrances are usually distributed through selected boutiques, niche perfumeries, or the brands' own shops. They are rarely available in large department stores or online marketplaces (Vitrey-Tardif 2023). However, this exclusivity can also limit their market reach compared to more widely recognized designer houses and their potential for market growth compared to brands with broader distribution. The design of the bottles and packaging is also individual and of high quality, reflecting the fragrance concept. Niche fragrance brands often emphasize storytelling and brand identity, using inspiration from stories, memories, places, or emotions to give the fragrance a personal touch (Fortune Business Insights 2022). This is because the olfactory bulb, the part of the brain that recognizes smells, is in the limbic system, which is also the area where memories and emotions are located. Therefore, it is possible that smelling a scent takes back memories of a time in the past. With the same intensity, fragrances can give the wearer more energy or calm them down (Feinstein 2023). Building a personal relationship with customers is also crucial in the niche perfume industry. A personal touch, whether in-store or online, is critical to building trust and understanding consumer preferences (Tamayo 2023).

7.5 Competitive landscape and potential gaps in the niche perfume market

The following section analyzes the complex landscape of the luxury fragrance sector and identifies potential gaps in the niche perfume market. When observing the market landscape, there is a noticeable gap where tradition and innovation blend easily. Many brands celebrate their long-standing traditions, but only some integrate these with pioneering innovations (J. N. Kapferer and Bastien 2012). This gap becomes even more apparent when considering sustainability. At a time when consumers are more aware of their environmental impact, fragrances that combine tradition, innovation, and sustainability could carve out a distinctive position in the market (Gopinath 2018). Looking at the M&A line in this context, the future brand has great potential to capitalize on this emerging trend and the gap in the niche fragrance market. M&A, with its deep roots in craftsmanship and attention to innovation, is uniquely positioned to stand out in this emerging market segment. Furthermore, the modern consumer is not just looking for a fragrance but a perfume that tells a story and creates an emotional connection beyond the smell. Fragrances with powerful storytelling can foster stronger brand loyalty. With its commitment to storytelling, M&A is ideally positioned to take up this narrative-centered consumer mindset and offer fragrances that are not just about scents but stories (Gopinath 2018). The market for luxury perfumes with well-known brands is highly competitive. However, there is an excellent opportunity to stand out from the crowd and develop new ideas. Brands that recognize and seize these opportunities can effectively position themselves for success with special offers aligned with changing customer needs.

7.6 Competitive analysis

In the niche market for luxury perfumes, there are already some established players with specialized skills, which makes this market particularly competitive. In cooperation with the management of Comporta Perfumes and the conducted expert interview partners, the most significant competitors of the brand were identified based on similarities and the operation in

the niche perfume market, which will be explained in more detail below. The list of competitors consists of the following: Creed, Editions de Parfums Frédéric Malle, TOBBA, Xerjoff, Renier Perfumes, and Rosendo Mateu. The authors decided to compare these competitors with Comporta Perfumes and not with the current product line M&A, as M&A as an own brand does not exist yet. Therefore, it is not possible to make substantiated statements at this time.

Starting with the first competitor, “**Creed**” is a prestigious fragrance brand known for its high-quality and luxurious perfumes. The company was founded in 1760 in London, England, and has established itself over the years as a manufacturer of perfumes for royal families and celebrities (“Creed “2023). This has allowed the brand to build a reputation for its privileged clientele.



Figure 22: Creed Perfumes (“Creed” 2023)

In addition, Creed is known for its use of high-quality and natural ingredients, resulting in fragrances of exceptional quality. The brand offers fragrances in sizes ranging from €140 to €890. Today, Creed has boutiques in Paris, London, New York City, Beverly Hills, Sydney, Dubai, Kuwait City, Vienna, Mexico City, Milan, Miami, and Dallas, as well as sales stands in high-end retail shops worldwide. Creed belongs to the luxury brand segment, so the fragrances are also associated with higher prices. The company employs several experienced perfumers who contribute to the creation of their fragrances while maintaining the brand's artistic and

olfactory tradition. Creed relies on distribution in exclusive retail outlets, like Harrods in London or Saks Fifth Avenue in the US (“Creed” 2023). The brand is already much more established in the perfume market and is less niche than Comporta Perfumes due to its global placement in the primary luxury department stores.

Another competitor is “**Editions de Parfums Frédéric Malle**”, a publishing house for the best perfume designers in the industry. Frenchman Frédéric Malle is the third generation of perfume specialist in his family. In 2000, he founded Editions de Parfums Frédéric Malle. The idea for the brand was born out of a desire to give perfumers back their full creative freedom (“Frederic Malle” 2023).



Figure 23: Editions de Parfums Frédéric Malle (“Frederic Malle” 2023)

Under the guidance of Frédéric Malle, perfumers produce unique works of art sold under their own name. His goal is to push the boundaries of perfume creation and take perfumery to a new artistic level (“The Perfume Society” 2023). The fragrances range in price from €80 to €1,950. As Frederic Malle is known for his tradition of working with the best perfumers in the world, this approach adds an artistic and collaborative dimension to the brand. In comparison, Comporta Perfumes focuses on unique and distinctive fragrance profiles that capture the essence of the Comporta region. The company also distributes primarily through exclusive boutiques and department stores worldwide (“Frederic Malle” 2023).

“TOBBA” Perfumes, founded in 2019 by Jasper Li, positions itself as another competitor where art and fragrance merge uniquely. Jasper Li, both artist and perfumer behind TOBBA, draws from his painterly past, where abstract ideas find form and meaning in symbols and compositions that are also transferred to the sense of smell.



Figure 24: TOBBA Perfumes (“TOBBA Parfums” 2023)

TOBBA's fragrances reflect this artistic decoration and focus on the interplay between natural ingredients and synthetic counterparts (“TOBBA Parfums” 2023). Rather than a pre-defined narrative, the brand offers a personal and liberating experience. TOBBA is headquartered in Hong Kong and London, and the fragrances are priced at €145 (“Fragrantica” 2023).

An additional competitor is a company called “Xerjoff “, founded in Turin in 2007, created with the aim of blending the most luxurious raw materials from around the world, resulting in a collection of exquisite and unique fragrances that are now available worldwide. A blend of Italian style, tradition, and innovation characterizes Xerjoff Group fragrances.



Figure 25: Xerjoff Perfumes (“Xerjoff” 2023)

The company also carries out projects for private clients, including royal families, as well as for other strategic partners. The cost of their products ranges from €65 to €700. The perfumes are available on the brand's website and in boutiques in many parts of the world, including Monaco, Milan, Lisbon, Dubai, Moscow, London, and Turin. A feature of the Xerjoff brand is the frequent release of limited-edition fragrances aimed at collectors and aficionados. These limited editions are in high demand and contribute to the brand's exclusivity (“Xerjoff Perfumes” 2023). This strategy could also be considered for M&A and is included in the marketing strategy chapter. In addition, the two brands also differ in terms of their distribution channels.

Another brand is “**Renier Perfumes**”, founded by the South American Renier Méndez. His memories of Cuba, particularly the fragrance experiences he had while traveling to his grandparents' house, as well as his artistic background, act as significant sources of inspiration for Renier. Renier designs every aspect of his products, from the bottle to the packaging, to ensure that each element reflects his unique artistic vision (“Renier Perfumes” 2023).



Figure 26: Renier Perfumes (“Renier Perfumes” 2023)

For Renier, each brushstroke of his paintings has its own scent, and this dual creative motivation characterizes his artwork and his perfume creations. Renier's perfumes are available at prices ranging from €125 to €280. The brand's commitment to quality, craftsmanship, and collaboration with experienced perfumers has established Renier Parfums as a reference in luxury perfumery (“The Perfume Society” 2023).

The final competitor we have considered is "**Rosendo Mateu**," a well-known Spanish perfumer who founded the perfume brand in 2017. The city's rich history and culture often influence the brand's fragrance creations.



Figure 27: Rosendo Mateu Perfumes (“Rosendo Mateu” 2023)

The perfumes created by Rosendo Mateu are famous for their artistic and creative compositions. His perfumes often combine carefully selected and blended ingredients that evoke certain emotions and atmospheres. The brand offers a wide range of fragrances that cover a variety of scent preferences at a price of €190 to €245. These fragrances are created for men and women as well as unisex and are available in selected perfume boutiques and luxury shops around the world (“Rosendo Mateu” 2023). Similarities can also be drawn between the company and Comporta Perfumes, as they not only operate in a similar price range but also concentrate on unisex perfumes and use Barcelona as a source of inspiration for their perfume creations.

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Appendix 2: List of abbreviation

Corporate Income Tax (IRC)

Cost of Goods Sold (COGS)

Direct to Customer (DTC)

Earnings before Interest and Taxes (EBIT)

Earnings before Taxes (EBT)

Ease of Doing Business (EoDB)

Financing Cash Flow (FCF)

International Fragrance Association (IFRA)

Investing Cash Flow (ICF)

Master & Apprentice (M&A)

Net Present Value (NPV)

Operating Cash Flow (OCF)

Statistical Package for the Social Sciences (SPSS)

Strengths, Weaknesses, Opportunities, Threats (SWOT)

Trade Working Capital (TWC)

Unique Selling Proposition (USP)

User Generated Content (UGC)

Weighted Average Cost of Capital (WACC)

Appendix 3: Financials of M&A and Comporta Perfumes

<https://drive.google.com/drive/folders/1CLv50BVPVQL1EFdZjK->

[mvtgHq1Ej160j?usp=share_link](https://drive.google.com/drive/folders/1CLv50BVPVQL1EFdZjK-mvtgHq1Ej160j?usp=share_link)

Appendix 4: Comporta Perfumes - Commercial book 2023

<https://drive.google.com/drive/folders/1Y5t0Y8XqBc0C7qzT40fBMatjwhTDJmyT?usp=sharing>

Appendix 5: Comporta Perfumes website (M&A line)

https://drive.google.com/file/d/1dyzlyAKwTTIYNwLw9LziXMGYc_dsIbvE/view?usp=sharing

Appendix 6: Survey results - Data general survey

https://drive.google.com/drive/folders/1rRBvjTT4FmIy2jTOb_U5UT7E6xHuZ-pL?usp=share_link

Appendix 7: Survey results - Data design survey

https://drive.google.com/drive/folders/1h41UxhDcAxP1j1Cpfxj8nikcYNV1vTU?usp=share_link

Appendix 8: Perceptual map - Assessment of exclusivity

<https://drive.google.com/file/d/1AHp80KUOw9TRVb6hxYFZtk97w5V02ayv/view?usp=sharing>

Appendix 9: Name suggestions

https://drive.google.com/drive/folders/1pYpyEB74AHz2hGjKWbj3OIEbOr3fQ3Id?usp=share_link

Appendix 10: Storytelling of Master & Apprentice

https://drive.google.com/drive/folders/1EiV2A5SwCbSwnUDxIU0hGcNGPjpUffW?usp=share_link

Appendix 11: StoryBrand framework by Miller

https://drive.google.com/drive/folders/1_3DER_j30UR5xaaM9nZwGdYa9wx0tsn-?usp=share_link

Appendix 12: European expansion strategy

https://drive.google.com/drive/folders/1kR_YGobJWC7N58YbTMuuKIkaFvrPcmey?usp=sharing

Appendix 13: Income statement - Master & Apprentice

https://drive.google.com/file/d/1vmDTWpMv0epJtclY1Lr_XY5c-vRXAGSt/view?usp=sharing

Appendix 14: Assumptions Master & Apprentice

https://drive.google.com/drive/folders/1oSXmDYOpvYsfJeEjLxaVu-wVQwTh-TU_?usp=share_link

Other relevant data:***Appendix 15: Expert interview - Pedro Simões Dias & Inês Noronha***

https://drive.google.com/drive/folders/1xCO6wpjwfUrAg6z6kkBI3l0uwsWMKjow?usp=share_link

Appendix 16: Expert interview - Johann Vitrey-Tardif

https://drive.google.com/drive/folders/1WWmlLDODYgKU2W9n04DBpZbSPm-ss_yP?usp=sharing

Appendix 17: Expert interview - Marta Tamayo

https://drive.google.com/drive/folders/1sQLlu16iKBi-ESey8XHWN9zgDeDne6Qk?usp=share_link

Appendix 18: Expert interview - Ricardo Claudino

<https://drive.google.com/drive/folders/10hk0gKVvugsxhk8ThlAEpryrCH1ZD-fg?usp=sharing>

Appendix 19: M&A - Press release

https://drive.google.com/drive/folders/1LfVjt65_1vuVfZJuvrHnnMsUfLmz9Vqf?usp=share_link

Appendix 20: WILL - Press release

<https://drive.google.com/drive/folders/1nLF3Pjpi44u2fmU7M6VIzLOc7JtAG-UG?usp=sharing>

Appendix 21: Comporta Perfumes order form 2022

<https://drive.google.com/drive/folders/1-vREsqEcbavOpTqaxPpDfAE-Xiu6xYn7?usp=sharing>