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? METHODOLOGY & EUROPEAN EXPANSION STRATEGY"

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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. The M&A line is the result of a collaboration between an experienced perfumer and an apprentice. It is now to be repositioned in the international niche perfume market as an independent brand. The following work elaborates a strategic plan for the rebranding and expansion strategy. This thesis explains strategies for the new brand, with a focus on differentiation, storytelling, and exclusivity.

Keywords

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

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1 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.

Structure of the thesis

The subsequent sections outline the structure of this thesis, which covers a range of topics and analyses, to achieve the research objectives effectively. The thesis consists of twelve main chapters:

1. *Literature Review (p.8-13):* The introduction is followed by a detailed analysis of the relevant literature, in which the essential concepts of brand positioning, brand equity, and the different positioning concepts are examined. This chapter serves as the theoretical basis for the following research.

2. *Methodology (p.14-22):* This section outlines the methodological approach, research design, data collection methods, and data analysis techniques. Additionally, ethical considerations are made to guarantee the validity and reliability of the research.
3. *Company Overview (p.23-28):* To understand the context of the M&A brand within Comporta Perfumes, this section provides a detailed profile of the company, its history, vision, mission, and product portfolio, with a particular focus on the new brand.
4. *Market Analysis (p.29-40):* This segment examines the historical development of the perfume industry, current market size and growth trends, and new developments in the industry. It also explores the niche market for perfume and conducts a competitive analysis to identify opportunities.
5. *Situation Analysis (p.41-54):* The work provides an insight into internal and external aspects, supports decision making and guides strategic recommendations. Tools such as SWOT, PESTEL and Porter's 5 forces are used to paint a comprehensive industry picture.
6. *Market Research (p.55-70):* This section presents the results of our market research, including qualitative interviews and survey results.
7. *Marketing Strategy (p.71-93):* Focusing on the strategic development of the M&A brand, this segment covers the insights outlined above. It includes the target market selection & segmentation, formulation of a brand positioning strategy, and the definition of the brand's value proposition. In addition, product development and packaging strategies for the M&A brand are explored.
8. *European Expansion Strategy (p.*94-101): Following the launch of the M&A brand in Portugal, the authors recommend expanding their presence to other European locations.
9. *Implementation Plan (p.*102-118): The first year marketing plan for M&A includes the launch and establishment of the brand through a series of strategic initiatives, with a focus on seamless implementation.

10. *Financial Considerations (p.119-124):* This chapter looks at financial aspects, including budgeting, sales forecasting, and other financial considerations, to provide a cost estimation regarding the proposed brand launch.
11. *Limitations (p.125):* Potential limitations and sources of bias are discussed, highlighting areas where the research may have limitations.

Conclusion (p.126): The paper concludes with a summary of the main findings, their implications, and relevance to the research objectives

2 Methodology

This chapter presents the methodology of this work project thesis, which aims to investigate the key factors that contribute to the success and recognition of high-end perfume brands in the market. The methodology covers various aspects including research approach and design, data collection methods, sample size determination, and data analysis techniques.

Research approach and design

This chapter discusses the research approach and design the authors will use in the work project. The research approach refers to the systematic methods that are used to conduct the investigations referring to the research question (Muhammad Hassan 2023).To achieve this, the authors will use the inductive research approach as the nature of the work project is to develop a theory on what key factors contribute to the success and recognition of high-level perfume brands in the market. The aim is to observe and collect data, seek patterns, and develop a theory, which the authors will do to find out the preferences and characteristics of shoppers in the high-end niche perfume market. For data collection and analysis of the data, the authors will use qualitative and quantitative research approaches (Streefkerk 2019). The research design outlines the structure of the work project with the aim of addressing the research question (McCombes 2021). It includes the research methodology and data collection methods, which will be more closely elaborated in the further part of this chapter. The choice of research design significantly influences the quality, relevance, and precision of the outcomes (Bouchrika 2023). In the work project, some data already exists, however further data needs to be accessed and analyzed which is why both exploratory and explanatory research approaches will be used.

Research Design	Used Data Collection Method
Exploratory research	Literature review, open-ended interviews, content analysis
Explanatory research	Structured surveys, statistical analysis, use of existing data

Table 1: Overview research approaches (Personal collection)

Exploratory research focuses on research questions that have not been fully investigated yet and are therefore qualitative and primary (Tegan 2021). Data collection methods used in the exploratory research include literature reviews, open-ended interviews, and content analysis which the authors will use in the work project. Explanatory research explores a given topic when limited information is available (Tegan and Merkus 2021). To gather more data in explanatory research, the authors will conduct two structured surveys, statistical analysis and use existing data to understand what key factors contribute to the success and recognition of high-level perfume brands in the market.

Data collection methods

This chapter describes the methods of data collection. It describes the approach for collecting primary data, such as surveys and expert interviews. Furthermore, secondary data is collected from existing academic and industry publications. This dual method of data collection is central to a comprehensive and robust analysis of the study.

Primary data

Building on the research approach and design, different data collection methods will be used to collect supportive data. First, the authors will dive deeper into the primary data collection method ("Scribbr" 2023). For the primary data collection, two surveys and three expert interviews will be conducted in the work project (see Table 2).

Data Collection Method	Primary or Secondary	Type of data	Usage
Survey	Primary	Quantitative Qualitative	Understanding consumer preferences regarding high end niche perfumes
Expert Interviews	Primary	Qualitative	Getting exclusive insights, deepen understanding about high end niche perfume market

Table 2: Overview research methods (Jain 2021)

In the following, the primary data collection methods used will be further elaborated.

Surveys:

Surveys have been used for a long time as a tool for data collection. They are useful in exploratory, explanatory, and descriptive research. Surveys are a good way to reach an extensive number of people and ask them standardized questions (Mathers, Fox, and Hunn 2009). Data collection via surveys involves the gathering of information from a predefined group of individuals, typically focusing on their opinions, behaviors, or knowledge on a given subject matter (Tague 2005). Depending on the questions, a survey can collect quantitative or qualitative data (Diem 2004). Quantitative research is often used to determine broad facts about a topic and is conveyed in statistics and graphs (Babbie 2010). In a survey, this can be expressed for instance by single or multiple selections from a possibility of choices, sliding scales, or picture selection. Compared to quantitative data, qualitative data seeks to explain the "why" behind the numbers by focusing on the characteristics of users. In surveys, this is captured by open-ended questions. The objective of qualitative research is to gain insight into concepts, ideas, thoughts, or experiences through verbal expression (Mahmutovic 2022). In the work project, two surveys will be conducted. The first survey will explain general consumer preferences and characteristics regarding high-end perfumes. The second one will explore design preferences when buying a high-end niche perfume. The surveys will be conducted with the survey tool Qualtrics and interpreted using the statistical tool SPSS which stands for "Statistical Package for the Social Sciences". It is a software for statistical analysis and offers tools for various statistical methods, including descriptive statistics and predictive modeling (“IBM” 2023).

Expert Interviews:

An interview is an interactive form of data collection (Adler and Clark 2008). In an interview, the researcher explicitly poses the questions. A face-to-face interview may take place over the phone, online with or without videos, or in person. In comparison to surveys, interviews whether in-person or online often provide a more personalized exchange of information (Adams, Khan, and Raeside 2014). In the work project, the authors will conduct industry expert interviews through telephone conversations and in-person meetings which help deepen the understanding and get exclusive insights about the niche perfume market. As stated in Table 2, the expert interviews are primary in nature and collect qualitative data (Bhandari 2020).

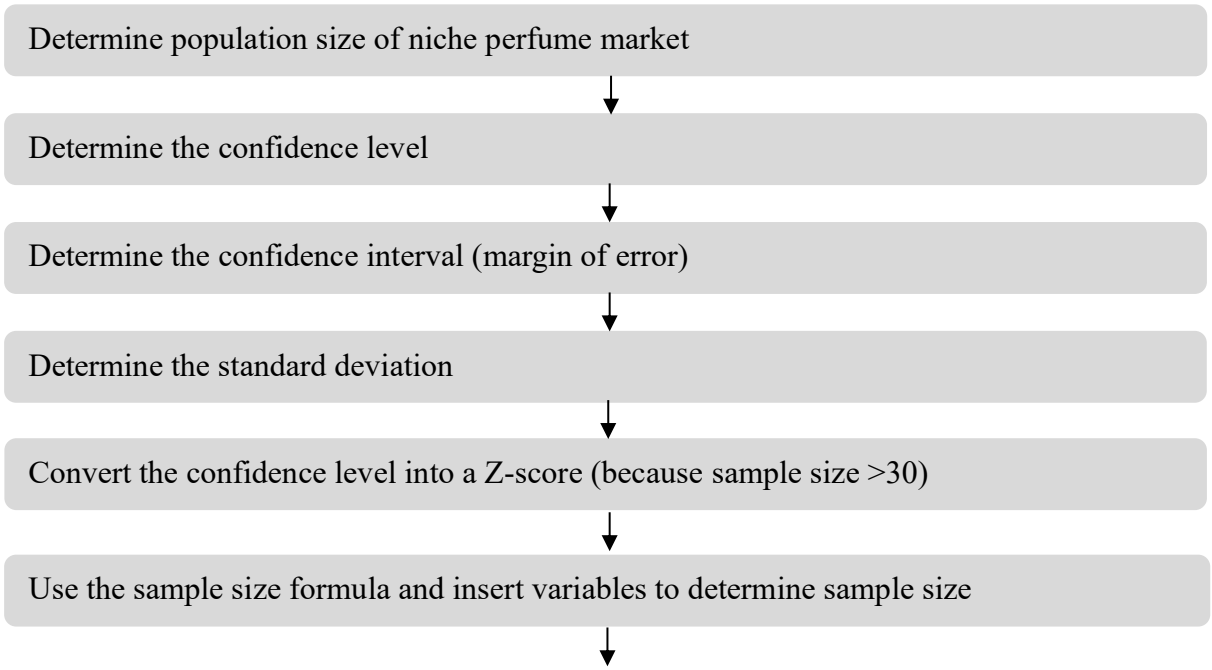
Secondary data

Secondary data refers to information that has been collected, processed, and published by someone else, rather than the researcher gathering the data first-hand. This may include data from sources such as government publications, market reports, online data, academic data, industry journals and other existing data sets (M. Hassan 2023). The collection of secondary data is captured in a literature review, which is a comprehensive summary of prior research conducted on a specific topic. By considering the work of previous scholars, the literature review demonstrates a clear comprehension of the subject matter and helps establish credibility with the audience (Lau and Kuziemsky 2017).

Sample size determination

Sample size in research relates to the number of individuals included in a study to effectively represent a given population. This figure includes the total count of participants in the study and is often divided into demographic categories like age, gender, and alternative income to ensure an accurate portrayal of the population's characteristics through categorization (Kibuacha 2021). In the work project, the authors will assess the preferences of high-end niche perfume users of different countries and of a diverse population to derive a marketing strategy. To gain valid insights, it is important that the sample size is large enough. If the sample size is

not large enough, the authors risk not adequately representing the realities of the population being studied (Frost 2019). To calculate the sample size, the authors follow the following steps (Kibuacha 2021):



Determination Sample Size			
Formula	**Input variables**	**Calculation**	**Result**
((Z-score)^2 x Std Dev x (1-StdDev))/ (Confidence Interval)^2	Z-score = 1.96 StdDev = 0.5 CI = 0.05	((1.96)^2 x 0.5(0.5)) / (0.05)^2	384

Figure 1: Sample size calculation. Personal Collection. (Kibuacha 2021)

In the process of determining the sample size, the first step is to define the population size. Looking at the niche perfume market and the countries that would potentially be relevant for the work project, it was identified that the niche perfume market size is not possible to define in size. This is why the authors proceed with an unknown sample size. Next, the confidence level was determined, which is a crucial statistical tool that quantifies the level of uncertainty and helps to express confidence in the accuracy of the estimates (Frost 2019). In statistics, a 95% confidence level is recommended and seen as a solid default (Chan 2022). Building on the

population size and the confidence level, the margin of error (MOE) needed to be defined. MOE counts as a crucial step in the context of survey design and statistical research (Hunter, n.d.). The MOE plays a fundamental role in quantifying the level of precision and confidence associated with the survey findings, thus enhancing the credibility and trustworthiness of the research outcomes (Kalla 2009). In the work project, the authors chose a 5% MOE (Carpenter 2023). The next step is defining the standard deviation. Since limited data is available, the authors pick a standard deviation of 0.5 as this is considered a good standard deviation for limited data (Carpenter 2023). In the next step, the confidence level will be converted into the respective Z-Score. In the work project, the authors defined a confidence level of 95%, which gives a Z-Score of 1.96. Inserting the above metrics into the sample size formula (see Figure 5), a score of 384.16 is achieved. The sample size should be a minimum of 384 respondents to achieve valid results.

Data analysis techniques

This section of the thesis explores the main analytical methods applied to the research data. It includes chapters on 'Quantitative Analysis', which focuses on regression analysis, and 'Qualitative Analysis', which examines thematic patterns within the data and provides a multi-layered perspective on the results of this study.

Qualitative analysis: Thematic analysis

Qualitative thematic analysis is a systematic and interpretive method employed in social sciences and qualitative research to examine and make sense of textual or visual data. This approach is utilized to identify, analyze, and understand patterns or themes within a dataset, to uncover underlying meanings, insights, and perspectives In the work project, the commonly used six-step framework for conducting thematic analysis by (Braun and Clarke 2006) will be used (see Figure 6).

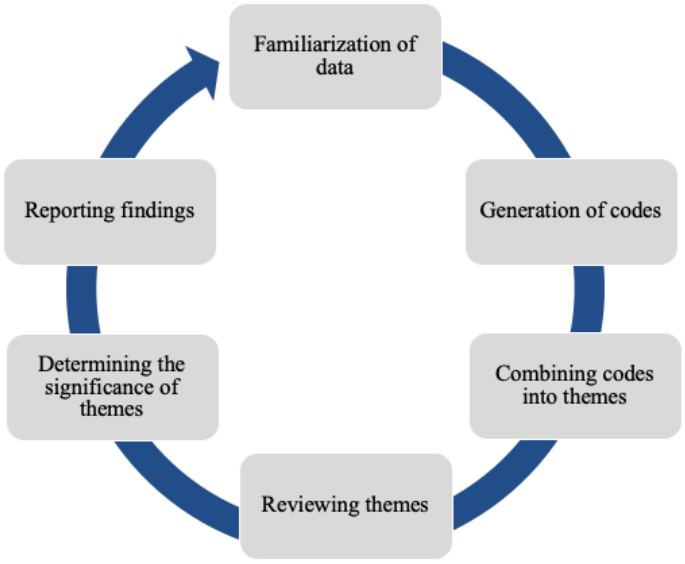


Figure 2: Six-step framework for conducting thematic analysis (Braun and Clarke 2013)

In the first step, it is about getting familiar with the data and gaining an overall understanding of the data set. In the second step, the process of generating codes is started by systematically identifying meaningful sections or segments within the data. These segments get labels or codes assigned that describe their content or meaning. This step involves breaking down the data into smaller, manageable parts. The step "combining codes into themes", is about looking for patterns, connections, and similarities among the codes. Related codes will be grouped together to form preliminary themes or categories. This involves identifying the key ideas or concepts that emerge from the data. In Step 4, the identified themes will be reviewed to assess their accuracy in representing the dataset and their alignment with the research objectives. Researchers may go back to the data to ensure that the themes make sense in the context of the entire dataset. Once the themes are finalized, researchers determine the significance of themes and provide clear and descriptive names for each theme. It is important that the names capture the essence of the themes. In the last step, the findings will be discussed and interpreted, and the authors will derive strategic recommendations.

Quantitative analysis: Descriptive statistics - Regression analysis

Quantitative data analysis encompasses various statistical techniques, with descriptive statistics and regression analysis being fundamental components of this process (Ali 2021). Descriptive statistics involve the exploration and summarization of data, providing a clear snapshot of the dataset's central tendencies (e.g., mean, median, mode), variability (e.g., standard deviation, range), and distribution (e.g., histograms, box plots) (Cooksey 2020). Regression analysis allows researchers to assess how one or more independent variables influence a dependent variable. Simple linear regression examines the relationship between two variables, while multiple regression extends the analysis to multiple predictors (Parveen and Athisam 2021). By combining descriptive statistics with regression analysis, it is possible to uncover patterns, make informed decisions, and draw valuable insights from the survey data (Alabi and Bukola 2023) as illustrated in Figure 7 below..

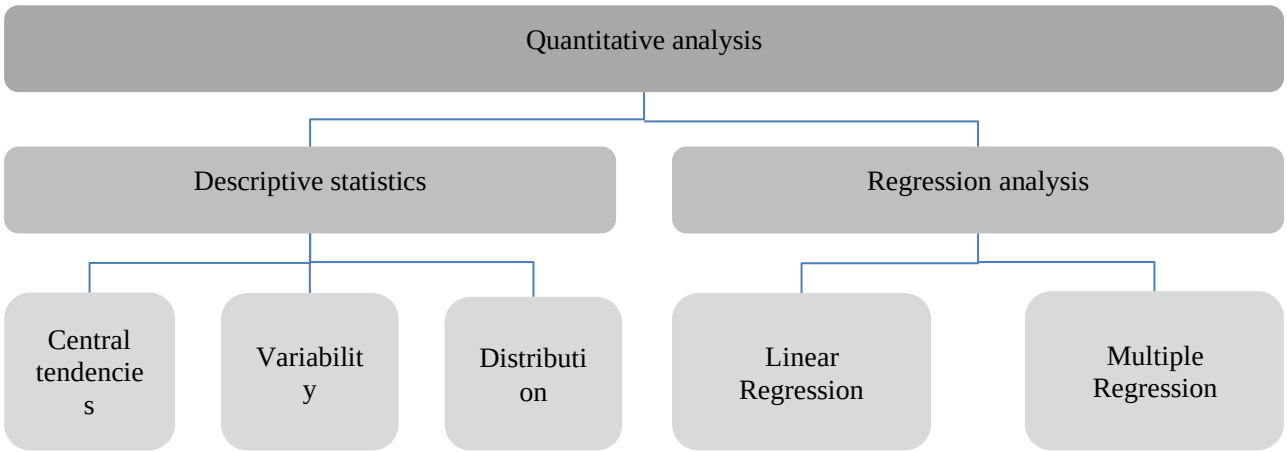


Figure 3: Overview Quantitative analysis: Descriptive analysis and Regression analysis (Personal collection)

Ethical considerations and data validity and reliability

In the work project, where the preferences of shoppers for niche perfumes are being explored, it's crucial to remember that ethical considerations are at the heart of the data collection process. This means that the survey participants are treated with respect, that their informed consent is obtained, and that their privacy will be protected (Woodrow 2014). By doing so, not only ethical standards will be upheld but also the validity and reliability of the data gathered will be

enhanced. Validity ensures that the information collected accurately reflects shoppers' true preferences, while reliability ensures that the findings are consistent and dependable (Haradhan 2017). By combining ethical practices and sound research methods, the authors aim to provide valuable insights into the niche fragrance sector that are both trustworthy and respectful of participants' rights.

3 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.

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 delimation 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-up 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.

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.

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).

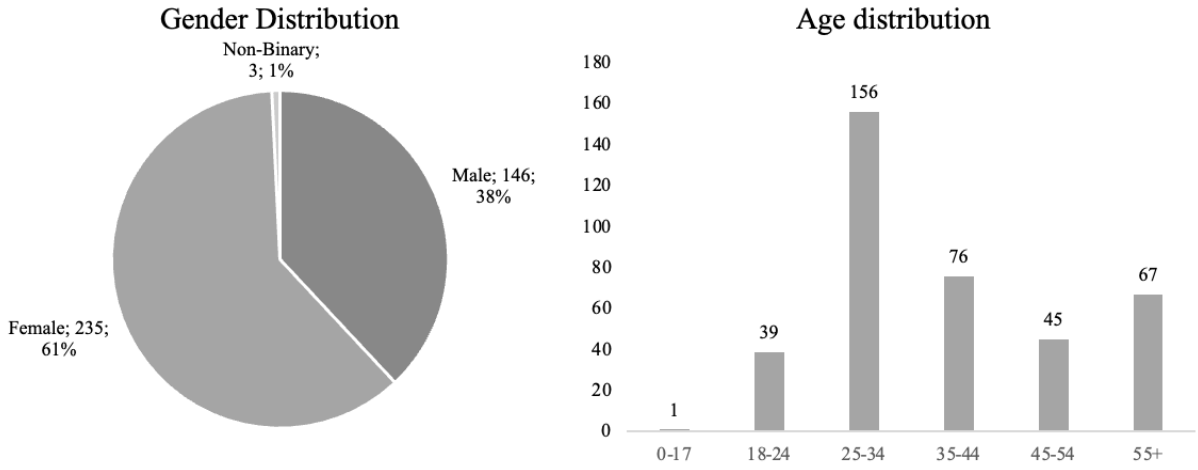


Figure 4: Gender and Age Distribution of survey results (Personal collection)

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.

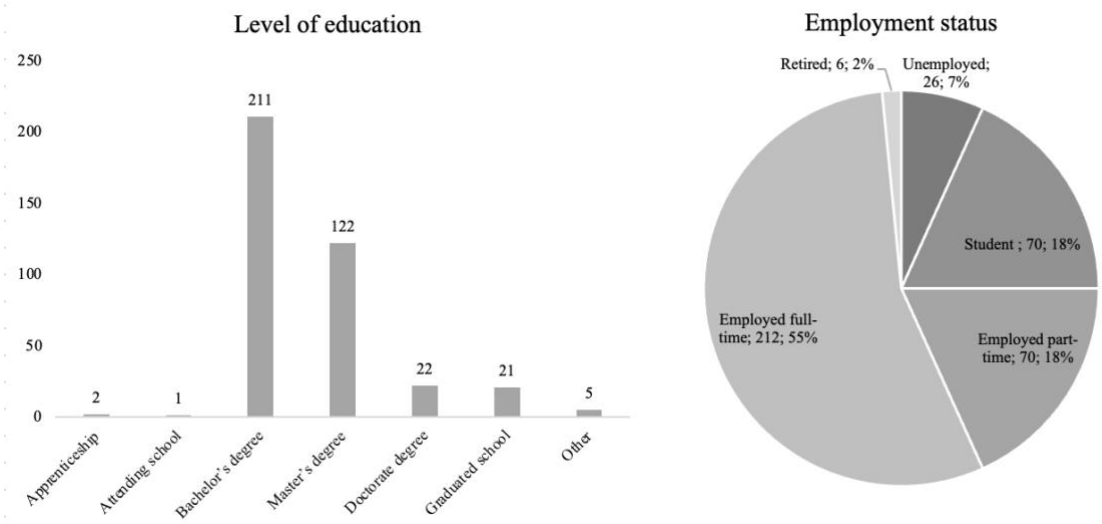


Figure 5: Level of education and Employment status of survey results (Personal collection)

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).

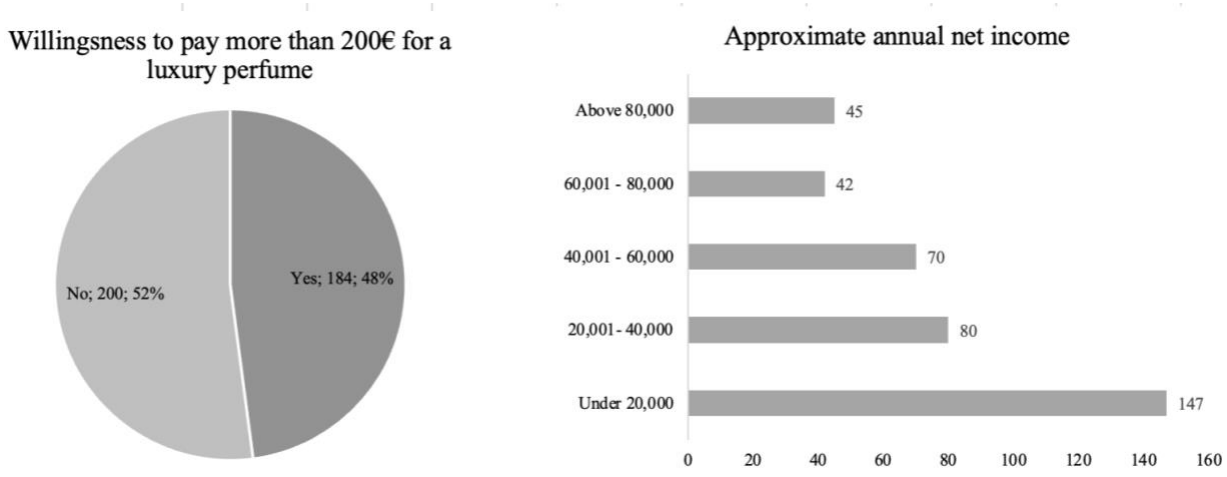


Figure 6: Willingness to pay more than €200 for a luxury perfume and participants net income of survey result (Personal collection)

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, Fragrantica) 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).

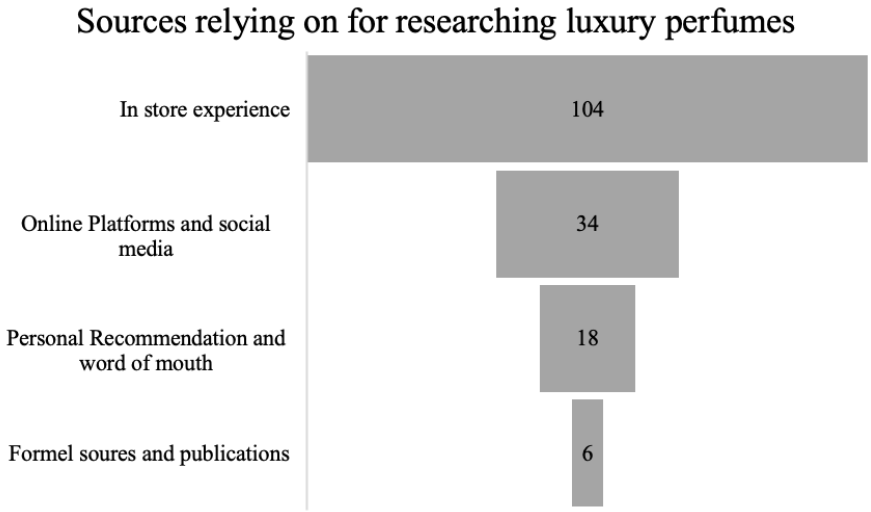


Figure 7: Survey results. Sources for researchin luxury perfumes (Personal collection)

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?	
It encourages me to consider certain products	122
It has no impact on my purchasing decisions	50
It significantly influences my purchasing decisions	28

How often do you purchase luxury perfumes?	
Never – I have never purchased a luxury perfume	2
Rarely – I only purchase luxury perfumes on special occasions	26
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 3: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 4: 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 impotant 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 5: 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 6: 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	Moderatly 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 7: 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).

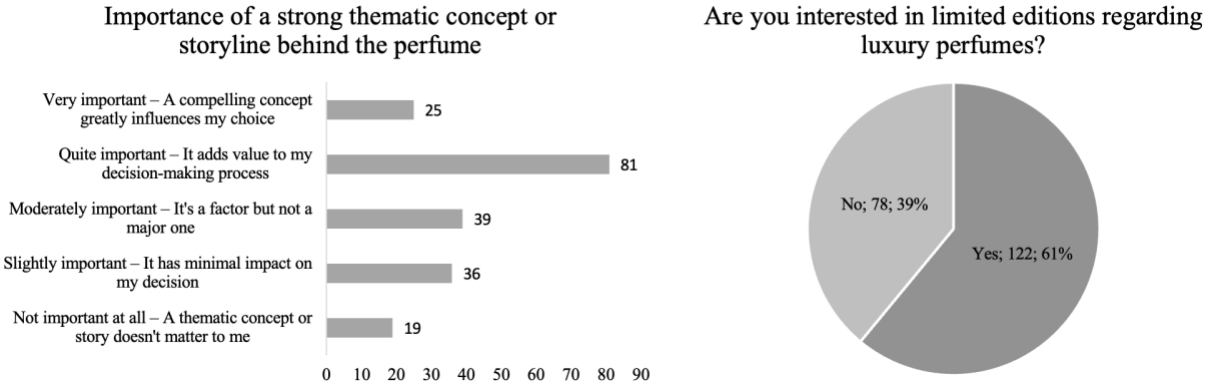


Figure 8: Survey results. Thematic concept and interest in limited editions (Personal collection)

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).

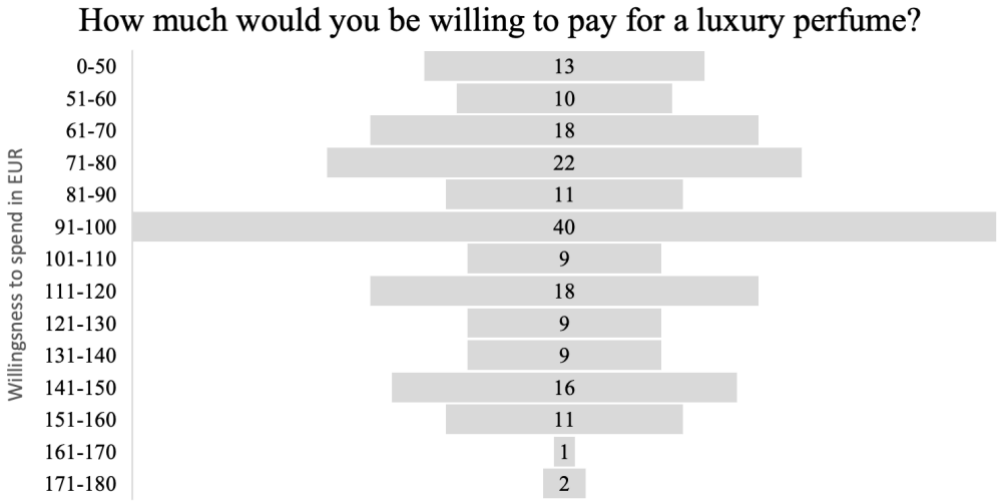


Figure 9: Survey results. Willingness to pay for luxury perfume (Personal collection)

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

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).

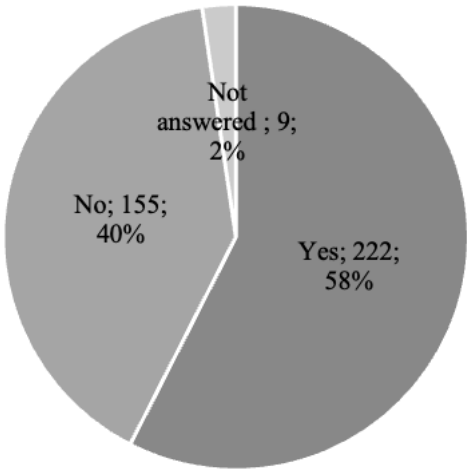


Figure 10: Survey results. Willingsness to pay more than €200 for a luxury perfume (Personal collection)

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).

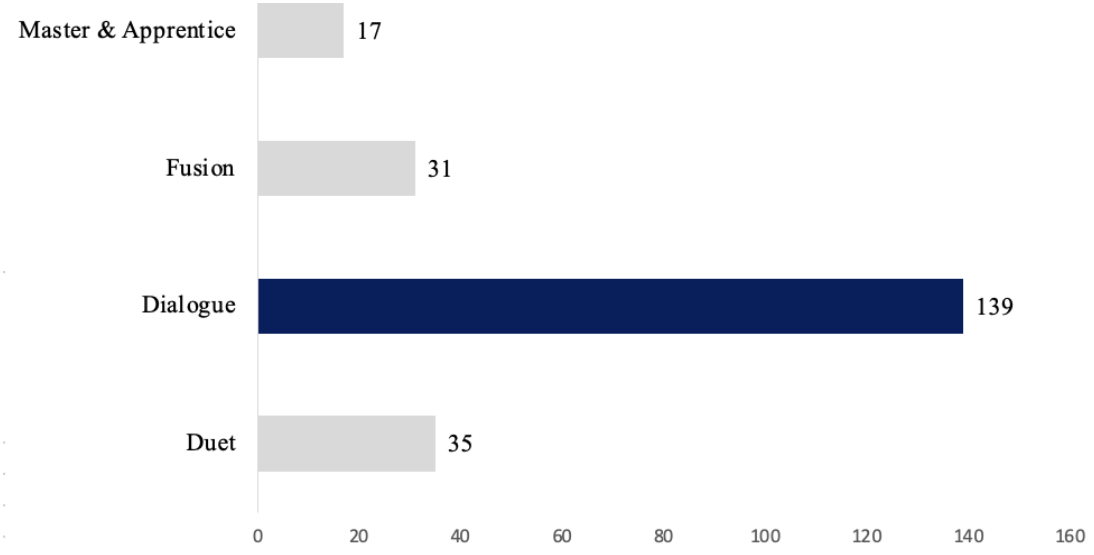


Figure 33: Survey results. Preferred brand name (Personal collection)

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 13: 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 14: 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 15: 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. This is why **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.

4 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.

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.

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” 2023a). 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).

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 primarly on the European market, due to homogenous market characteristics. The detailed market selection process will be furthe 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 (Mclintock 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 (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).

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).

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).

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” 2023m).

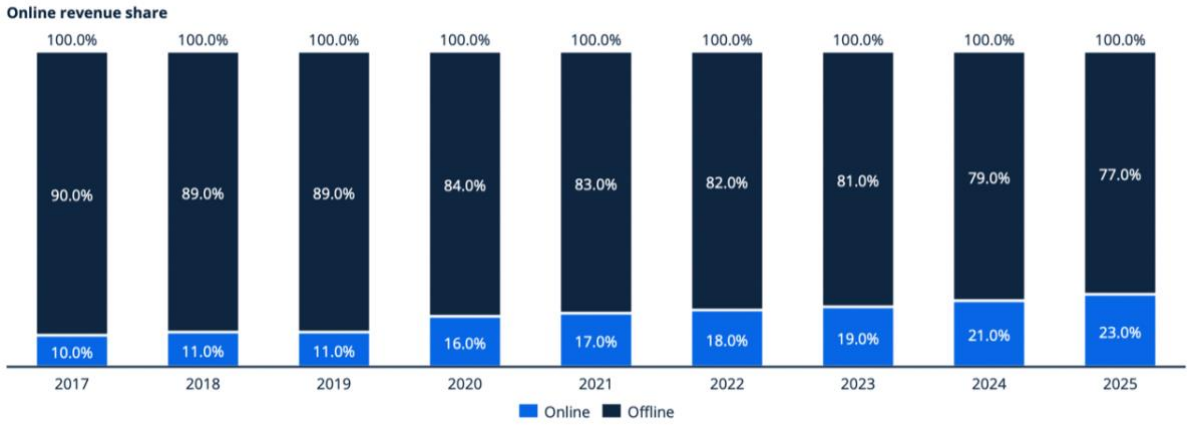


Figure 16: Prestige Cosmetics & Fragrances markets online and offline revenue share distribution (Statista)

This is also supported by the data form 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" - source of the website). 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” 2023b). while Instagram targets users aged 18 to 24 (30.8%) and 25 to 34 (30.3%) and also appeals to older generations (“Statista” 2023c). 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 (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 cooperations 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.

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 2.1.2. 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, Ekinci, 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.

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).

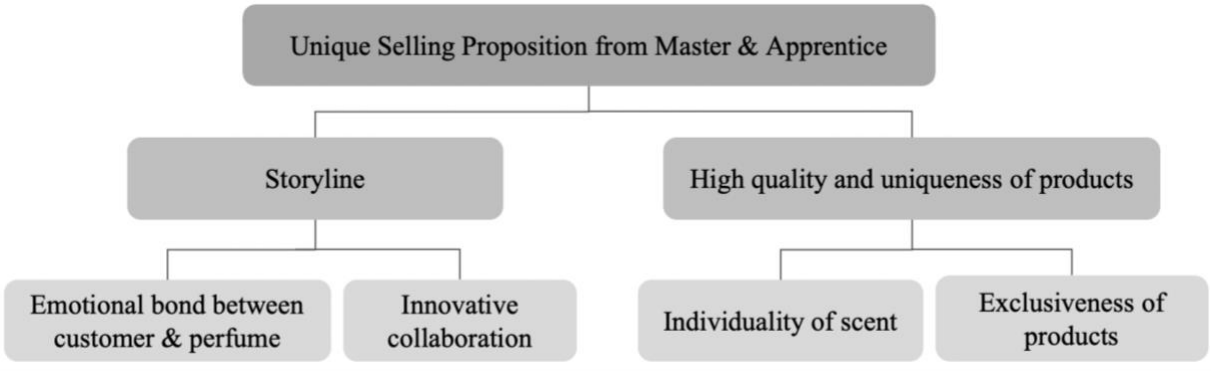


Figure 17: Unique Selling Proposition of the Master & Apprentice Brand (Personal Collection)

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. The strategic positioning of M&A within this industry is more clearly defined in Chapter 8.2.1, which presents findings from expert interviews and surveys. These findings highlight the preferences and needs of M&A's esteemed clientele within the premium niche perfume market, underscoring the demand for uniqueness, exclusivity, and a deep emotional connection with 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.

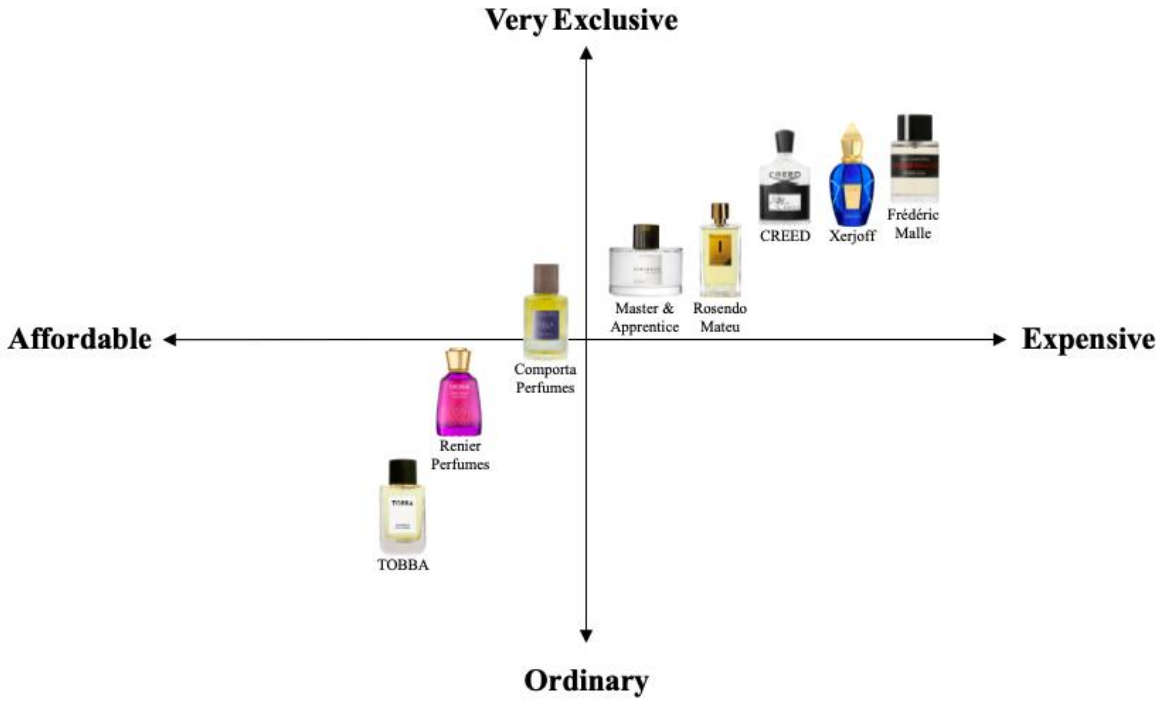


Figure 18: Perceptual Map: Niche perfume market (Personal collection)

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.

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).

5 European Expansion Strategy

Finding viable target markets outside of Portugal is essential to the company's future success because mistakes made at this point can be costly. After the M&A brand launch in Portugal, the authors recommend expanding the brand to further places in Europe. According to Statista Market Insights (2023), in 2023, the European market for prestige cosmetics and fragrances was forecasted to continuously increase between 2023 and 2028 by in total of 3.1 billion USD (+24.68%), estimated to reach USD 15.65 billion in 2028 (“Statista” 2023d). To identify the most attractive markets for the M&A line, a city selection process (further explained in Step 1 below) is performed in three steps. Steps one and two serve to identify the best-suited country while step 3 aims to identify the cities with the highest potential.

Step 1*:* This first step is to identify the European countries with the highest potential for market entry by utilizing a go-to-market country selection process (Appendix 12). This selection considers several criteria, focusing on the general purchasing power in these countries. The initial assessment of potential is rather general and leads to a general first selection of countries for market entry.

Step 2*:* The second step involves a more detailed analysis of the pre-selected countries in the niche perfume market. In this step, the authors involve extensive industry research, the conducted expert interviews, and input from the Comporta Perfumes founder Diaz. Based on this research, the authors provide clear reasoning for entering each of the selected expansion countries. This customized approach ensures that the expansion strategy is based not only on broad market potential (step 1) but also on a deep understanding of the specific niche perfume requirements.

Step 3*:* In a third step, the authors will evaluate and determine to which cities M&A should expand. Based on these three steps, the authors identify the countries and cities best suited for entering the niche perfume market based on M&A's perspective. The result will be *one city*

recommended for M&A expansion in the first year and another city considered in the second year.

Step 1: Identification of the European countries with the greatest potential

The process:

For the country selection analysis (Gorecka and Szalucka 2013), the authors included the 28 EU countries plus Switzerland. This decision is based on the standardized market environment and the harmonization of legislation within the EU, which allows for smoother business operations (European Union 1998). Furthermore, Switzerland's strong economic position and close economic ties with the EU, despite not being a member, are a strategic reason for Switzerland's inclusion (Brossardt 2022). The UK, in contrast, was excluded due to increased trade complexity and regulatory challenges post-Brexit, which could further complicate market access and business operations (Kassim, Ennis, and Jordan 2021). During the process, it is essential to determine the right choice of variables that reflect the objective of the expansion.

1) Market size (population and GDP growth rate)
2) Wealth of consumers (total wealth per capita)
3) Political system (voice & accountability)
4) Simplicity (ease of doing business)

These criteria comprehensively evaluate a market's potential for growth and profitability, considering factors such as consumer base, economic development, and future growth prospects. As a company specializing in luxury niche perfumes, the authors considered the wealth of consumers to be the most significant indicator for measuring the market potential. For that reason, it weighs 30%. In addition, the authors considered future growth rate and ease of doing business with a weight of 25%, population in million with a weight of 15%, and the factor political system with 5%. The methodology (Appendix 12) focused on scoring each criterion from 1 (worst) to 5 (best) by removing outliers when scores did not represent

significant differences among countries, thus standardizing the raw data to achieve comparable results while considering scale effects. For the Ease of Doing Business (EoDB) variable, the score reverses due to the nature of the data. Building on that, the authors gathered all data by scores, calculated the relative weights displayed above, and got a final ranking.

Results:

The analysis of the step 1 country selection process is visually demonstrated in the graph below. For a simpler presentation, only the top 7 countries are displayed. A complete prioritization list of the country list is in (Appendix 12). A maximum of three factors can be included to visually demonstrate the bubble graph below (Figure 44). The authors decided to choose the three variables with the highest weight, which are the wealth of consumers (30%), future growth rate (25%), and ease of doing business (25%).

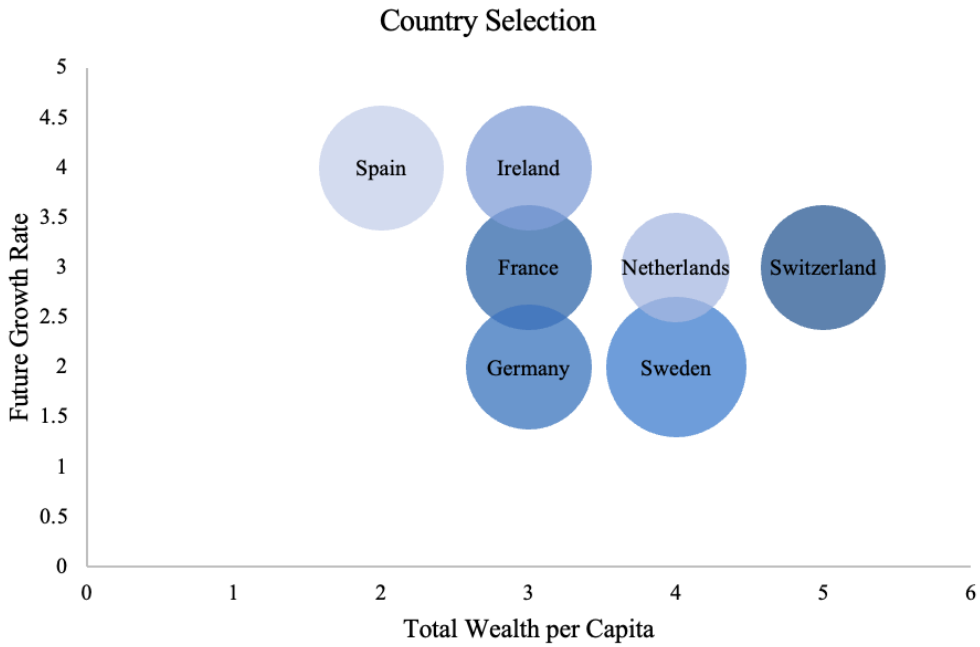


Figure 19: Graph includes total wealth per capita and future growth rate (2023 prediction). Bubble size represents the ease of doing business (small bubble = best) (Personal collection)

Based on the analysis of these criteria, and after running all countries through the algorithm, the authors identified seven high potential countries: Switzerland, France, Germany, Sweden, Ireland, Netherlands and Spain as seen in Table 10 below.

Countries	Ranking	Final Score
Switzerland	1	3,65
France	2	3,40
Germany	3	3,35
Sweden	4	3,30
Ireland	5	3,25
Netherlands	6	3,15
Spain	7	3,10

Table 8: Table includes scores from general country ranking (step 1). (Personal collection)

Step 2: Adjusted final country ranking according to niche perfume

The results of the performed country selection process in step 1, serve as a solid first basis to determine the best-suited countries for M&A. Nevertheless, the ranking does not include specific insights into the luxury niche fragrance market. This is why, in this step, the authors consider the expert interviews and conduct additional market research to build on the general country selection list from step 1. This ensures the expansion strategy is not only based on the general business potential of the country but also on expert know-how and detailed niche perfume information. In the following, the authors closely examine each identified country and decide if the country will remain or be excluded in the ranking. Based on the niche perfume research and the expert interviews, some countries might also be added to the list.

Switzerland represents a viable market for the prestige fragrance segment, with revenues of USD 158.20 million in 2023 and an expected annual growth of 4.74% (CAGR 2023-2028). The perfume growth potential of the market, combined with the high ranking from the general country ranking process in step 1, makes Switzerland a strategic target for M&A expansion in the European luxury fragrance market (“Statista” 2023e) This is why *Switzerland remains in*

the expansion list. In **France**, however, the situation is different. The expert interviews revealed that the niche market for perfume in France is highly competitive, and strong domestic brands are already established (Vitrey-Tardif 2023). It would be tough for M&A to gain a foothold in this market, which is why the authors decided to *exclude France from the expansion plan* besides the high general country ranking in step 1. **Germany** ranked in the top three of the step 1 general country ranking indicating promising market conditions. Germany stuck out in the expert interviews (Vitrey-Tardif 2023), as two experts emphasized Germany's particular potential in the niche perfume industry. This is also supported by data, with 55% of Germans appreciating high-quality products and a growing inclination towards eco-friendly and organic perfumes. Moreover, Germany expects growth of 3,27% (CAGR) in prestige fragrances between 2023 and 2028, which makes Germany a promising market for expansion ("Statista" 2023f). For **Sweden,** the luxury fragrances segment also represents a promising market for expansion. In 2023, sales for prestige fragrances in this sector were estimated at USD 92.75 million, with a projected compound annual growth rate of 3.49% (CAGR 2023-2028) ("Statista" 2023g). This steady growth rate indicates a growing interest and demand in the prestige fragrance market in Sweden. This is why *Sweden remains in the list*. **Ireland** has an expected prestige perfume market revenue of US$52.97 million in 2023 and a projected annual growth of 3.46% (CAGR 2023-2028) ("Statista" 2023h), which indicates that the Irish market is growing steadily. Furthermore, the Irish market is characterized by its demand for unique and locally produced fragrances, with non-luxury products accounting for 59% of perfume sales ("Statista" 2023i). This trend fits well with M&A's offering and makes Ireland an attractive destination for expansion in the European fragrance market. This is why *Ireland remains in the list.* The **Netherlands** shows potential in the perfume industry, especially in the prestige fragrance segment. With a turnover of US$ 188.00 million in 2023 and an expected growth of 3.43% (CAGR 2023-2028), the market is growing steadily ("Statista" 2023j). These factors make the Netherlands a market worth considering for expansion in the European luxury

perfume sector. For now, the *Netherlands will remain in the ranking*. The **Spanish** prestige fragrance segment shows considerable potential, with sales of US$ 0.73 billion in 2023 and an expected annual growth of 3.09% (CAGR 2023-2028). Per capita prestige perfume sales of US$15.53 in 2023 indicate consumer interest in high-end fragrances (“Statista” 2023k), making Spain an attractive market for expansion in the European luxury fragrance sector. The increasing demand for traditional fragrances inspired by Spain's rich history further increases the attractiveness of entering the market which is why *Spain will remain in the list* as well (“Statista” 2022). As the brand's country of origin, **Portugal** remains a key market. The Portuguese prestige fragrance segment is forecasted to generate sales of USD 92.61 million in 2023, with a projected annual growth rate of 3.60% (CAGR 2023-2028) (“Statista” 2023l). Although Portugal is not included in the general ranking from step 1, the authors decided to *add it to the final ranking*. **Italy** is home to the world's most significant niche perfume trade fair "esxense" (“Esxence” 2023). The expert interviews, highly emphasized the potential of Italy referring to the significant base of niche perfume lovers and experts (Vitrey-Tardif 2023). Moreover, the statistics show that 54% of Italians appreciate high-quality products and 25% see luxury as an inspiring experience. This is why *Italy is added to the final expansion list.*

Summarizing the country evaluation, the authors have identified Germany as the top candidate as the first target for brand expansion in the first year. Depending on the outcome in Germany, the decision for expansion in the second year will be between Switzerland and Spain. As M&A has already established a foothold in the Portuguese market, entering the German market - in the center of Europe - will serve as a strategic test. Success in Germany would suggest Switzerland as the next logical market, given the market similarity and proximity. If the German project does not yield the expected results, Spain would be the alternative, further exploring the southern European market.

Step 3: Selection of cities based on final country ranking list

The next crucial step is the careful selection of cities. In line with the M&A brand's mission statement, the focus is on urban centers that reflect the brand's distinctive character. It is important to emphasize that the decision is not just about choosing capital cities. Instead, M&A should focus on cities that offer a unique blend of cultural and historical significance and align with the overall concept of the brand. These cities should be rich in artistic heritage and historical landmarks that align with M&A's values of exclusivity, cultural affinity and luxury. The target is not the mass market but a niche segment that aligns with M&A's values. The targeted cities appeal to an upscale, urban, and chic clientele - people who appreciate high-quality and luxurious niche fragrances. Therefore, cities with more affluent demographics and a higher standard of living are particularly important. These urban centers reflect M&A's brand values and embody a certain level of prestige and sophistication that reflects the character of M&A's fragrances. The selected cities are not just locations for market expansion but strategic choices that enhance the brand's external perception and emphasize the luxurious and exclusive character of M&A's products. In the following, the selection of cities is further elaborated.

Germany: Munich

Munich is an ideal location for M&A's expansion due to the rich historical and cultural landscape. The city, known for its appreciation of luxury, craftsmanship, and tradition, is particularly well suited to M&A's demand for high-quality and culturally enriched products (Medium 2023). Munich's affluent and sophisticated population makes the city a strategic choice to connect with a target market that values sophistication and exclusivity. This makes Munich an excellent environment for M&A to connect with clients seeking high-quality, refined products.

Switzerland: Zurich

Zürich, with its dynamic urban center has a high concentration of affluent consumers who actively seek and appreciate luxury and exclusivity (“Espon,” n.d.). The city's mix of economic strength and rich cultural scene makes it a strategic choice for M&A, perfectly aligned with the brand's target market. In Zurich, M&A can appeal to a customer base that values both the prestige and quality of its products.

Spain: Valencia

Valencia combines historic charm with a modern lifestyle and uniquely appeals to a luxury-oriented market. Renowned for its architecture, cultural festivals, and thriving arts scene, Valencia embodies the essence of a cultured city center ideal for M&A expansion (Griffith 2023).

Figure 45 below summarizes the selected countries and selected cities for M&A.

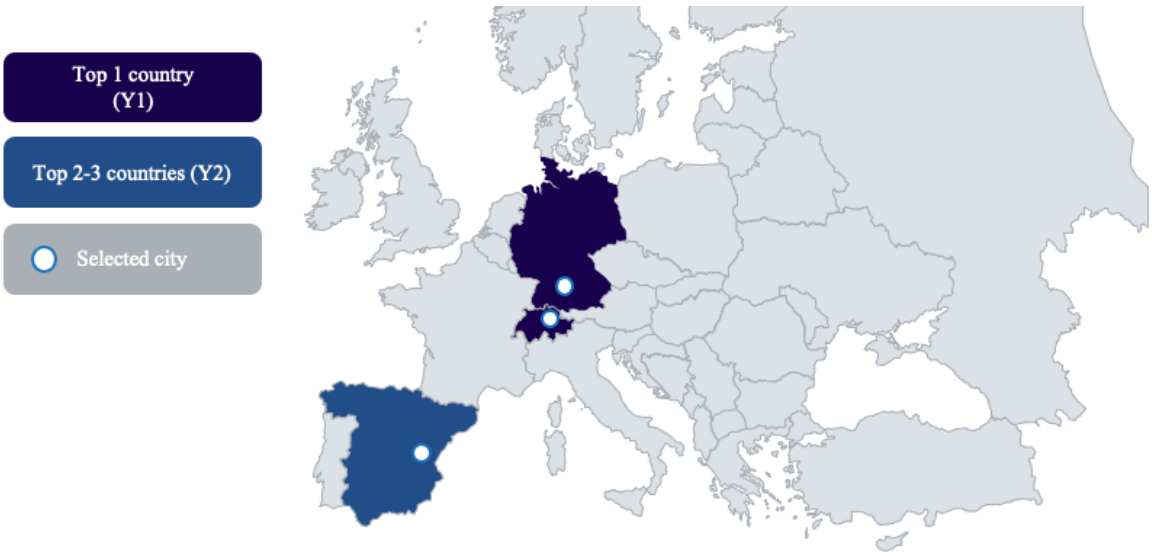


Figure 20: Final country and city selection selected for M&A (Peronal collection)

6 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 21: M&A – Expected Financial Results (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 utilised 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 + 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 forth 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 recommondation 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 forth 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.

7 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 qualitative surveys and the qualitative research that were performed to make up for the lack of available data. Moreover, there was the challenge of finding a minimum of 385 participants to participate in the survey and are 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.

8 Conclusion

The success of the new M&A brand is influenced by several key factors. One crucial point is recognizing the target groups. For M&A, these are the global urban elites and art lovers 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 cannibalisation. 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 market analysis plays a crucial role in determining the brand's expansion potential. 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.

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Appendix 2: List of abbreviation

Average order value (AOV)

Cost of Goods Sold (COGS)

Cost per acquisition (CPA)

Cost per click (CPC)

Corporate Income Tax (IRC)

Customer relationship management (CRM)

Click-through rate (CTR)

Direct to Customer (DTC)

Earnings before Interest and Taxes (EBIT)

Earnings before Taxes (EBT)

Ease of Doing Business (EoDB)

Financing Cash Flow (CFF)

Free Cash Flow (FCF)

Investing Cash Flow (ICF)

Key performance indicators (KPIs)

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)

User Generated Content (UGC)

Unique Selling Proposition (USP)

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

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/1dyzlyAKwTTlYNwLw9LziXMGYc_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/1h41UxhDcAxP1j1Cpfxfj8nikcYNV1vTU?usp=share_link

Appendix 8: Perceptual map - Assessment of exclusivity

https://drive.google.com/drive/folders/11bBMx4CMSnftCrehC3QW01N_LCM4NAtQ?usp=share_link

Appendix 9: Name suggestions

https://drive.google.com/drive/folders/1pYpyEB74AHz2hGjKWbj3OlEbOr3fQ3Id?usp=share_link

Appendix 10: Storytelling of Master & Apprentice

https://drive.google.com/drive/folders/1EIiV2A5SwCbSwNUDxIU0hGcNGPjpUffW?usp=share_link

Appendix 11: StoryBrand framework by Miller

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

RAUSZUNEHMEN GANZ ZUM SCHLUSS WEGEN DER QUELLEN

The landscape of brand marketing is constantly evolving, which leads to many new methods that aim to better engage customers and lead to greater business success. One such innovative approach is Donald Miller's "StoryBrand" framework. Miller's framework, explained in his book, "Building a StoryBrand: Clarify Your Message So Customers Will Listen" (2017), theorizes that the effective use of storytelling can significantly bolster a brand's market position by resonating deeply with its target audience (Miller 2017). Drawing upon the art of storytelling, the framework presents a seven-part process that assists businesses in refining their messaging strategies to create a compelling narrative around their products and services (Fog et al. 2010).

At the core of the StoryBrand methodology is the principle that customers are the protagonists of their own stories. The framework advocates for brands to position themselves as the mentor or guide that aids the hero (the customer) in overcoming challenges and achieving their goals, rather than the hero itself. This customer-centric approach is designed to foster a deeper connection between the brand and its consumers, ultimately driving loyalty and business growth (Simmons 2006). For the future M&A brand, the StoryBrand framework could be applied as follows.

Character (The Hero): The hero in the story is the customer who values individuality, quality, and depth in every aspect of life, including their choice of fragrance. They are connoisseurs and enthusiasts of luxury who not only want to wear a perfume but to carry a narrative on their skin.

Problem (The Challenge): These customers feel disconnected and uninspired by off-the-shelf perfumes that are commonplace and mass-produced. They are in search of a scent that is as unique and layered as their own stories – a fragrance that can't be found at every department store or draped over the shoulders of every passerby.

~~**Guide (The Brand):** Master & Apprentice positions itself as the mentor in the olfactory journey. This brand understands the quest for a signature scent that distinguishes one from the crowd, offering guidance through expertise and a promise of exclusivity.~~

~~**Plan (The Journey):** Engaging with Master & Apprentice involves a clear plan:~~

~~*Discovery:* Explore the history and artistry behind each unique fragrance.~~

~~*Prestige:* Own a fragrance that is more than a scent – it's a symbol of the customer's taste and status, aligned with the value they place on mastery and craftsmanship.~~

~~**Call to Action (The Commitment):** Embark on a journey of olfactory distinction with Master & Apprentice, where sustainability meets luxury. Choose a fragrance that not only sets you apart but also tells a story.~~

~~**Success (The Transformation):** By choosing Master & Apprentice, the hero elevates his personal brand, becoming memorable for both his achievements but also for his signature scent.~~

~~**Failure (The Stakes):** Without Master & Apprentice, the hero faces the risk of blending in, failing to make a personal statement, and missing the opportunity to align with a scent that truly reflects their depth and sophistication.~~

Appendix 12: European expansion strategy

https://drive.google.com/drive/folders/1kR_YGobJWC7N58YbTMuuKIkaFvrPcmcy?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