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**CHALLENGES AND OPPORTUNITIES TO ESTABLISH
A NICHE PERFUME COMPANY IN FRANCE**

School of Technology and Innovations

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ABSTRACT:

Market research revealed that stiff competition exists in the French perfume market. Most of the fashion-related companies had invested heavily in the market, given the business opportunities that arose from people's lifestyles. However, the existing commercial perfumes were not unique and exciting to some consumers anymore. Most of the giant corporations were yet to respond to this shift in demand, thus creating a unique business opportunity for the proposed company. The supply chains of the existing companies were tuned to favour production efficiency rather than market responsiveness. Therefore, an opportunity existed in the French perfume industry to establish a Niche perfume company to address the demands of perfume enthusiasts. The presented dissertation project defined the challenges and opportunities in creating a niche perfume company in France as well as the design of effective the supply chain, logistics, and inventory management solutions to enable the company to achieve its objectives. The outcome of the thesis was an all-around planning case for the start-up Niche perfume company.

The objective of this project is to define and analyze the challenges and opportunities to establish a Niche perfume company in France and develop a suitable supply chain system to save the best cost possible from logistics and inventory views for the company. The main goal was to provide a brand-new and high-quality smell and visual experience for the perfume market to benefit customers to the perfume market.

The research drew from the actual demand analysis, designing a brand-new perfume product and a complete supply chain system for the establishment of the Niche perfume company. The qualitative research method was used to analyze the history and current situation of the research problem, thereby to understand the whole picture. The literature review method was studied to understand the market situation of Niche perfume. The quantitative research method was utilized to improve research objectivity. Questionnaires were used to provide data for product positioning. The constructive research method was used to specify and analyze the possible existing problem. The supply chain system concept was studied to construct a supply chain system for the company.

KEYWORDS: Market research, consumers behaviour, Niche, Supply chain system, Design analysis

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Abbreviations

4P Product, Price, Place and Promotion

EOQ Economic Order Quantity

SCM Supply Chain Management

VMI Vendor Managed Inventory

1 Introduction

1.1 Introduction

We, three founders, have come up with a name for the company - it is called “古淳” in Chinese and “Gu Chun” in English. In the meaning of Chinese name, on the one hand, one part of every founder’s last name “胡”, “洪” and “郭” are chosen to form the name. On the other hand, “古淳” means quaint, vintage, traditional and pure in Chinese. The English name is the transliteration of Chinese one. Since the goal of our company is to bring traditional Chinese culture and modern perfume technology and design together to the consumers.

The research topic falls within the niche marketing, a concept that captures the tendency of some enterprises to focus on specific market segments with their products or services. From a different perspective, niche marketing can be perceived as a subset of blue ocean strategy because a niche market does not exist, but is created through effective marketing techniques and delving into the preferences of consumers. Blue ocean strategy is a modern strategic business decision that firms use to open up new spaces in existing markets through product differentiation and price leadership, among other plans. In different perspectives, niche marketing can be defined as a subset of the traditional marketing practice that defines product deliverables, qualities, demographics, and price, among others to appeal to specific people within a market. As such, it is relevant in the sense that it targets particular product enthusiasts while helping firms to survive the stiff competition in their markets. The perfume industry in France experiences stiff competition from both existing and emerging firms. Therefore, establishing a niche perfume company is a viable strategy in overcoming or avoiding stiff competition since a substantial number of people are bored with the traditional or existing perfume products. This approach will connect the company directly to groups of perfume enthusiasts all over the country.

However, opportunities still exist in the niche market regardless of the stiff competition from famous commercial brands and emerging firms. Based on a quantitative design, the researchers used questionnaires to collect data from 384 people/perfume buyers. The sample was selected through probability sampling and data analyzed through SPSS. Using descriptive and inferential statistics, the researchers indicated that perfume fragrance and availability quality of had a stronger influence on the sample's purchasing decisions compared to sales techniques, advertisement, peer recommendations, packaging, and brand. In a different study, observed that most contemporary marketing and ads for perfume brands allow consumers to smell the fragrances in an attempt to influence their purchase decisions. The understanding is that perfumes are part of the identity of consumers. As such, scent smelling before purchase allows people to develop a more profound sense of connection with the product rather than dismissing them on a superficial basis.

Over the years, people's choices have become relatively more autonomous and discernible based on experiences and preferences compared to the past. The contemporary marketing practices such as the internet and social media marketing have supported independent decision making of the customers. The customers have been more informed than ever before due to the impacts of the Internet and related marketing platforms. The internet provides a platform and opportunity for the customers to continually learning and thus change in consumer behavior (Zappalà & Gray, 2006). The evolution of marketing concept and practice over the centuries has orientated towards an era where consumers' needs are among the factors that drive product designing, development, and production. The evolution caused a shift from organization-centered marketing conceptualization to the consumer-centered conceptualization of effective marketing practice.

Based on the presented analysis, the study seeks to understand the challenges and opportunities of establishing a niche perfume company in France. The study will

combine both quantitative and qualitative designs in studying the different aspects of the research topic. Precisely, quantitative research will be used to research the French market for perfumes while the qualitative design will be used to study the best inventory and logistics practices in an attempt to minimize the cost of operation. The approach to the research problem based on the philosophy of post-positivism in which theories are considered revisable and that all observations are fallible. The philosophy of post-positivism offers a realistic platform for assessing and refuting traditional arguments of consumption and decision making while exalting the contemporary approaches such as lifestyle theory of consumerism (Saunders, Lewis & Thornhill, 2009). The subsequent structure of this research involves the theoretical and background information, the main body, which includes methodology, discussion, and results, as well as the conclusion of the project.

1.2 Background Information and Motivation

The study aims to find out the challenges and opportunities of establishing a niche perfume company in France as well as design a suitable logistics, supply management, and inventory solutions for the company. As such, the first part of the research topic invites the assessment of the theoretical and practical issues that define the proposed company's ability to operate in a niche market. Barich & Kotler (1991) in the book "A framework for marketing image management" argues that as markets grow, businesses should foster into specialization to define their niche while focusing on the needs and preferences of target customers (Barich & Kotler, 1991). As presented in this book, the idea of niche marketing outlines the competencies that a firm requires to pursue niche marketing. Such requirements gravitate towards improving the ability of a firm to match its technology with the needs and expectations expressed by customers in a given market.

A niche market involves the positioning a company's product(s) in a small yet

profitable homogenous market space which has either been assumed to be part of the mainstream market or overlooked in the pursuit of the broad market by other firms (Akbar, Omar & Wadood, 2017). As such, five key elements that define niche marketing arises from this assessment, including positioning, profitability, competencies, specific market segments, and the guiding marketing concepts. The aspect of positioning establishes the ability of a company to promote its product within a particular sector of the market while addressing the expectations of consumers in such a section. Secondly, whereas the focus of small firms in niche marketing is on specific parts of consumers, the general business idea must be economically viable. In other words, the market segment should present the potential to drive revenue generation. Besides, an organization's competencies in the niche market should orientate towards the ability to meet the needs of the market segment while establishing barriers to competition in the identified market segments. Lastly, operations in the niche market should adhere to the general marketing principles captured within the concept of the 4Ps marketing mix, including products that satisfy the needs of customers, price leadership, accessibility of products through proper placement of products, and the use of effective promotional strategies. The opportunities present in niche market business orientation can best be understood within the context of the lifestyle theory of consumerism as discussed subsequently.

The psychological insight into consumers' behavior that influences their economic decisions is sophisticated when it comes to making decisions over the right perfume fragrance to use. As such, it is unrealistic to confine such choices within the context of the renowned three theories of consumption such as relative income theory, life-cycle theory, and permanent income theory (Gunn, 2011). Consumers' decision making, when it comes to perfumes, tend to include unknown psychological factors compared to other products. Therefore, it is critical to expanding one's knowledge of theories of decision making when understanding the factors that tend to influence

people's purchasing decisions in the perfume market. Consequently, there is a need to examine both the traditional and contemporary theories to determine where the niche marketing for perfume fits within the whole industry of perfumes in France.

The existence of the niche market for any product is an embodiment of the shift that occurred in people's affiliation with social classes (Akbar, Omar & Wadood, 2017). The social classing process and considerations have changed over time due to the change in consumer behavior and intensification of demand. The lifestyle theory of consumerism has impacted the perception of people on products and the desire to be unique and meet particular finely defined needs influenced people on what and when they make their demands in the market (Potavanich, 2015). Previously, people were classified based on their education, economic capacity, gender, culture, religion, and race as such people's decisions were limited to their experiences in their groups. As such, people did not express autonomy in their choices because they were born into these groups and were merely fulfilling the principles and standards set by their predecessors in such groups.

Based on the post-positivism philosophy, therefore, the theory of lifestyle challenges the traditional role of the outlined groups in defining the identities of consumers in the market (Riley, 2007). As such, a structural perspective that perceives people as having developed relatively more autonomy in their decisions than the past has emerged. For instance, the existence of a niche market, as defined in this study, underscores the relevance of this structural perspective in the redefinition of people's social identities in the contemporary community (Gunn, 2011). The fact that some people are bored and would be willing to try exotic fragrances amidst the existence of several famous or market-leading brands suggests that some people's autonomy over their choices has grown beyond the level that can be manipulated through traditional marketing and advertisement approaches. The shift in culture has facilitated the integration of AI in mainstream marketing processes to customize specific experiences for users.

Lifestyle has had impacts on consumerism having been formed from medieval times. Over the years, the changes in consumer behaviour have been due to lifestyle demands and expectations. Consumer preferences reflect on what they require to substantiate and equate their lifestyles (Vyncke, 2002). As such, people tend to innovate ways of survival in such instances. Since people are unaware of survival mechanisms, they tend to transfer schemes to solve their present predicaments or dilemmas. The habitus, therefore, is the disposition that arises from people's experiences and preferences. These experiences and preferences tend to conjure specific perceptions about things in life in ways that influence behaviours (Husnain & Akhtar, 2015). For instance, a skilled soccer player understands when to swing his or her leg to connect to a ball without planning for it or being conscious of his or her activity. As such, Bourdieu's habitus theory maintains that people have embodied reactions to specific social events based on their experiences and preferences.

Therefore, it is arguable that culturally ingrained habitus tend to influence people's perception and interaction with specific products and services. For instance, individuals born in wealthy families are likely to appreciate high-end products compared to individuals from low-income families. The argument is that they have grown up around such products, thus developing the experience and preference for them compared to individuals from low-income families (Husnain & Akhtar, 2015). Correspondingly, food represents form and functionality in high-class families, unlike low-class families, where the focus in the preparation of food is its functionality.

Regarding Vyncke (2002), the perfume enthusiasts in the niche market tend to have culturally ingrained habitus for unique or exotic fragrances. Customers are attracted to famous brands because their products were unique in the first place (Vyncke, 2002). However, a section of perfume users developed boredom with the traditional brands as the leading companies failed to diversify their products authentically. Instead, they chose to trust the brands that have brought them financial success over the years. Therefore, the introduction of fragrances that integrates different cultural

tastes, such as elements from the Chinese culture is likely to be a viable business strategy (Husnain & Akhtar, 2015). The argument is that the product is expected to appeal to a substantial section of perfume enthusiasts seeking uniqueness and authenticity rather than those lured by the attractiveness of class and fame that is offered by popular products. They have a culturally ingrained habitus that allows them to appreciate unique fragrances.

1.3 Research Objectives

The niche perfume market in France presents a realistic opportunity for companies seeking to avoid stiff competition in the mainstream market yet little is known about the aspects of the industry such as market trends, customer types, and the level of competition as well as appropriate supply chain management practices in logistics and inventory management areas. As such, it is difficult to form and implement a business plan in the market until the outlined dynamics are understood conclusively and corresponding strategies formulated to address potential challenges. The preliminary assessment of the market reveals that the niche market may present tremendous potential to investors since most existing corporations in the industry tend to favor global strategy over a multi-domestic approach. This trend creates opportunities for smaller firms to target small targets of perfume enthusiasts. Otherwise, the company would be implemented based on potential rather than the evidence that a niche perfume market presents an actionable opportunity without the proper information.

In the past, research studies overlooked the niche perfume market. Researchers have focused on the mainstream fashion market which accommodated some of the world's renowned brands such as Yves Saint Laurent Parisienne, Nina Ricci, Givenchy Very Irresistible, Guerlain Idylle, and Thierry Mugler Alien among others. As such, practical information and models that can guide the establishment of a niche

perfume company in France are inadequate. At best, scholarly articles tend to cover many niche marketing theories compared to practical information. Correspondingly, evidence regarding appropriate supply chain management decisions is also inadequate. As such, it is difficult to make relevant cost-saving logistics and inventory management decisions for the proposed company amidst insufficient literature evidence. Therefore, the proposed study is meant to bridge the highlighted gaps in evidence and information to facilitate the implementation of the business plan. In a different context, the study will improve insight into niche marketing theory and supply chain management theory as well as promote the development of a bridge between theory and practice.

1.4 Research Questions

The need to establish a niche perfume company in France guided the formulation of the thesis. There are two primary questions which guide the research topic: 1) the challenges and opportunities in establishing a niche perfume company in France, and 2) supply chain management decisions such as cost-saving inventory and logistics management solutions. Other objectives of the research include the analysis of the European perfume industry, including the market, customer type, and the level of competition. As such, the study attracted both exploratory data and data that can be transformed into statistical information for decision making. Therefore, the study will employ both qualitative and quantitative research designs to meet the requirements of the proposed thesis that as discussed in the subsequent section.

The following objectives guided the design of the research process, including the decision to use a mixed research design, the data collection method decisions, sampling decisions, data analysis methods decisions, and ethical considerations.

- 1) To define and analyze the challenges and opportunities to establish a Niche

perfume company in France.

- 2) To analyze the European perfume industry, including market study, customer types, and competitors in the current situation.
- 3) To develop inventory management by creating inventory models and determining EOQ, since our products are limited quantities every time.
- 4) To select a suitable logistics solution for a different part of the perfume, such as bottles, bottle stickers, and packaging boxes.
- 5) To identify the significant platform that can reduce pre-sales costs and improve sales performance.

1.5 Structure

This paper is divided into 5 chapters. Chapter 1 demonstrates the overall background and research questions. Chapter 2 involves the literature review and previous research results. In chapter 3, it introduces the research methods in the process. Chapter 4 mainly demonstrates the results of the above investigation. In the final chapter 5, it shows a conclusion and proposes some recommendations.

2 Literature review

2.1 Market Analysis

The Euro monitor International's French perfume market analysis for 2019 indicates mixed results for both the mainstream and niche perfume sectors (Łopaciuk & Łoboda, 2013). According to the report, the rate of sales of premium perfume products increased over the years leading to 2018. This result was facilitated by the emergence of new fragrances for women and men, as well as the utilization of vigorous marketing and advertisement processes (Brigham Young University, 2015). According to the report, the value of French perfume market was about US\$52.7 million in 2018 (Coviello & Brodie, 2001). The same report projected that it would rise to about US\$72.3 million by 2024. Currently, the success of key players in the French perfume market is driven by the development of fragrances using natural elements. Previously, consumers express their concerns over the development of synthetic products that led to toxins and allergies (Galimard, 2019). For instance, LUXE brand has redefined itself as a firm that uses natural elements to develop its products, thus attracting a large number of users.

However, the report also noted that the perfume market was trivialized, thus leading to a lack of excitement for existing and emerging new fragrances. Specifically, consumers' lack of enthusiasm arises from three factors, including 1) too familiar perfume essences, 2) numerous launches and products, and 3) severe economic conditions. Based on these factors, some firms have ventured into the niche market, but on the premium perfume segment. Some consumers, especially female enthusiasts, tend to perceive multiple launches as excessive and devoid of class. Therefore, firms targeting women in the niche market have focused on introducing premium fragrances. However, men have also been identified with specific scents in the marketing, and they make a very crucial part of the niche perfumes market in France and entire Europe. For firms targeting the millennials, they focused on the

packaging of the products rather than improving the fragrances of their products. The classic perfumes are now packaged glistening to attract the millennials (Brigham Young University, 2015). Millennials, just like any other customer category, are attracted to purchase perfumes based on certain aspects. The attracting property of fragrances to the millennials is the packaging design.

Based on the above assessment of the French perfume market, a theoretical evaluation of consumer behavior in the French perfume market can be developed. This ideal platform invites the assessment of the connection between lifestyle theory of consumer behavior and niche marketing. The approach offers the most significant opportunity for the proposed company; the existence of perfume enthusiasts or individuals who are willing to try new or exotic fragrances as discussed in the business idea presents a market opportunity for the proposed company. This aspect aligns positively with the principle of profitability in which the ability of a firm to generate profits from a specific market segment is regarded as a critical element of niche marketing. The company will be serving a group of people who understands what they want, thus making it easy to differentiate products from the traditional perfume products in the marketing. Besides, such an understanding would make it easy for the firm to customize products that would appeal to the expectations of enthusiastic perfume consumers in France. This aspect aligns with one of the concepts of the product as conceptualized in the marketing mix. The idea of the product, as captured in the marketing mix, emphasizes the provision of products that appeals to the demand of consumers. In other words, products must satisfy specific needs and expectations for them to be purchased by consumers.

Lastly, operating a niche market, as envisioned in the context of the lifestyle theory of consumerism, enables firms to build barriers against the external competition, especially competition from foreign firms. The argument is that most large corporations tend to favor production efficiency over market sensitivity because they prefer to serve large markets rather than addressing the needs of smaller market

segments with specific needs and expectations. Embracing market sensitivity will require large firms to shift their decoupling points away from the market and towards the production point, thus causing a significant restructure in their strategies and supply chain. Such changes are often avoided unless a company is truly committed and prepared to change a substantial part of its strategy, culture, structure, and operations, among other elements. In comparison, emerging firms have the opportunity to make decisions at the point of implementation depending on their market objectives. Therefore, the difference in the market strategy between large firms and the proposed firm offers an opportunity for the latter to operate in a specific market with minimal competition from the renowned brands in France.

However, operating in a niche market has significant challenges that can affect the ability of the proposed business to generate revenues. Firstly, working in a niche market may be unsuitable in the long run amidst the growth and development of the proposed firm. Over the years, as the company's financial ambition expands, a niche perfume market may not provide adequate business to accommodate the firm's need to generate additional revenues for investors and amass resources for further investments (Coviello & Brodie, 2001). This issue may further be made severe when a large number of firms target such market segments. As companies seek to address competition, strategies that seek to utilize their internal strengths as well as manipulate external factors to their advantage are likely to feature at the forefront of their business decisions. One of the strategies for managing external factors to improve a company's competitiveness is the utilization of a blue ocean strategy to outline uncharted market spaces. Therefore, the proposed company might dominate a specific niche market, but only for a short time before other firms realize the potentials in such markets. In a short period, the market would be flooded by different firms, including both small and large firms, thus reducing business prospects in the market.

2.2 The Town Grasse of France

Town Grasse of France, also known as the hub or capital of the world's fragrances, influences most of the perfume product design in France. The region produces over half of the perfume products in the country (Łopaciuk & Łoboda, 2013). Besides, many perfume specialists, especially those with the capability to distinguish different kinds of perfumes spent substantial time in the region. Its significance to this study stems from the fact that it is the location of some of the most significant competition in the French perfume industry (Briot, 2011). For instance, it hosts Galimard Perfumery, the third oldest perfumery in the world (Briot, 2011). The company has maintained the original recipes of its products. Secondly, it hosts Fragonard Perfumery; a company that grows its flowers to be used in the design and production of its perfume products (Back, 2019). Thirdly, Grasse hosts Molinard Perfumery, which is one of the oldest perfumeries in the country (Briot, 2011). The company's fame arises from its floral waters. Most of the recipes used to develop perfumes are obtained locally in Grasse.

For a new company, it is likely that its products will be authenticated by experts in the region. The authentication process will consider the quality of products, their uniqueness, their essence, and the story they tell. It can be said that most individual in Grasse is perfume enthusiasts given their experiences with a large number of products as well as their expert noses (Galimard, 2019). For the proposed company, it will need to combine exotic elements with some of the features found in Grasse to achieve acceptability by consumers. Introducing perfumes with exclusive details may seem like a competition against the cultural items found in Grasse. However, mixing the ingredients will seem as cultural integration, thus gain acceptance from the local people and other people across the country (Galimard, 2019). Therefore, Grasse offers various standards upon which the new company should use when designing and developing its products.

2.3 Niche Perfume Brands

The cases of three niche perfume companies, including Maison Francis Kurkdjian, Mad et Len, and Ex Nihilo were studied to understand the trends in the niche perfume market in France (Galimard, 2019).

2.3.1 Maison Francis Kurkdjian

Results of the analysis reveal that Maison Francis Kurkdjian is the leading performer in the niche perfume market in France. It has grown and expanded beyond France to include eight boutique outlets across the world since its establishment in 2009 (Clark, 2018). Besides, it has joined the league of high-end and most known brands in France without compromising its identity as the supplier of unique and specialized perfume products. The most significant success factor for the company is the ability to establish a distinct, verifiable, and sustainable identity in the niche perfume market, thus attracting perfume enthusiasts in France and other countries. Secondly, the company's entry into the perfume industry and market adopted a disruptive approach. In this case, Francis Kurkdjian, the pioneer of the company, stepped behind the curtains to express a culture of innovative and free expression. Previously, Francis Kurkdjian, who created most of the traditional global brands, adhered to safe and familiar paths while creating products for most of the renowned perfume houses. Therefore, the vision he adopted when establishing his company was disruptive in the sense that it defied every aspect that defined his creations in the past. At Maison Francis Kurkdjian, he sought to create genuine and unbounded fragrances with a team of workers with a propensity towards creativity and innovation (Rizhlaine, 2019).

Additionally, Maison Francis Kurkdjian's success is underpinned by value propositions that appeal to many consumers in the perfume market as well as a responsive supply

chain (Clark, 2018). Firstly, the company pursues simplicity yet beautiful products. In this case, the company defines beauty in the context of simplicity rather than complexity that has characterized the products of brands in the mainstream perfume industry and market. Secondly, the company pursues quality in its design, development, and production process (Clark, 2018). The company's culture of excellence is guided by strict adherence to aesthetic codes, a sense of balance between contemporary and traditional elements, excellent craftsmanship, and attention to detail (Back, 2019). The objective is to communicate a class above the rest in the company's products. Lastly, the company's responsive supply chain is defined by the recruitment of workers with an inclination towards creativity and innovation.

2.3.2 Mad et Len

According to Rizhlaine (2019), Mad et Len seems to share Maison Francis Kurkdjian's business approach of creating unique and authentic brands for the niche market. However, the significant difference between the two companies exists in their pace for growth and development (Rizhlaine, 2019). Whereas Maison Francis Kurkdjian has engaged strategies that has facilitated rapid growth in the niche perfume market, Mad et Len's approach involves a slow but sure process of instituting its brands in the niche market. Secondly, the difference occurs in the supply chain approaches of the two companies. Whereas Maison Francis Kurkdjian favors a lean and closely guarded supply chain, Mad et Len tends to leverage the fact that it shares similar values with its partners, including shareholders and suppliers. Specifically, the company and its partners are interested in developing perfumes that are different, thus appealing to most consumers in the niche market. As such, the relationship within its business network is guided by both contractual agreements and trust that each actor will engage in activities that would uphold the shared values.

The company's core competencies exist in its intellectual assets, human resource

asset, and trust-based network with its suppliers. On intellectual asset, the company's formula allows it to create unique fragrances by combining a wide range of exotic substances. The product is packaged in handcrafted metal canisters to create a premium feeling among consumers. At the same time, it has workers who are inclined towards innovation and creativity. They are not afraid to develop a formula that would result in unique fragrances. Lastly, their suppliers understand the needs of the company and supply it with quality materials. As such, the company's products reminds users of an era where perfumery was based on quality and distinction rather than achieving production efficiency as seen in the case of companies in the mainstream perfume industry and market. However, the company's fragrances are created in-house despite its ongoing relationships with partners such as investors and suppliers. The company also utilizes its stores to tell its brand story as well as usher each consumer into the concept of each product.

2.3.3 Ex Nihilo

Ex Nihilo's supply chain takes a different approach in the pursuit of responsiveness to the needs of local consumers (Back, 2019). The company offers the opportunity for customers to participate in the development of products that meet their preferences unlike Maison Francis Kurkdjian and Mad et Len. Individually, customers, with the help of the company's specialists, participate in the customization of fragrances and the packaging containers (Rizhlaine, 2019). This approach appeal to high-end consumers because it enables them to co-create products and values that are truly unique to their identities. However, the supply chain of the company is extensive because the decoupling point is moved nearer to the production point compared to the other two perfume houses. As such, the cost of products is also high because of the high cost of production. In this case, the company has sacrificed price leadership in favor of responsiveness.

2.4 Supply Chain Management (SCM), and Logistics

The first part of this section discusses the supply chain management theories in an attempt to conceptualize a design that will be appropriate for the proposed business idea. Given the fact that the company will rely on the niche market to generate its revenues, it would need to manage the aspects of its supply chain effectively to improve its sensitivity to market demands as well as reduce the cost of operation. Supply management focuses on the transformation of organizational resources, including raw materials, labor, and intellectual resources into consumable products, as well as the flow of such products to consumers. Logistics management is part of the supply management function which focuses on the planning and coordination of the movement of products from production point to the market or consumption point in a timely, safely, and effective manner. Inventory management practices are also part of the supply chain management in the sense that they specify the shape and the placement of goods in stock to improve production planning as well as the distribution of products to consumers.

Research indicates that supply chain management has dominated senior management agendas since the 1990s owing to the fierce competition in the market, high expectations of customers, and the short lifecycle of products (Fayezi & Zomorodi, 2016). The dynamism of the business environment has increased in the contemporary era, thus provoking firms to redefine their approach and responses to competition (Keane, Herbohn & Slaughter, 2003). Presently, most organizations tend to combine value chains and sector structure strategies with internal resources such as human capital to compete effectively. Specifically, effective coordination, integration, and management of business processes across a supply chain design is a success factor in the pursuit of organizational objectives. Therefore, businesses tend to compete as supply chains rather than independent and autonomous enterprise entities in the market. As business strategies shift from transactional to relational exchanges between business entities and consumers among other players, the focus

has also changed to the creation of win-win relationships among all the players. For instance, an effective supply chain should pursue long strategic alliances with suppliers. Correspondingly, effective supply chains should continue customer loyalty through high-level market responsiveness.

2.5 SCM Theories

According to existing evidence, researchers have invited the application of multiple organizational theories to predict and explain complex organizational behaviors that tend to exist in supply chain designs of firms (Fayezi & Zomorodi, 2016). The SCM theories are valuable because they tend to provide insight into various areas of critical decision making in supply chains, including partner selection, outsourcing, relationship management, and resource management, among others. As such, most of the research papers tend to employ specific or a combination of multiple theories to explain the outlined concepts (Keane, Herbohn & Slaughter, 2003). Predominant methods include transaction cost economic theory, agency theory, resource-based theory, resource dependence theory, network theory, and relational exchange theory. The subsequent sections discussed these theories at length and tied them to the concept of the supply chain in the build-up to the development of appropriate supply chain design for the proposed niche perfume company.

2.5.1 Transaction Cost Economic Theory

The transaction cost economic theory is critical in strategy development. It enables entrepreneurs to understand the reason for the existence of their firms in the first place, the definition of firms' boundaries and approaches used to govern operations (Keane, Herbohn & Slaughter, 2003). The starting point of understanding the related questions is at the transaction between sellers and buyers. Subsequently, the questions cover the reasons for performing some operations within organizations

while others are performed outside organizations. Based on the high cost of transactions, and the limitations of human cognitive processes, the notion of efficient markets cannot be guaranteed or maintained in related business discourses. In the process, this theory promotes two primary assumptions: 1) the nature and the amount of information limits the extent of rationality in people's decision making, and 2) organizations tend to take opportunities why they occur in their business environment irrespective of their prior principles or plans (Fayezi & Zomorodi, 2016). The focus of this theory, when using it in analysis, is static or dynamic transaction attributes such as asset specificity.

The application of transaction cost economics theory in supply chain management can be assessed in the context of decision making, especially in the area of critical decision-making points of purchase. In the quest to determine the reason for the existence of a firm, managers and business leaders grapple with multiple decision points, including the decision to make or buy, and sourcing strategies (Fayezi & Zomorodi, 2016). In the first decision point, the make or buy decisions are underpinned by factors such as transaction costs, and timeframe of operation. These factors define a firm's ability to compete against other firms and respond effectively to clients' needs in the market. Firms that prioritize rapid responses are likely to buy production materials rather than produce them to minimize the time needed to move products across the supply chain to consumption points. Comparatively, firms that tend to value minimal operation costs may sacrifice rapid response in favor of production efficiency. The supply chain design should enable organizations to pursue these objectives effectively (Keane, Herbohn & Slaughter, 2003). For instance, the supply chain design of firms that prefer to purchase ready-made materials will include several relationships with suppliers. In comparison, the supply chain design of companies that prefer to produce documents will be characterized by streamlined processes.

In the second decision point, sourcing strategies tend to dominate critical decisions

in firms' supply chains. Specifically, the firms are confronted with the choices to choose between single and multiple suppliers (Habib, 2011). The decision to use alone or various suppliers depend on the varying nature of materials required, the cost of sourcing materials, and the availability of materials. Organizations seeking different materials for production purposes are likely to engage multiple suppliers compared to organizations whose production processes involve the use of specific materials. Correspondingly, an organization in pursuit of price leadership in the market is likely to work with a single supplier after evaluating a list of suppliers based on their price offerings. Lastly, the availability of material can drive an organization to work with either one supplier or multiple suppliers. It follows that the firm will contract several suppliers if the content in question is scarce. Otherwise, such an organization would work with one supplier if the material in question is abundant. Either way, the design of the supply chain should enable firms to achieve their objectives when sourcing for materials.

2.5.2 Agency Theory

Agency theory is mainly used to explain relationships and specific areas of self-interests in companies. Unlike other methods, agency theory tends to focus on shareholders on principals and executives of firms as agents. This theory defines the relationship between the two partners by portraying agents as representatives or principals (Habib, 2011). In other words, the theory maintains that the principles have hired agents to perform specific roles for them. As such, principals entrust resources to agents but have not to control over daily operations. They rarely provide input in day-to-day activities because they trust that the agent will safeguard their interests in daily processes. It assumes that information is asymmetric, and the level of rationality in people's decision-making is limited by the nature and scope of available data, and it is used to address problems that tend to arise from differences in goals between principals and agents as well as differences in risk aversion. The theory is also used to address incompatible risk tolerance levels. This theory implies that the

interests of principals can influence decisions that their agents make across the supply chain, including the design of the supply chain.

2.5.3 Resource-based Theory

In comparison, resource-based theory tends to define four categories of resources that can improve the competitive edge of a firm. These categories include rare, non-substitutable, difficult-to-imitate, and valuable resources. Limited resources include those that are unique to a firm and are not shared by other competitors. However, funds can still be rare if they are shared by a few firms in highly competitive environments. Non-substitutable resources are those that provide specific strategies in ways that cannot be imitated by other firms even if they combine their resources (Habib, 2011). Difficult-to-imitate resources included legally protected assets, including intellectual assets. These assets are unique to specific organizations and cannot be imitated by competitors. At best, competitors can only offer substitute products, but nothing similar to original intellectual properties. Lastly, valuable resources are those that improve the competitive edge of firms while neutralizing the opportunities and strengths of other firms in a given industry.

As such, the attainment of competitive advantage is at the heart of strategic management and marketing discussions. This theory advances the notion that the importance of resources tends to vary depending on their ability to improve the competitiveness of firms (Habib, 2011). In the view of this theory, therefore, strategists tend to select competitive positions that would enable their organizations to utilize their best resources to an optimum level. As such, organizations with high-human capital are likely to pursue their objectives internally rather than outsourcing them to other firms. The corresponding supply chain design would be devoid of many external relationships. Comparatively, organizations with limited human capital are likely to outsource other vital functions. Their relevant supply chains are likely to include external links with third parties. Organizations looking to cut costs are also

expected to outsource their essential services. An example of a company that has used this strategy effectively is Nike. This company outsourced its labour functions to companies in countries where the cost of labour is relatively low compared to the United States.

2.5.4 Resource-dependence Theory

Resource-dependence theory examines the relationship between external resources of an organization and organizational behaviour. As such, it analyzes the behaviour of organizations in the context of raw materials and resources from investors (Fayezi & Zomorodi, 2016). The theory maintains that the ability of a firm to gather, change, and exploit these resources effectively is a success factor or underpins its competitive advantage over rivals. In some cases, scholars tend to convince organizations to treat customers as resources that are subject to scarcity. The central concept in this theory is that resources are critical factors in an organization's competitiveness. Therefore, the access and control of resources can offer the opportunity for a firm to gain tremendous competitive power in an industry. This theory on organizations implies that their supply chains must be designed to support open access to resources. This theory is particularly relevant in business environments where the power of supply exceeds the ability of organizations. It happens when the raw material in question is rare and valuable. For instance, suppliers of rare minerals such as gold are treated with a high level of importance than suppliers in other sectors, especially the suppliers of abundant raw materials.

2.5.5 Network Theory

Network theory tied emerged from the field of network science and computer science and was used to describe the complex relationships within systems (Fayezi & Zomorodi, 2016). The theory focuses on the study of systems, both symmetrical and asymmetrical relations in the context of their graph representations. Networks are

independent entities that are called nodes or vertices in the scientific fields of study and are connected through links called edges to complete a whole system. The total number of connections or advantages in order or nodes is called a degree. In telecommunications and information technology, the level of effectiveness of a given network relative to the number of customers depends on the extent of degree distribution (Keane, Herbohn & Slaughter, 2003). Besides, the size of the network depends on the number of people that are to be served in a specific organization. Correspondingly, the size of a system in a given community depends on the number of subscribers or the potential number of subscribers that a telecommunication firm hopes to serve over a specific timeframe. The described features of a network can be modeled and adjusted accordingly depending on the need of the firms. Other nodes can be added through the existing edges to serve as many people as possible.

Network theory underpins the business network concept which portrays firms as entities that are dependent on one another in the pursuit of their objectives. It offers an elaborate view of the interconnections of organizations in a business environment. In the supply chain, each firm is connected to other firms based on their needs. For instance, manufacturing firms are connected to suppliers of raw materials, technology, financial management service providers, and customers. The effectiveness of any business network depends on the resources that each actor is willing to commit to the system as well as the efficiency of the management process. Therefore, firms that operate in a specific network help one another to achieve respective objectives. For instance, suppliers help manufacturing companies to acquire the right materials for production. In turn, manufacturing firms help suppliers to generate revenues by paying for their contents. Correspondingly, financial management service providers offer intellectual services to companies to help them manage their resources effectively. This theory implies that the size of a firm's supply chain depends on the number of connections it has with other firms in the pursuit of its objectives.

2.5.6 Relational Exchange Theory

Relational exchange theory asserts that some organizations in cooperation tend to work based on norms rather than contractual agreements. It mentions that trust-based relationships tend to attenuate opportunism among organizations in collaboration. Therefore, it advances two primary assumptions regarding the relationships between organizations. Firstly, such links are less-prone to expediency among organizations (Fayezi & Zomorodi, 2016). Secondly, resources are directed toward developing and maintaining relationships rather than addressing transaction tension in the supply chain. Research indicates that trust-based relationships facilitate knowledge-sharing tendencies, effective governance of behaviors, the development of relation-specific assets to improve the network between organizations, and the exchanges of resources (Keane, Herbohn & Slaughter, 2003). The ability of an organization operating within a trust-based system to access the outlined assets positions it conveniently for competition compared to organizations that operate under contractual obligations. Therefore, relational exchange theory is critical in the design of an effective supply chain because it offers the platform to manage the flow of relationships and the subsequent exchange of resources between supply chain organizations. Other than supply chain management, other aspects that are critical in the achievement of the objectives of this research such as cost-effective logistics and inventory management are also described in the context of various theories as examined subsequently.

2.6 Supply Chain Model

The qualitative research design was used extensively, in this case, to enable the researcher to gather as much information about supply chain designs as possible. The plan supported the use of extensive literature review to develop the model of a

supply chain that corresponded with the characteristics, strategies, and ambitions of the proposed niche perfume company (Kilger, Meyr & Stadtler, 2015). From the onset of the review, it occurred that little consensus on grand supply chain management theoretical context exists irrespective of the contributions of the theories discussed above and more. The lack of agreement can be attributed to the fact that the supply chain literature is fragmented and contains a wide range of operational issues. Besides, a mismatch tends to exist between the supply chain management practices and the ideas discussed in existing literature or conceptualizations defined in course textbooks. For instance, multiple researchers revealed that some managers could not embrace supply chain management theories despite being aware of the related concepts. Other researchers also reiterated this fact by discussing that supply chain management practices in companies rarely correspond to the approaches discussed in the preceding section, among others. These assessments reveal that supply chain management grand theory is still a developing area, primarily when assessed from the perspective of implementation.

Following the above argument, research invites the integration of concepts from both practice and theory to develop effective models that firms can use to design their supply chain. The combination of both concepts is meant to bridge the gap between theory and practice to yield designs that are supported by evidence and practical enough to be implemented to address real-life needs. As such, supply chain management literature tends to propose four models to improve people's understanding of the supply chain management process: behavioural, strategic, operational, and network models. From an integrated perspective, these models offer a realistic context for understanding supply chain management practices comprehensively.

The design of the supply chain can be conceptualized as a network that businesses use to drive their ambitions in the market. In other words, an organization's supply chain consists of various business networks, and each system performs an essential

function in driving an organization closer to its goals. Therefore, different supply chain models were examined while focusing on both their strengths and weaknesses. The models included behavioural, strategic, operational, and network models.

2.6.1 Behavioral Model

Various pieces of information alluding to behavioural dynamics in the interactions of organizations were obtained from multiple sources, including (Ravindran & Warsing Jr, 2016). Based on these sources, supply chain relationships exist within a spectrum that is guarded by opportunism and collaborations on both ends. However, according to researchers, collaboration models are preferable over expediency when designing an effective supply chain for a company. The most significant advantage of behavioral model is that it offers a platform where a company can cultivate and maintain a culture of collaboration with its partners. Such a design is essential for promoting trust among partners, the exchange of information, improving effective communication among partners, and driving mutual results for all the actors in the supply chain. However, the negative aspect of this model arises from the fact that special consideration should be given to process alignment, performance metrics decisions, cross-functional activities, and collaborative decision making. As such, processes such as decision making, and performance appraisal can take longer than necessary, thus delaying market responses.

2.6.2 Strategic Model

In strategic model of supply chains, strategic philosophies or paradigm tend to influence the design and implementation of supply chains in organizations. As such, strategic models tend to describe the implications of strategies and the elements of a business environment on the design and implementation of supply chain (Kilger, Meyr & Stadtler, 2015). For instance, demand uncertainty, the characteristics of the target market, cost of production, product diversity and differentiation, and business

strategies tend to influence the decisions that organizations make along their supply chains. One of the core functions in the proposed supply chain should be to product demand levels and trends in the niche market. Therefore, the demand characteristics in the market should underpin supply chain design decisions.

One of the advantages of this model is that it offers a platform where a firm can develop and implement a supply chain model that is unique to its characteristics and meets its specific needs in a given business environment. Therefore, the supply chain design is likely to be effective in the pursuit of strategies that complement the philosophy, structure, culture, quality standards, and relationships of a firm as it moves products from production point to consumption point. However, this design can be devoid of effective relationships, unlike behavioural model. An organization's partners are likely to gravitate towards opportunism rather than collaboration. As such, relationships and obligations are likely to be guided and guarded by contracts. Secondly, the supply chain can be rigid to significant changes in work processes, culture, behaviours, structure, and quality standards. As such, differences are likely to take extended periods to implement compared to supply chains designed on the platform of behavioural models.

In the case of the proposed company, therefore, the design and the strategic response of the supply chain should be influenced by the needs for exotic or rare fragrances among perfume enthusiasts. Correspondingly, the proposed company will need an agile supply chain design to accommodate unpredictable consumer needs and preferences. The requirements and preferences of consumers for fashion-related products tend to be influenced by emerging trends. As such product lifecycle is short because people tend to shift their attention from one product to another within short periods. Organizations seeking to achieve price leadership as a competitive edge in their industries should also prioritize efficiency and streamlined processes. Therefore, the strategic model of supply chain aligns with contemporary philosophies that have culminated in the development of modern strategies such as the human

resource frame, cost analysis modelling, and systems thinking approach.

The operational model of supply chain management focuses on setting boundaries of supply chain management as well as facilitating the investigation and understanding of supply chain management (Kilger, Meyr & Stadler, 2015). As such, it offers the contexts of extenuating possible concerns that may accompany the conceptualization of supply chain management. Under this model, supply chain management is conceptualized as containing three interrelated aspects, including supply chain business processes, components of control, and the structure of the supply chain network. Business processes are central factors in the concept of supply chain management because they support the consistent flow of information and materials across the web. Specifically, they advance a comprehensive and more in-depth understanding of the critical supply chain concerns, parameters, and processes. It also facilitates the knowledge of the interactions among organizations within specific business networks. As such, organizations can use such resources to make appropriate decisions regarding their functions and operations.

Management components in a supply chain management framework include behavioural and technical aspects that tend to influence business processes management, thus informing the structure of networks within a supply chain design (Ravindran & Warsing Jr, 2016). As such, the main pillars in the planning and controlling supply chain processes include the behavioural and technical aspects. Technical factors are tangible, thus considered as the hardware in business operations across the supply chain framework. Behavioural components are intangible, hence considered as the tools that enable the effective use of tangible factors across the supply chain framework. In comparison, network structure elements concern the valuation of the level of integration and coordination necessary for the establishment of networks or relationships with other organizations across a supply chain design. Also, network structure elements include factors such as process links, members of the supply chain, and structural dimensions.

2.6.3 Network Model

Lastly, the network model of supply chain management focuses on business networks, including the competitive position of a firm within the system, the structure of the system, and the components of a network (Kilger, Meyr & Stadtler, 2015). The network model also captures actors, activities, and resources present in a given business network within the corresponding supply chain. For instance, network actors can be described as a combination of events, people, and objects. This combination is responsible for controlling and managing resources and activities across a supply chain network. Actors can also be defined in the context of their resources and activities in a supply chain network. These fundamental network dynamics are relevant when making supply chain-related decisions. Based on this assessment, therefore, organizations' access to resources tend to depend on the extent of relationships between actors.

Supply chain management theories and models presented in the preceding sections of this report offer the context of understanding the complexities and dynamics of supply chain processes in the areas of strategy development, behaviours across the supply chain, organizational networking, and operations. As such, the described theories and models are integrated into the mainstream framework that acts as the foundation for supply chain management design for the proposed niche perfume company (Ravindran & Warsing Jr, 2016). The theoretical component offers rational explanations for the relationships between concepts, while the model aspect provides insight into the operations of supply chains used by companies. Specifically, the academic part of the framework explains organizational behaviours in the context of economic and social factors. Therefore, such explanations have considerable implications for the management and structuring of supply chains.

2.6.4 The Proposed Supply Chain Framework for the Company

The following holistic supply chain framework developed by the company is applicable in approaching the supply chain design for the proposed niche perfume company. The upper part of the framework outline the supply chain models described in the preceding section of this report. The behavioural, network, operational, and strategic models of supply chain management tend to facilitate efficiency, risk-hedging, flexibility, and agility across the supply chain framework as presented in the figure. The lower side of the framework includes supply chain management theories described in this report. The use of the structure captures antecedent factors such as organizations' willingness to cooperate, visions, trust-based relationships, long-term orientation, and commitments among others. These antecedents lead mechanisms within a supply chain design, including structures, management factors, relationships, and processes. The last section of the framework includes the outcomes of tools. Examples include cost leadership, customer satisfaction, brand image, the effectiveness of operations, efficiency of services, and customer satisfaction among other factors.

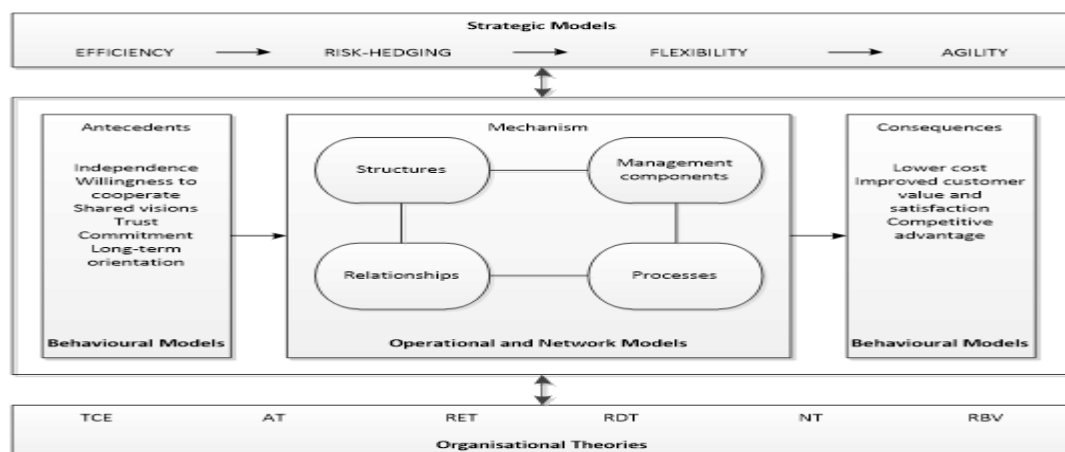


Figure 1. Holistic supply chain framework. Adapted from

https://www.researchgate.net/figure/A-holistic-view-of-SCM-theories-and-models_fig6_276280478

The presented holistic supply chain framework can be used to design an effective supply chain for the proposed niche perfume company. An appropriate supply chain design can be envisioned in two contexts: the business networks model and supply chain strategy. The business network model was developed by Kilger, Meyr & Stadtler (2015), to help in the conceptualization of effective supply chain design for specific firms. The framework envisions a business network as a system that links three critical aspects, including resources, activities, and actors (Kilger, Meyr & Stadtler, 2015). The resources consist of both the tangible and intangible assets that an organization possesses and can be used to pursue specific objectives such as the design, development, and production of goods and services for particular markets. Examples of such resources include financial resources, human resources, facilities, and intellectual resources among others. Actors, as conceptualized in this model, are significant players in the network, including organizations, their suppliers, and customers among others. Activities are the processes or methodologies used to pursue an objective. They include production processes, management processes, leadership processes, logistic management, and inventory management among others. These three factors tend to vary among organizations depending on their business ideas, the nature of their business environments, and the definitive internal elements. As such, the structural aspects of networks are considerable factors of consideration when designing an effective supply chain.

Therefore, the design of the supply chain for the proposed perfume company should be based on three fundamental factors, including market sensitivity, effective relationships with other actors, and streamlined operation as conceptualized in the business network model. These factors seek to pursue three corresponding outcomes, including improving the flexibility of the supply chain to enhance its ability to respond to the changes in customers' needs, facilitate mutual gain for all actors, and minimize the cost of operations respectively. These three factors, together with corresponding outcomes, can improve the capacity of the proposed company to

compete effectively against the more giant corporations.

The first aspect of this supply chain model, market sensitivity, aligns with the proposed business idea that seeks to deviate from the mainstream business strategy that dominates the perfume industry in France. The best-performing companies in France (sources of competition) are renowned brands with traditional products. Their business strategies orientate relatively more towards a global strategy compared to a multi-domestic approach. As such, their supply chains are not flexible enough to respond to the requirements from each of their markets. In comparison, the identity of the proposed company is significantly characterized by the intention to operate in a niche market rather than the general market. The niche market is characterized by the dynamic nature of the needs of consumers. As such, its business strategy sacrifices production efficiency in favor of market responsiveness to local requirements. In this case, the decoupling point moves from the consumers' end to the production point in the supply chain. It also means that business decisions in the areas of product design, development, production, pricing, and distribution should be influenced by the relationship between the firm and its targeted market as well as the information that arises from such a relationship. Following preliminary market research, it was determined that the niche market offers the opportunity for the company to grow and expand its operations by addressing the needs of perfume enthusiasts in the region.

The second aspect of the business network model, the relationship between actors, maintains that firms exist in the supply chain design of other entities in its supply chain network. As such, it is critical to understand the interrelated roles and perspectives that arise from such a system. The argument is that the success of a supply chain depends on whether each company understands the relevance of the integration to their business operations, thus demonstrating a high-level commitment in the management of processes across the boundaries that define each firm. The business network model outlines that these relationships exist on a

business-to-business basis and include a complicated relationship with entities such as suppliers, stakeholders, and customers. Therefore, a firm's supply chain offers the opportunity for interaction with the external environment. The potential of the network depends on the number of resources invested and the capabilities of the existing entities. The extent of the innovation in the business network relies on the combination of the resources of each actor in the system. However, any slight change in the system often corresponds to changes in the firms within the system. The implication of this aspect of the proposed niche perfume company is that it should pursue a supply chain design that can satisfy the interests of every player in its network, including shareholders, stakeholders, the government, and suppliers among others.

The last aspect of the business network, as conceptualized for the proposed company is the integration of streamlined processes. The essence of streamlining operations in a supply chain design is to achieve a performance advantage related to such a strategic decision. However, organizations need to perceive effective supply chain management as a source of performance improvement as well as an area where they can improve their competitive fronts in their respective industries. With such a mindset, therefore, managers are likely to engage in processes that would optimize performance advantages in the supply chain of their companies. Theories such as supply chain orientation offer the opportunity for organizations to shift their focus from internal operations to diverse and collaborative strategies that can drive the attainment of profits efficiently. However, streamlining a supply chain requires the support of the top management of organizations. Secondly, the engagement of functional managers in supply chain decisions is also a critical factor in streamlining a supply chain of an enterprise. Other aspects include the integration of an information system to manage functions such as reporting, logistics, and inventory effectively.

Additionally, organizations should implement an appropriate organizational structure depending on the performance advantages they hope to achieve from their

supply chain. Whereas a hierarchical structure offer improves an organization's control over its supply chain processes, it is not suitable for a firm that seeks to develop flexibility and the capacity to respond to situations in real-time. Comparatively, flat structures may be ideal for organizations seeking flexibility and the ability to respond to market forces rapidly but are likely to incur risks related with a reduced sense of control. The argument is that flat structures tend to sacrifice power for faster decision making. As such, decisions are not deliberated across multiple ranks but are made collaboratively over short periods. In hierarchical structures, decisions are deliberated across many grades before they can be implemented to solve specific issues. As such, decisions take extended periods to be made because they must be verified in the level of management.

Unlike the business network model, the supply chain strategy is not superficial in the sense that it surgically delves into the smaller details that should outline an effective supply chain design for a company. Based on this understanding, Michael Porter highlighted that the model of an effective supply chain should be underpinned by four factors, including industrial framework, the competitive position of a company, processes, and supply chain management (Kilger, Meyr & Stadtler, 2015).

The industry framework defines the interactions among external factors such as technology, suppliers, customers, and economic factors that can determine the level of competition. In this case, four factors can influence the design of a supply chain, including the demand variation, market mediation costs, product lifecycle, as well as the relevance of the asset costs to total costs. The demand variation includes a wide range of supply chain and manufacturing costs that can drive the efficiency of the supply chain and the corresponding values of operation. Market mediation cost arises from the mismatch between the demand and supply of products. The product lifecycle captures the impact of technology and consumer trends on the ability of a firm to introduce a product in a given market. In the end, this factor affects demand variability and the cost of operation. Lastly, the relevance of asset cost to total cost

is applicable in cases where firms need to utilize their assets at high-rates to achieve profitability. As a result, such companies are likely to incur high-inventory charges and lower service levels due to the emerging “push” mentality.

The second aspect of the supply chain strategy, the competitive position of a firm, captures the unique values that such a firm proposes to its market(s). The competitive position of a firm can be understood in the context of order quantifiers and qualifiers. Qualifiers are the requirements that a product should meet before a company can be considered competitive. Quantifiers are the selling points of a given product. From a pure perspective, the priority is to highlight the factors that would help firms to win businesses and incorporate such elements into their value propositions. In the case of the proposed niche company, the most significant values include authentic and exotic fragrances to appeal to the desire of perfume enthusiasts. Other aspects, such as quality and price leadership, can also be an essential part of the firm’s value proposition amidst the stiff competition in the French perfume market.

The third aspect, internal processes, focus on the alignment of the connection of all activities with the objectives of firms. In the case of the proposed company, the location and level of utilization of assets, as well as the location of the decoupling point in the supply chain, should define the relationships between functions and activities. For instance, the location of the decoupling point near the production point will mean that the company either intends to sacrifice production efficiency or pursue transnational strategy (the combination of production efficiency with market responsiveness). Either way, the firm will need to involve its customers in the design, development, and production of perfumes to meet the needs in the niche market. The firm contemporary customer engagement methods such as online communities, value co-creation, or use feedback to design products that would attract strong positive response in the market. Correspondingly, the design, development, and production of exotic and authentic perfumes will require a high-level utilization of

various assets, including human capital, structural assets, intellectual assets, and technological assets.

The last aspect of the supply chain strategy, the managerial focus, offers the opportunity for an organization to link its supply chain with its competitive priorities. Management, in this case, assumes a strategic role in which decision-making prioritizes the alignment of the supply chain processes with the overall competitive strategies of the firm. Misalignment can lead to the under optimization of the supply chain, thus leading to the over-focus on the local cost efficiencies. The managerial focus of the proposed niche company, therefore, seeks to align the profit-oriented objectives of the company with best supply chain management practices such as streamlining the supply chain. Besides, the managerial focus aims to align the company's need to achieve competitive leadership in the niche perfume market with the responsiveness of the supply chain by using consumers' feedback to make product design-related decisions.

2.7 Logistics Management

Logistics management, a critical function of supply chain management, also tend to conform to various theories. Logistics management aims to manage the purpose of a firm's supply chain. Specifically, it is concerned with the management of the flow of goods and services, pieces of information, and resources from the point of production to consumption. The flow of these elements tends to contribute to customer satisfaction. Therefore, the logistics management process includes the integration of inventory and warehousing, information, material handling and packaging, and transportation. The discourses on logistics may have been formalized recently, but the concept may be traced back to medieval Greece.

A simplistic conceptualization of logistics in the business sense is having the

possession of material at the right time, place, quantity, and price. Therefore, logistics management is often employed to address multiple supply chain problems. One such issue relates to network distribution configuration. In this case, confusion often arises when a firm deals with many suppliers from different locations, use multiple facilities to produce goods or services, utilizes various distribution centres to supply products or services, and has a large customer base. In this case, effective logistics management should ensure that materials flow between different points promptly, accordingly, and precisely without attracting the high-cost of operation. Supply chain problems also relate to distribution strategies utilized by companies. Whether a company uses a centralized or decentralized distribution process, cross-docking, pull or push plans, or direct shipment, it needs a reliable logistical process to ensure that materials arrive as scheduled, in the right quantity, and for the right price.

Other problematic areas include the integration of information sharing systems through supply chain processes as well as inventory management. Information systems are critical aspects of supply chain management processes because they aid in the exchange of valuable data between different teams of workers. Pieces of information include demand signals, inventory management decisions, transportation decisions, and forecasts, among others. Secondly, appropriate logistics management can inform a firm's choice for the location of inventory, such as finished products, products under development, and raw materials. Lastly, logistics can help companies to organize proper terms and methods of payment across actors in the supply chain.

One of the renowned logistics theory is logistic regression. This theory underpins the model that most companies use to forecast the probability that an event would occur. As such, the model utilizes various predictor variables to improve an organization's probabilistic. In the marketing sector, this theory is used to predict the likeliness of customers to purchase a specific product or service. A technical explanation of logistic regression begins from the understanding of logistic function.

Logistics utilizes values between negative and positive infinities to produce results between 0 and 1. Therefore, the variable Z is calculated to determine the level of exposure to one or multiple risk factors. This theory insinuates that successful logistics management depends on a firm to correctly predict future events and develop prior solutions. It falls within the context of risk management. Effective risk management requires people or business entities to anticipate all the possible sources of risks, understand and prioritize risk factors, and develop corresponding effective solutions to such risk factors. The ability to manage risks before they occur can prevent the additional cost of operation and ensure the continuity of supply chain processes regardless of the circumstances.

3 Methodology

3.1 Research Participants

The research on the challenges and opportunities in establishing a niche perfume company in France, and supply chain management of inventory and logistics in Niche perfume, involved doing a market research in France and adopting and management of stocks and logistics involved in the manufacture, distribution, and sale of niche perfumes in France by a Chinese company. The research included two sets of participants; potential customers and supply chain management and logistics managers realize the two main objectives of the study. The research involved 384 people (potential customers) in providing the information required for market analysis and to understand the perfume industry in France, and ten supply chain managers. The 384 participants are customers who use perfumes in France.

The vast market and with high segmentation in niche perfumes, the 384 participants provide a more diverse and case-specific data on the market situation. Since the research focuses on both genders purchasing perfumes, the inclusion of both sexes in this selection provided the researcher with diverse data and a clear description of the entire perfume market. Even though women continue to dominate the perfume industry as they are more attracted to fragrances than men, men also vitally influence the niche perfume market.

The researcher identified the niche perfume wholesalers and retailers across Paris and Grasse. Once the researcher identified the perfume businesses, the researcher and 10 data collection experts visited the stores and identified the customers. The visitation to the perfume businesses went for one week so as to reach out to as many clients in a day as possible. The customers were approached after they leave the perfume enterprises and informed about the research that could improve quality of products they purchase in the market. The researcher explained to the customers

how the upcoming niche perfume company could improve the quality of services they demand. The researcher supplied the participants with the questionnaires on daily basis. The researcher visited the identified shops and distributed questionnaires to designated customers. To achieve the goal of distributing 2560 questionnaires, as a result of an estimated response rate of 15% of those contacted, the researcher contract 10 experts in data collection. The 10 data collection experts strategically position themselves at the exit points of the niche perfume businesses and reach the customers.

The research involved participants aged 23 years and above. The participants earned €2000 and above every month. The participants lived in Paris, France. Paris was considered to be the piloting market niche due to the high affluence levels in the city. Paris is also one of the leading fashion cities in the world, which make it an ideal market for niche perfumes. Women in Paris are more likely and more frequently to use scents as compared to men, just like other markets internationally. The sample also based on the roles both genders play in purchasing fragrances, as well as the role that men play in influencing their women to buy perfumes. Men, as women can be convinced by their women to purchase certain fragrances according to the fragrance types that their partners prefer.

On the sample of supply chain managers, there were no demographic, psychographic, and social factors considered. The researcher identified the companies dealing in perfumes from China and selling in France and with supply chain departments. The selection of the SCM and logistics managers based on the identification of the companies. The researcher involved 10 SCM and logistics experts from these companies. One-on-one interviews were used to gain information from the SCM managers to allow inclusion and consideration of personal opinions, thoughts, and experiences.

3.1.1 Sampling Method

Two different sampling methods were used in the selection of participants. For the participants, probability sampling was used due to the difficulty of identifying who meets all the demographic and psychographic factors aforementioned. The researcher and the data collection experts strategically position themselves in the exit points or pathways into and out of the niche perfume and based on probability approached the customers. There was no specific preconditions on the customers to be contacted except for gender. Other factors, such as income and age, were challenging to predict, which compelled the researcher to leave them blank for the participants to determine. There was a low likelihood that the identified population would respond to and return the survey questionnaire. The quantitative methods were used to analyze the responses of the sample.

In the second case, purposive sampling was used to select the SCM and logistics managers in the identified companies. The participants were deliberately chosen so that the research could meet its objectives. The researcher selectively approached the SCM and logistics experts to provide relevant information relating to the logistics of niche perfumes. The SCM and logistics managers were then interviewed to fulfill qualitative research.

From the onset, it was relevant to collect information from participants with an adequate understanding of the French perfume industry. As such, the purposive sampling method was used to recruit marketers of various perfume companies in France. The rationale for focusing on this group is that their roles as marketers exposed them to many industry dynamics such as the level of competition in both the mainstream and niche markets, the types of customers, the number of products in the industry, and market trends. Secondly, purposive sampling was used to improve the objectivity of the study. Focusing on marketers improved the probability of gathering the information that corresponded to the research questions, thus

enhancing the validity and applicability of results.

3.2 Research Design

Samples were recruited for the quantitative aspect of the study design. The quantitative study sought to understand the French perfume industry using surveys. Given the nature of the proposed research, a conforming mixed model was used to study the related questions. A qualitative design was used to study appropriate inventory and logistics management solutions while quantitative design used to study the French perfume industry, including aspects such as market trends, customer types, and competition. The advantage of using a mixed model is that each design canceled the weaknesses of the other, thus improving the quality of the research outcomes. For instance, qualitative design made up for the fact that quantitative design offers a weak platform for understanding the context of people's behaviours. Correspondingly, quantitative design made up for the possible biases from the researcher in qualitative design, thus improving the objectivity of the study. Secondly, the mixed design facilitated the gain of breadth and depth of understanding and corroboration. Therefore, it promoted a comprehensive knowledge of the research problem compared to if each model would be used independently.

Additionally, the mixed design offered the platform for developing or adopting instruments that were specific to the context of the research questions, as discussed in the subsequent sections of the methodology section. The qualitative design offered the opportunity for the researcher to gather information about the research topic to make decisions about data collection instruments with high-level validity. For instance, the utilized devices could be used to measure the study construct, thus improving the validity and objectivity of outcomes. Lastly, the mixed study design allowed the use of different data collection approaches to achieve the objectives of the study. As such, data could be compared against each other to establish validity.

The substantial gap in the pieces of information would mean an error in the research process. However, the design was intricate and required more time to implement compared to individual models. Besides, resolving the discrepancies that existed from the different interpretation of results was difficult.

3.3 Qualitative Research on Inventory and Logistics

The qualitative research approach was used to gather data on inventory and logistics of Niche perfume in Grasse, France, and the SCM of stock from China. Grasse, France is the market and production hub of the Niche perfume, the movement of goods, services, and raw materials from China to France were described, and their impacts/contributions explained through interviews and open-ended questionnaire. The logistics of shipping bottles, bottle stickers, and package boxes from China was examined and evaluated with respect their costs effectiveness as compared to the other available options. The inventory and logistics managers in Niche perfume in China were asked on how effective the logistics of moving these inventory to Grasse, France could be more effective as compared to purchasing or manufacturing the bottles in France. The study covered the questions on delivery speed, operation costs, moving load, energy saving, usage of facilities, and service quality.

The qualitative research involved interviewing 10 participants from SCM and logistics managers of other niche perfumes in China and France. The study applied purposive sampling to select only supply chain managers to help in gathering precise information that could only be acquired from the purposively sampled group. The researcher identified companies dealing with niche perfumes in France as well as those who manufactured niche perfume in China with the market in France. For instance, production supervisors, sales, and other departmental managers could not provide vital information on the cost-effectiveness of shipping the already manufactured bottles and their stickers to Grasse other than purchasing them from

France.

The researcher approached 15 companies dealing with niche perfumes, with 6 being Chinese companies as the remaining 9 were France-based niche perfume companies. The more significant number of these companies operate in France as that is where there is the target market. The researcher managed to reach the companies on phone and email to enable the researcher to access their contact office telephone numbers and email addresses. The researcher narrowed down to 10 companies due to the availability of the SCM and logistics managers for interviews. Five (5) of the initially contacted companies declined to participate in the research.

3.3.1 The Interview Process

From the companies, the researcher contacted the SCM and logistics managers who understood the perfume industry and were willing to be part of the process. After they met with the participants who accepted to take part in the research, they set a date for the interviews. The interview sessions took at most 1 hour, 30 minutes. The researcher conducted the interviews within three (3) weeks. The tight and unpredictable schedules of the SCM and logistics managers implied more days for the meetings. The interviewees had an obligation to choose the times and places to undertake the process. In all cases, the interviewees chose locations within their companies, premises, or business. The interview sessions were recorded using audio recorders to ensure that the accuracy of the information given. The audio recordings were later transcribed.

A set of specific questions on inventory and logistics guided all the interview processes. Being a one-on-one interview, the respondents were able to flexibly respond basing their answers on their experiences, thoughts, and feelings. The interview questions based on the following aspects of inventory and logistics management and related issues:

Solving inventory error

Cost-effectiveness of shipping inventory from China to France

Forecasting analysis for optimization of stock

Probable losses in shipping and securing inventory from China to France and Europe.

How inventory meets quality standards?

Building a stable and trusted relationship with suppliers both locally and internationally

Ways of improving the shipment process of the inventory across international borders

Challenges encountered in SCM and logistics of such stock

The need for using more advanced technologies to deliver catalogs in time, for example, supply chain management software.

Dealing with pressure and stressful situations in SCM

Balancing the demands of vendors, suppliers, and manufacturers at the same time.

From the supply chain management and logistics experts' responses, the researchers compared the differences in costs between transporting the bottles, bottle stickers, and packaging boxes and buying them in France. The prices of buying the inventory in China and shipping them to France proved to be cheaper than using those readily available in France. The ready availability of the stock in China with the preferred design and size also weighed over the option to purchase in France. The inventory managers were asked on how the business ensured the flow of inventory, and the majority gave an assuring response to prove that the process of inventory management and logistics was well addressed in the strategy. The business strategy of vendor managed inventory (VMI) where the customer provides information about how and what amount of the product they require, to the business/vendor which takes the responsibility to deliver according to the agreed inventory.

The qualitative research provided adequate information to the researcher to consider the available options in inventory management and logistics. The experts involved in the logistics sector adequately explained the interview questions enabling proper decision-making on whether to ship bottles, bottle stickers, and package boxes from China to France or purchase from France and use them to fill with the perfume. The qualitative approach based on the use of VMI, where the customers were to order products in different and preferred quantities before being packed. With the VMI, it was quite flexible and reasonable to ship inventories such as the empty bottles, bottle stickers, and packaging boxes from China to France if it is cost-friendly.

3.3.2 Internal and External Validity of Qualitative Method

In the qualitative research approach, the environment and process of conducting the interviews had quite several confounding factors that could influence the internal validity of the study outcomes. For instance, the companies' interests could hamper the results of the research. The SCM and logistics managers could give information that protects their companies and thus manipulating the outcomes of the investigation. There were chances that the SCM and logistics managers could be conservative and bias when providing given information about their operations and challenges in the company to avoid exposing their organizations. The study, however, managed to control and reduce the confounding factors by blinding the participants. The researcher intentionally avoided informing this category of participants all the information entailing the project.

Based on the general effects of shipping inventory from China to France for a niche perfume company, the results are transferable to similar situations. For instance, the outcomes of the qualitative research could be used to guide the decision-making of a niche perfume company which wants to ship its inventory from any country that cheaply manufactures the stock to a state of its production and market. The results

could be used to guide organizations across the world, provided that the situations are similar. To improve external validity, the study applied a psychological realism approach to give a cover-up about the real aim of the study (blinding the participants), so that they do not behave differently to give impracticable results.

3.4 Quantitative Research

The quantitative design involved the survey conducted on 384 participants. The research considered an estimate of 15% response rate, and this implied that more inquiries were sent to the target population. With 384 participants, which the 15% response rate should cater to, the research was done on 2560 survey questionnaires. With 384 surveys, the study adopted the quantitative methods to explain, delineate, and present the data. The researcher introduced himself to the participants who, at the time, had no clue about the researcher. The researcher explained the purpose of the study to the participants.

3.4.1 Quantitative Research Plan

The random selection of participants allowed the researcher to involve customers with diverse experiences in the niche perfume market. Since the study intended to collect data and analyze it to reveal the exact market situation, the researcher approached different niche perfume businesses in Paris and Grasse. The participants were briefed on the background and purpose of the research after the researcher introduced themselves to the participants. The researcher then gave them the consent forms and was to contact the researcher through the contact details they provided at the bottom of the consent form. The researcher gave the participants 5 days to return the consent forms. Questionnaires were given to those who returned their consent with signatures and acknowledgement to be part of the research process. The polls were identified to be the most appropriate method of

data collection due to the convenience that it gives the participants. The participants plan for the right time to respond to the questionnaires. The satisfaction that surveys help in providing the most accurate information to the researcher.

Considering the number of questions to respond to, the researcher gave the participants 7 days. After the filling in the questionnaires, the participants were directed to contact the researcher with the contacts provided below the questions in the survey. The participants are instructed to autonomously fill in the questionnaires to ensure that there are no or limited external influences on the information they provide. Within the provided time frame, the participants were to make any inquiries whenever they failed to understand the questions. The researcher advised the participants to contact him using the contact details he provided in the questionnaire in case they needed any clarification on the items.

The online survey involves contacting the potential participants through internet-based platforms, such as social media sites. The researcher sent the questionnaire to the target group of potential participants, and they responded through the World Wide Web platforms. The researcher visited the identified businesses with websites to identify customers who reviewed on certain products. Through this, the researcher met more potential customers and engaged them on the possibility of participating in the research. The researcher realized that it would be difficult to reach all the participants within the vicinities of the identified businesses and decided to go online. The online questionnaire involved sending identification, consent, and the survey to the potential participant.

The researcher could not physically identify target group considering the numbers and the limited time and contacted participants through online platforms. With proper identification to avoid doubts on what his intention could be, the researcher engaged the customers on their profiles, convincing them to participate based on the benefits that the proposed business would create to the customers based on their

sincere positions. The study expert sent hid details, contacts, and photos to the client to believe the online engagement. With a bit of background of the study, the researcher was able to convince the participants to be involved in the study. The researcher, however, managed to engage 120 customers. The online engagement began two weeks before the physical meeting with participants who visited the niche perfume businesses in person.

If the participants were unable to physically return the consent forms due to their tight schedules, they were instructed to contact the researcher through the contacts provided. Through either call or direct messaging, they would inquire if the client was comfortable to do the questionnaire online. In this case, the researcher requested the participants to give their email addresses by sending messages containing the email addresses or being contacted on social media. With the researcher's mobile contact registered in major social media websites and apps, the participants were able to respond to the questionnaire and send it to the researcher through Facebook, WhatsApp, Twitter, and LinkedIn. The participants, who had too little time to get back to the researcher physically, but had the interest of getting involved in the study were able to send their filled-up questionnaires through the social media links.

3.4.2 Ethical Considerations

The research was designed at the back of sound ethical principles such as beneficence, maleficence, autonomy, and justice. As such, the researcher developed consent forms equipped with information on what the study participants entailed. The aim was to obtain informed consent from the sample before engaging them in the study process. Informed consent allowed the participants to understand all that the research requires of them as well as making reasonable decisions to participate in the research process. As such, only participants who filled, signed, and sent back their consent forms were engaged further in the research process. Even those who returned the filled up online questionnaire were engaged further into the research.

The researcher ensured that he influenced no participant to provide the data the way they did. The autonomy of participants when responding to the questions ensures the accuracy of the information given.

The researcher designed a system to maintain confidentiality. Correctly, the researcher replaced the actual names of participants with codes to reduce other people's ability to identify participants. Besides, the researcher limited access to raw data to protect the identities of participants. The instructors marking the research were the only parties allowed to access the raw data. In the event that the research work was to be published, the researcher would ensure that further adjustments made on the data collected to protect the confidentiality of the participants. For the case of inventory and logistics experts, privacy and anonymity would protect the participants from isolation and mistreatment by the organizations they work. In most cases, organizations strive to safeguard their information, and employees are never at liberty to share such vital information with potential competitors.

The researcher ensured that those who accessed the research data had an obligation to protect it from unlawful use. The access and use of the data collected needed permission from the researcher to ensure the confidentiality of the participants. The researcher removed names of people or places, vernacular terms that could suggest the location of residence, and geographical cues to ensure that the participants' anonymity. The terrestrial signals, and colloquial terms would scale down the suspected person to could have shared information with the potential competitor in the niche perfume market. The researcher identified the possible avenues to protect the participants from the victimization that revealing their identities could cause. Following the guidelines of informed consent allowed them to preserve anonymity, confidentiality, and rights of the participants in the research.

Even though the participants had ideas on the needs to protect their confidentiality, the researcher discussed certain conditions that privacy might be breached. The

researcher explained the limits of confidentiality with the participants. The participants were informed on how the information they provided would be used in the course of the research and how possible it would be to secure their privacy. At a personal level, the researcher ensured that certain information on the raw data was obtained from other parties. For example, the researcher stored vital privacy data in an area with limited access in unidentifiable condition. Throughout the study, the researcher ensured that they did not speak about the participants' names in rooms that are not soundproof.

3.5 Data Collection Plan

The mixed research design provided flexibility in the choice for the appropriate data collection instruments to be used in this study. As such, the data collection approaches used in the study corresponded to the context and the nature of each research question. Correctly, the qualitative data collection method was used to study appropriate supply chain theories and models that can support the selection of cost-effective inventory and logistics management decisions. The quantitative data collection method was used to collect information related to study the perfume market in France. Therefore, content analysis was used in a qualitative research design to answer questions related to effective supply chain management decisions, including cost-effective logistics and inventory management methods. Besides, case studies were also used in the qualitative design to analyze the French perfume industry, including market trends, strategies, consumer types, preferences, and processes. Secondly, structured quantitative questionnaires with open-ended questions were used to gather information from study participants to understand the perfume industry in France. The surveys also contained questions regarding market trends, types of consumers, and the level of competition.

3.6 Data Analysis

Two data analysis methods were used to analyze qualitative and quantitative data collected for this study. Content analysis was used for qualitative data while cross-tabulation used to analyze quantitative data. Content analysis method involves the process of arranging and coding information to outline significant themes highlighted in each response. Firstly, pieces of information are sorted and grouped according to shared characteristics. For instance, pieces of information were arranged based on their similarity or based on the understanding that they are communicating similar things. Subsequently, commonalities were drawn from each group to represent significant themes. Themes are chosen based on their consistency or lack of compatibility with the research questions. Cross-tabulation involved primary tabular forms to arrive at inferences among different data-sets. Quantitative data analysis included four steps. Firstly, the nominal measurement scale was related to variables to organize data into a proper form. Secondly, the descriptive statistic was linked to encapsulating data. Descriptive statistics such as frequencies and percentages were used to outline patterns in the raw data obtained from the sample. Thirdly, a nominal measurement scale was chosen because the descriptive data were to be generalized to the specific French population. Lastly, tabular formats and charts were used to present information for analysis and subsequent discussion.

4 Results

4.1 Market Analysis

Questionnaires were used to study whether the proposed business idea was feasible. A sample of the surveys is attached in the appendix section. The questionnaires contained 13 structured questions which were meant to provide insight into the market trends such as consumer preferences, price ranges, consumers' experiences with niche perfume products, and the frequency of utilization of perfumes each day. The results of the survey are presented in the subsequent sections as guided by each survey question.

4.1.1 Gender

The first question in the study aimed to determine the gender of the participants. This question meant to help the researcher to build an accurate profile of potential customers of the proposed company. About 25.0% of the respondents identified themselves as males, while 75.0% identified themselves as females when asked about their gender. These statistics are represented in the chart below.

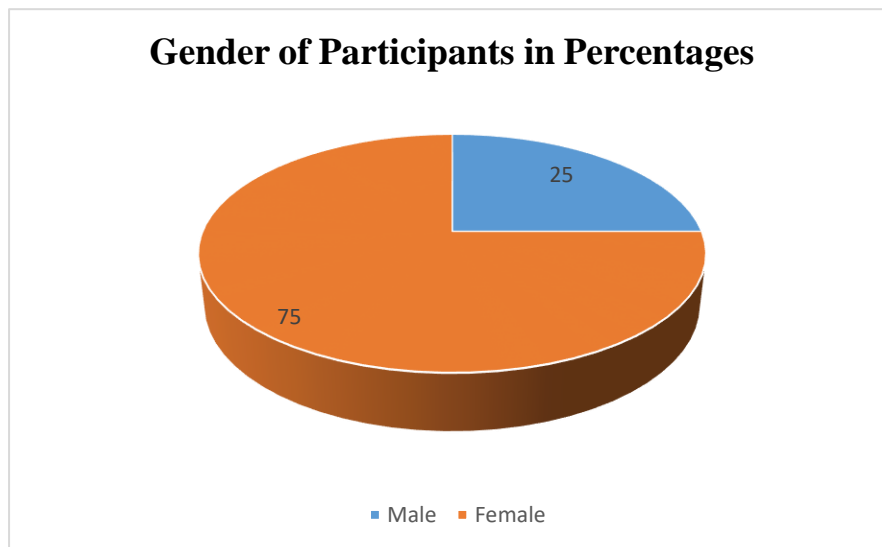


Figure 2. Gender of participants in percentages

With the female gender taking the most significant part of the research, the research reveals that women form the most extensive customer base for perfumes. Women, on a general view, like fragrances and beauty, is their central aspect and approach to life. Women, as compared to men, are more likely to purchase perfumes as indicated in the data. According to an article by Sadeghi & Tabrizi (2011), women are more emotionally attracted to scents and their fragrances as compared to men (Sadeghi & Tabrizi, 2011). Women are quite selective and concerned about purchasing perfumes. The market for women buying fragrances has been growing over the years and is projected to grow. Women have more reasons to buy a fragrance than men as they value perfumes to be vital in their identity (Brigham Young University, 2015). Therefore, the data on the participants' gender asserts that there is more potential in women's perfumes. Targeting the women's market with the niche perfumes would be a strategic approach for the new company.

4.1.2 Age Range

The next question aimed to establish the age range of the participants in an attempt to continue developing the profile of potential customers for the proposed company. From the responses, the majority of the participants existed in the age range of 23-28 years at 40.5%. The second age group was 28-33 years at 30.75%, 33-38 years at 8.87%, 38-43 years had 5.56%, 43-48 years had 2.14%, 48-53 years had 3.50% and 53 and above years had 8.68%. The results in this category were presented in the histogram below.

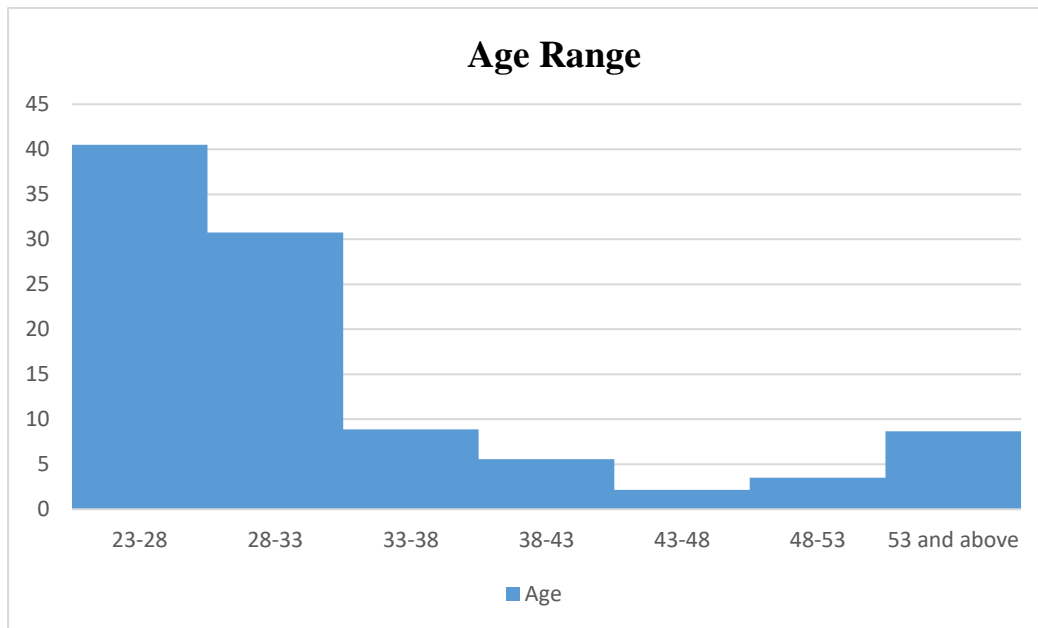


Figure 3. Age range

According to the frequency distribution data presented in the histogram, more youthful people purchase perfumes with ages between 23 and 33, making a significantly more significant portion of perfume customers. As people grow old, especially men, the passion for fragrances fades and thus the sharp decline. According to the study conducted by Brigham Young University (2015), the attraction to fragrances fades away as people approach old age. The participants of ages 23-28 are still socially active and adore fashion. The changing scents in the market sway this population a lot as they intend to be trendy and fashionable. The research also revealed that those at their forties tend to change their lifestyles completely. At this age people become more concerned and conscious about their health and reduce their frequency of using perfumes and other chemical ointments.

4.1.3 Highest Education Level

About 48.36% reported that they had graduated from respective universities, while 39.34% indicated that they were still in respective universities when inquired about the highest education levels of the participants. Besides, 11.48% stated that they had

college-level education, while 0.82% of the participants stated that they had high-school level education as represented in the chart below.

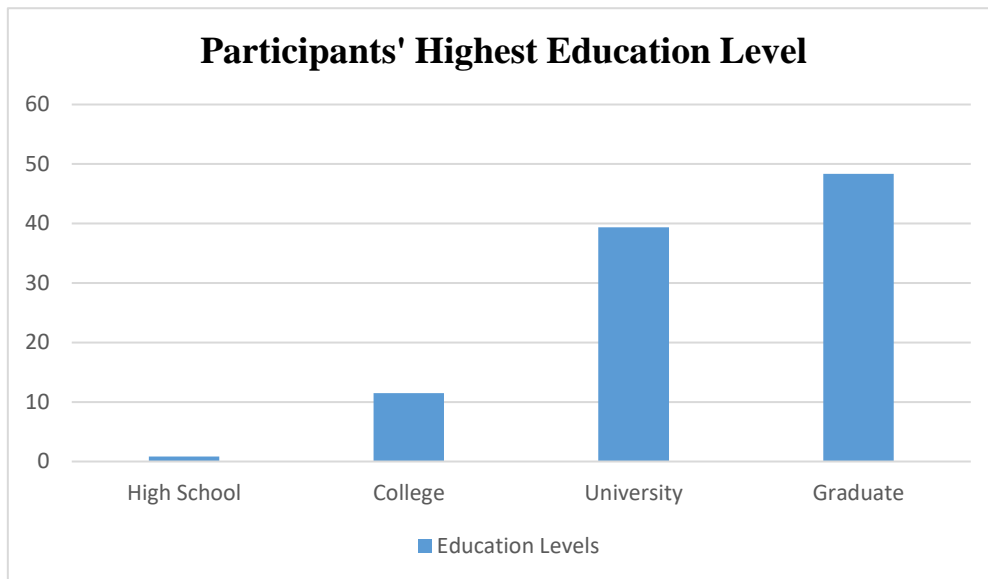


Figure 4. participants' highest education level

The data reveals that graduates are the majority of the customers in the perfume market. Graduates were the majority of the participants and thus a higher likelihood that they make the hugest portion of those using perfumes in the city. The second largest group were those who, at the time of undertaking the study, were in various universities taking their courses. The combination of the graduate and those in universities, it can be deduced that education enlarges people's social spheres and interaction (Azeema, Jayaraman & Kiumarsi, 2016). Socialization influences the decision to buy perfumes and related cosmetics. Education also exposes people to open and fashion-centered lifestyles. The research reveals that higher levels of knowledge related to higher purchasing power. From a general viewpoint, educated people have higher incomes compared to those with comparatively lower education levels. Education refers to a higher probability of employment or self-employment and, thus, affluence (Ali, Nas & Anwar, 2013). People with better knowledge are more likely to purchase luxuries such as fragrances.

4.1.4 Most Preferred Perfume Brand

The next question sought to determine the leading product or the best performing product in the French perfume market. When asked about the perfume brand they liked the most, 68 responses indicated that Chanel was the most preferred perfume brand in the French market. Dior came second at 52 replies while Guerlain came third at 45 responses. Other brands such as Lancome, Yves Saint Laurent, and Diptyque came fourth, fifth, and sixth at 43, 40, and 34 replies, respectively. The rest, Breydo and other small brands came seventh and eighth at 24 and 19 replies respectively, as indicated in the following graph.

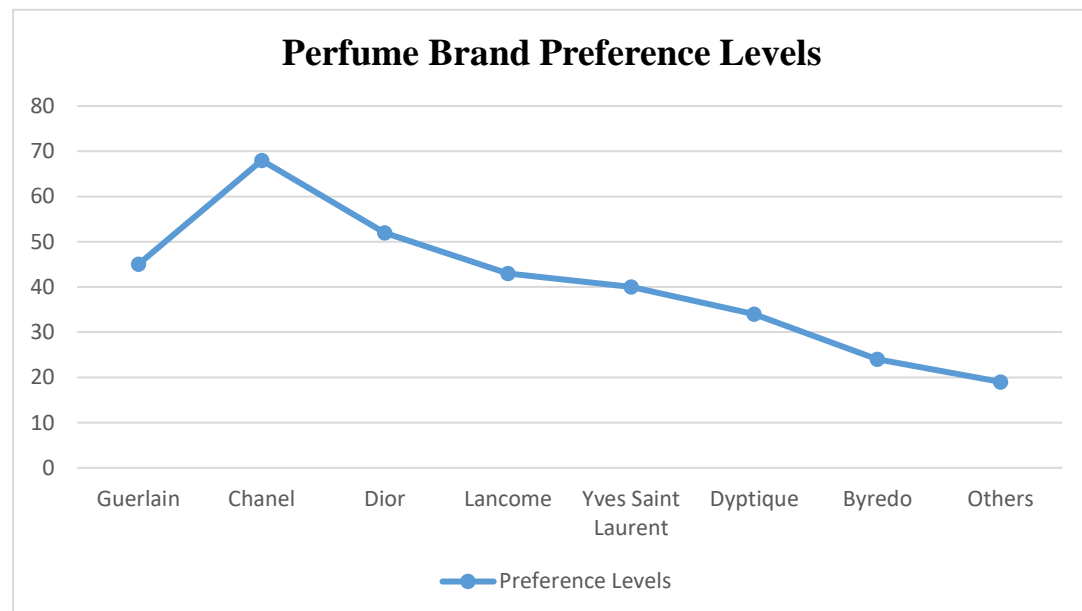


Figure 5. Perfume brand preference levels

In a highly competitive market, such as the niche perfume market, it is essential to precisely determine customer preferences and the factors that determine customer behaviours. In this study, the research investigated the preference levels of market-dominant perfume brands. The levels of favourites led the customer the compositions that attract more customers or convince them to purchase. The researcher took the study to examine the brands and undertakings that the various companies undertake to ensure their customer pull. The data on perfume brands

preference levels aid in understanding the market deeper than prominent market forces could reveal. The proposed company should come up with a brand that meets the qualities of the most preferred brand in the market as well as its own and unique brand qualities to gain a competitive edge.

The results also revealed that there is robust competition in the French Niche perfume industry. Only Chanel brands have comparatively higher preference levels from the customers, but fascinatingly, a majority of those who preferred Chanel expressed their love and preference to other multiple brands involved in the survey. Chanel perfume brand attracts many customers and preferences due to its strong brand in Paris, Grasse, and entire France. The other common brands in the perfume industry such as Dior, Dyprique, Lancome, Yves Saint Laurent, Byredo, and Guerline, have a very competitive preference levels. Even though the numbers of likes and preferences from the participants are variedly visible between these brands, and the competition is high due to the spread of choices by participants. A participant had the opportunity to choose from a number of the brands in this survey, and this reveals how the figures could be indefinite and overlapping from one product to the other. The closeness in the values of preference across these brands as indicated in the questionnaires reveal that there is a very stiff competition in the fragrance industry in France.

4.1.5 Size of the Perfume Bottle Preference

This question sought to understand consumers' preference when it comes to the size of the perfume bottle. Majority of the participants indicated that they preferred 75ml bottle followed by 100ml bottle at 42.62% and 35.25% respectively. 50ml bottle was the third most preferred perfume bottle by 18.85% while 125 ml came at a distant 3.28%.

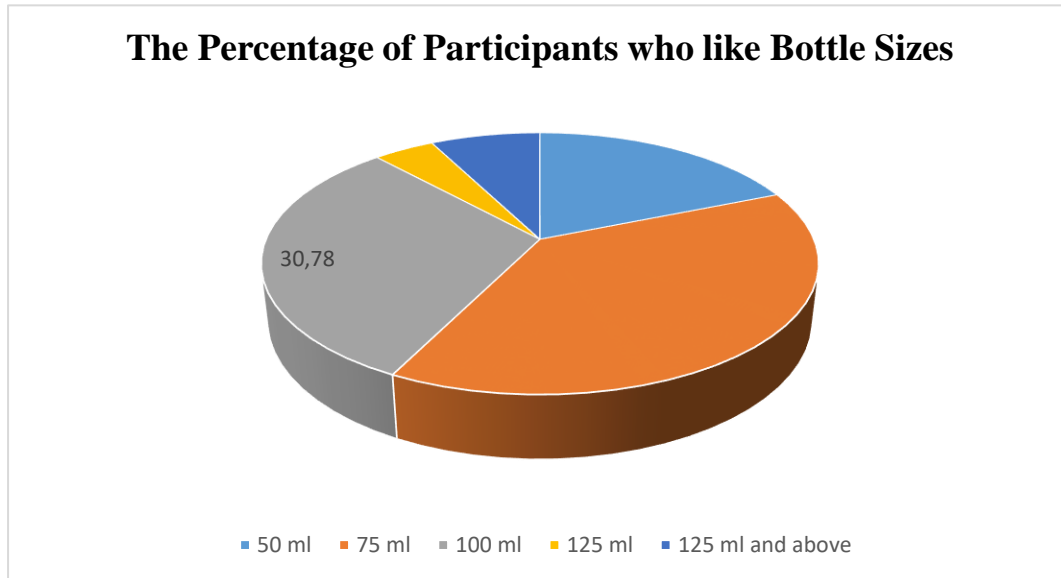


Figure 6. The percentage of participants who like bottle sizes

Bottle sizes influence the buyers' decision to purchase a fragrance for several reasons such as comfortable to carry, durability of the perfume, and difficulty to misplace. Certain customers look for perfume bottles they can easily carry either in purses, briefcases, and traveling bags either to or from work and various destinations. In this case the bigger or, the smaller the size of the bottle the easy or comfortable it is to carry to or from work. The ease of identifiability of the perfumes goes along with the size of the perfume bottle. Bigger bottles are easily identifiable either in the wardrobe or office cabinet. The combination of both ease of identifiability and comfortability in carrying compels most people to prefer medium-sized bottles. That reflects on why the 75 ml bottle has many preferences. The majority of the participants might have preferred the medium container because it can easily be carried along and ease of identifiability. In an all-round consideration, the medium cylinders meet the desires of most perfume customers.

4.1.6 Pricing Decisions

This question sought to know the maximum prices that participants were willing to spend on perfumes irrespective of their classes. Most of the respondents, about 39.34%, responded that they could accept a price range of 120-150€ while 24.59%

indicated that they would receive a price range of 90-120€ for a perfume. About 19.67% indicated that they would receive a price range of 60-90€ while 14.75% reported that they would receive a price range of 150-180€. Lastly, about 1.65% said that they would purchase perfumes at a price above 180€.

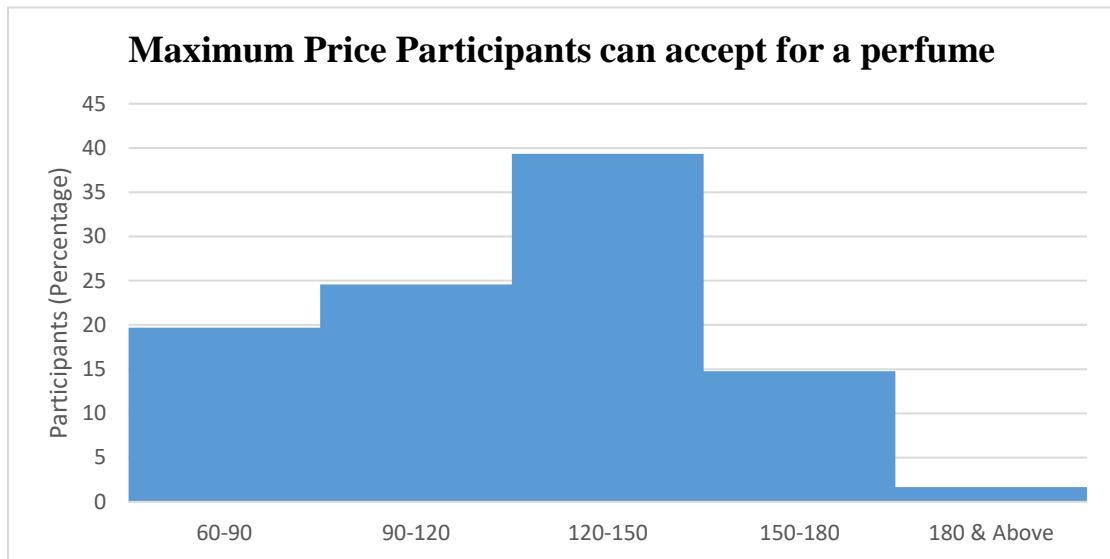


Figure 7. Maximum price participants can accept for a perfume

The decision to purchase products in the market and more luxurious products such as fragrances and cosmetics, customers must consider their income levels. The customers' decisions to buy products also depends on the needs, price in the market, and value of the product. In this case, the data revealed that the majority of the participants (39.34%) prefer a maximum price for a perfume product to be between €120 and €150. The price range is the highest distribution frequency of costs of perfumes that the customers would pay maximally. The data also revealed that a considerable majority of 24.59% would prefer to purchase perfumes that cost between €90 and €120. Any approach in the market by any business requires that most of the scents cost between €120 and €150. The company must consider the distribution frequency of costs that customers would maximally pay for perfume. The price ranges that had the smallest participant percentages, regardless, of their low

impact, the business must consider the needs of these small fractions of customers.

4.1.7 The Frequency of Perfume Usage in a Day

This question sought to know the frequency of perfume usage from the participants. About 39.34% of the respondents indicated that they use perfumes all the time while 30.33% indicated that they use fragrances at least once in a day. Approximately 29.51% responded that they utilize fragrances only on special occasion while others, 0.82%, indicated that their usage of perfumes is non-regular.

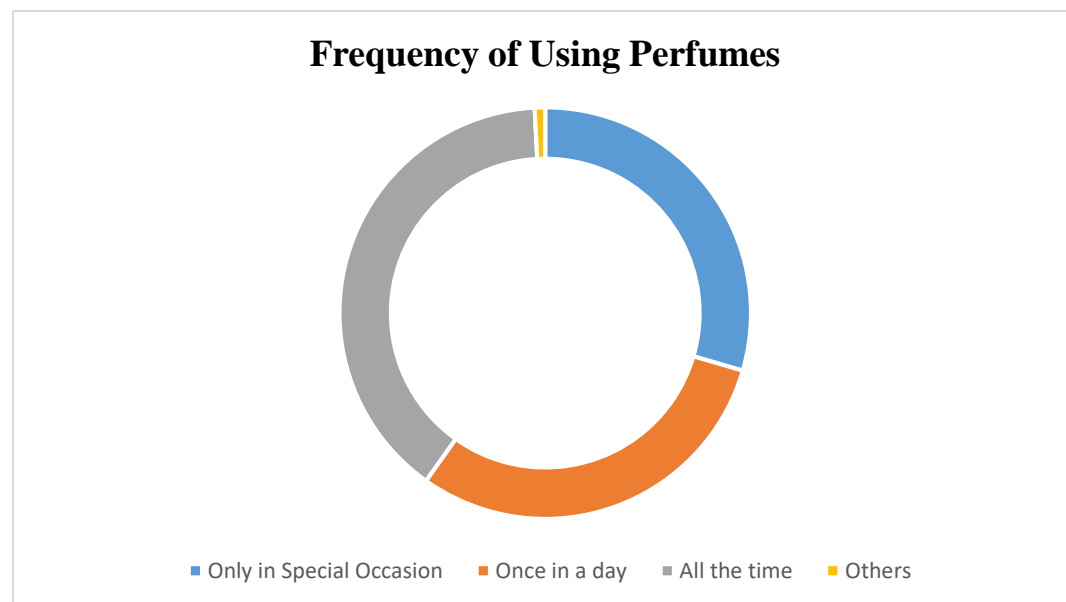


Figure 8. Frequency of using perfumes

The frequencies at which customers use perfumes is a vital factor to consider when setting up a niche perfume company in a market. Considering the data from the rates of applying or using perfumes among the participants, it is clear that the most common standards are averagely the same. The probability that a client use a fragrance once in a day, only in special occasions and all the time are averaging at 30%, with only using perfumes all the time at 39.34%, while other unmentioned instances the only outlier in the frequency of using the perfumes. The outlier, in this case, being other cases not recognized in the study do not have any influence for it

only composes 0.82% of the participants. A business striving to venture into niche perfume business should not bother to meet the needs of this portion of customers due to the difficulty to identify these other unmanaged occasions and a small piece of the customers. The small piece could also be easily swayed to determine their usage with the identified instances in the data collected. Niche perfume industry is highly influenced, and continuously changes due to the trends of fashions in perfumes and this would sway the one per cent in this case. Therefore, the proportion of customers who use fragrances all the time, once in a day, and only on special occasions should be the main focus of a business entering the niche perfumes' market.

4.1.8 Preferred Fragrances

This question was critical to the study because it was at the center of the strategy of the proposed business. From the onset, the proposed business aimed to operate in the niche market. It means that the fragrances it would be bringing into the market would need to appeal to a large section of perfume consumers in the niche market for it to make a substantial profit. The respondents had the opportunity to select more than one fragrance, as many people would prefer more than one scent at ago. The flower fragrance had the most preference, 185; wood fragrance had 115 favorites, fruit-related fragrances had 168 choices, leather fragrance had 65 likes, as other fragrances not identified in the questionnaire had 85 choices. The results are presented in the graph.

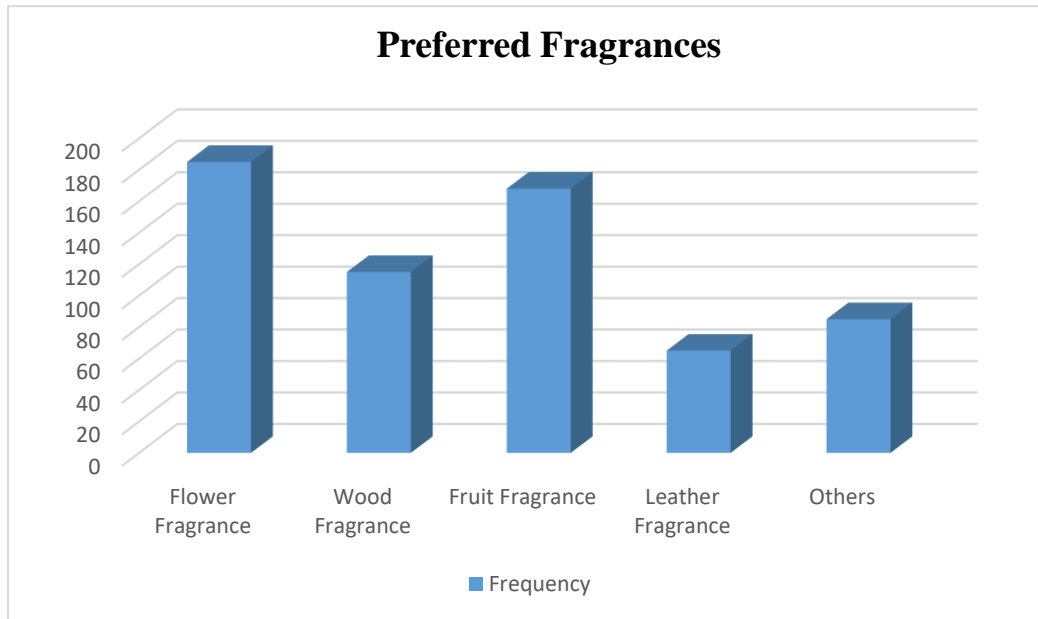


Figure 9. Preferred fragrances

Niche perfumes market demand precision from the businesses in the industry. The identification of the fragrance that attracts most of the customers is vital for the company to identify that fragrance that must be part of its niche perfume ingredients to attract more customers. In perfumes, fragrance types significantly influence the purchasing decision of customers across ages and genders. The flower fragrance has the most attractions, closely followed with the fruity scent, and the combination of which would adequately attract most of the customers in the perfume industry. With the ability to select more than one option, for instance the customers had the opportunity to indicate that they are attracted by either flower, fruit, leather, wood, other fragrances or both or three or four of them at ago, the research revealed how flexible the customers could choose any fragrance as an option to the other.

Consequently, the responses indicate how the company can diversify in all the fragrances after computing how many customers can purchase either of the scents in place of their most preferred perfume. However, since this is a niche perfume market, the business will bring the most preferred along with closely appealing fragrances for the customers. The diversity into many fragrances would derail the business approach of the niche market, but the company must also prioritize

satisfying the customers. The business must recognize that the business identity in niche market would be achieved by the specificity of brands in terms of fragrances. Therefore, the proposed company will focus on either one or two highly attractive aromas.

4.1.9 Attractive Elements of Perfumes

Like the previous question, the immediate question was also strategic to the proposed business because it offered information that can be used to guide the design, development, and production of perfumes that would sell with ease in the niche market. The question also provided valuable insight into the trends in the perfume market, especially in areas such as price, packaging, and fragrance, among others. While participants reported that multiple elements come into play when developing attractive products, Fragrance was the highly attractive element of perfumes. It received about 101 responses out of the total responses. Ninety-three participants reported that the shape of the perfume bottle was an appealing aspect while 85 indicated that they were attracted to packaging designs. Sixty-six respondents that price was an attractive aspect of perfumes while 43 people admitted that they were swayed by the brands of perfumes in the market. Forty people were attracted to the stories told by scents, while ten respondents were invited to the origin of perfumes as indicated in the following graph.

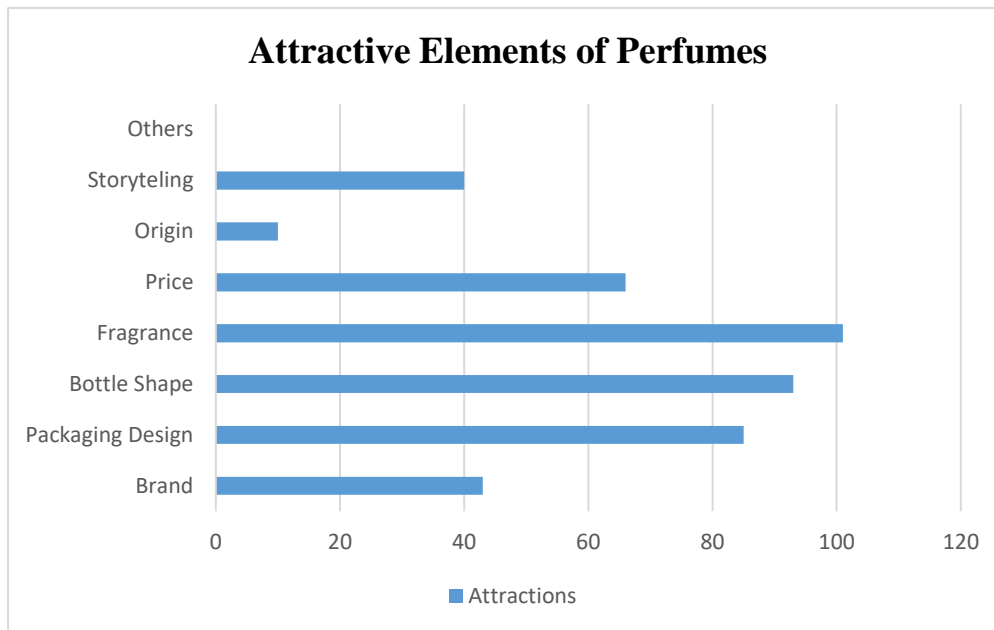


Figure 10. Attractive elements of perfumes

Almost associated with the fragrance type, elements of a fragrance can be attractive to a customer as well. Customers look beyond the fragrance type and consider the aspects of these fragrances that relate well with their tastes and identities. The aspects of fragrance that attract customers can be in the forms of ability to tell or connect to a story, price, place of origin, brand, packaging design, bottle shape, and the fragrance itself. In the survey, the scent attracts customers the most as compared to other factors such as bottle shape, price, and packaging design. Businesses in the niche perfume market should understand that the fragrance of perfumes is the most attractive element, followed by bottle shape, and price (Silva & Mazzilli, 2014). The bottle shape creates an appealing experience when handling the fragrance and this comes with impeccable satisfaction to the clients. The price of perfumes importantly influences the decision to buy as customers must be capable to financially purchase the smell at the stipulated amount in the market. Customers consider the fragrance, bottle shape, and price to be the most attractive and, therefore, a niche perfume business must strive to correctly find and combine all these elements in their perfume brands to gain a competitive edge.

4.1.10 Knowledge/Awareness on Niche Perfumes

The next question inquired participants' level of knowledge or awareness about niche perfumes. This aspect was crucial for understanding whether they would identify scents developed for niche markets. About half of the respondents indicated that they know one or more things about niche perfumes. Approximately 30.33% stated that they did not know anything about niche perfumes, while 20.49% reported that they were not sure whether what they knew related to niche perfumes or typical perfumes.

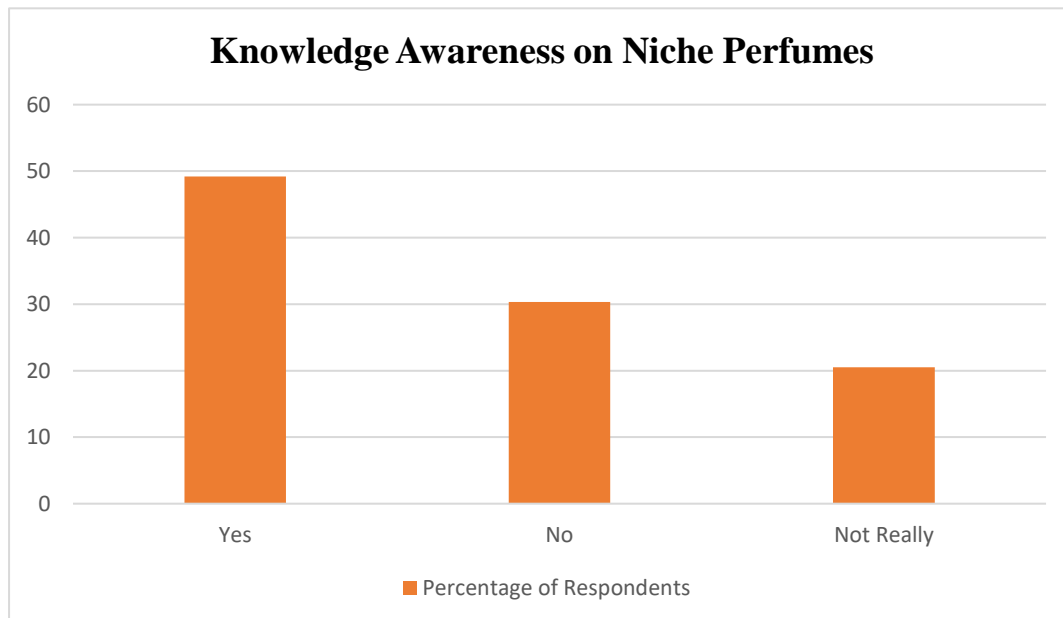


Figure 11. Knowledge awareness on Niche perfumes

In marketing, the target customers must be aware of the product under a promotion or rather an understanding of what the business and market entail. By understanding the market, customers can make informed decisions based on their knowledge of the products, exchanges, and business undertakings. In this question, the research revealed the participants' level of awareness on niche perfumes. However, the number of potential customers who are aware of niche perfumes are higher than those who don't, and those who are not sure whether they know them or not, the business must create awareness and capitalize on the slightly over half of customers

who do not know or not sure about the existence of niche perfumers. The data reveals the opportunities the new business should take to ensure that a more extensive customer base is aware of niche perfumes and their brands to be precise. The niche perfume business will enter the market by first creating a campaign that promotes its products to the customers and targeting those without the idea about niche perfumes, creating awareness, and converting them to be the company's customers. Market awareness of niche perfume products will widen the customer base and thus a better opportunity to effectively enter and adapt in the market for the new business.

4.1.11 China Visitation

One of the product design and development strategy for the proposed company was to integrate Chinese elements and cultural aspects in the design and development of niche perfumes for the French market. However, this strategy rests on whether the artistic elements of the Chinese people can be understood and appreciated in the French market. As such, the present question sought to understand if study participants had visited China. The critical assumption in this question is that visitation to China would expose people to Chinese cultural elements, thus developing the habitus to appreciate such items when they are used to design and develop fragrances. About 41.80% reported that they had visited China while 58.20% indicated that they had not visited China.

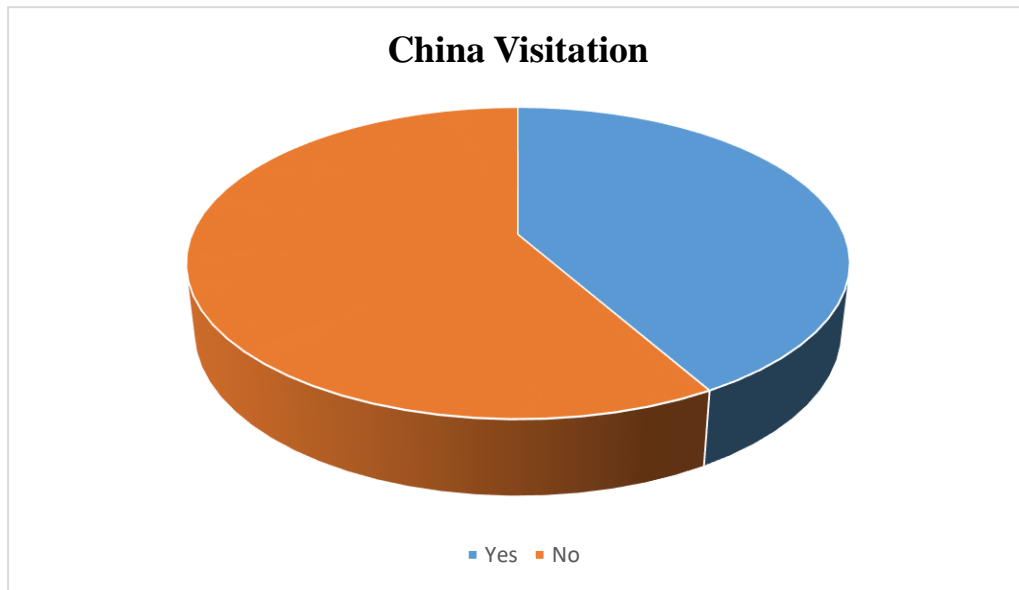


Figure 12. China visitation

The participants' response to having ever visited China or not determines whether they understand Chinese culture. Traveling to a place creates the understanding and notion of the cultural practices, beliefs, and tradition of the situation. In approaching the niche perfume market in France, the business intends to create a unique brand with Chinese cultural aspects intertwined. The high numbers of those who have not visited China indicate that the majority of the potential customers are likely to misunderstand or fail to recognize the Chinese cultural aspects that could make the brands identifiable (Pettersson, 2013). The business, therefore, has two options, either to redefine the branding to reflect a more recognized culture or use the Chinese cultural aspects to brand their products and target those who understand the Chinese culture and the brand characteristics. By choosing to use Chinese culture to brand its products, the proposed company may be further defining its niche market for their perfume products. The company could also benefit from the likelihood that the knowledge about Chinese culture would continually spread to reach more people as globalization intensifies. As a result, the number of people who have visited China will increase rather than diminish as globalization and cultural learning will occur.

4.1.12 People's Perception of Chinese Culture

However, people's ability to appreciate fragrances that communicate Chinese cultural elements does not depend on whether people have visited China. People can still develop an awareness of the Chinese culture through media, education, interactions, and associations with others who have information about the cultural trends of the Chinese people. Therefore, the present question sought to understand people's perception of Chinese culture. Specifically, study participants were asked what came into their minds when China was mentioned. About 104 participants reported that they associated Chinese culture with long history. Chinese cultural elements can be traced as far back as the 17th Centuries. Most of such cultural aspects are still distinct today. About 82 respondents reported that China was a multi-cultured state. Multiple cultural groups, including African culture, the western culture, the Middle East culture, and the Asian culture among others co-existed in China. Sixty-eight respondents reported that China was an appropriate place of interaction and the country pursued international relations aggressively. In comparison, 46 people associated China with food or perceived China with culturally-rich cuisines.

Table 1. Cultural perception and response from participants

Cultural Perception	Responses from Participants
Long History	104
Multi-culture	82
Places of Interaction	68
Food	46
Others	2

4.1.13 The Level of Preference for Perfumes Containing Chinese Elements

This question was highly influential in the study since the product design strategy for the proposed niche perfume company included the integration of Chinese elements in fragrances. The response, in this case, would determine whether the business idea is feasible, should be adjusted, or abandoned all the same. An overwhelming 92.62% of the study respondents reported that they would be interested in perfume products that contained the elements of the Chinese culture. Only 3.28% indicated that they would not be involved in such products. The remaining 4.10% expressed that they were not sure whether they would be interested in such products; meaning that they can still be persuaded through robust marketing strategies.

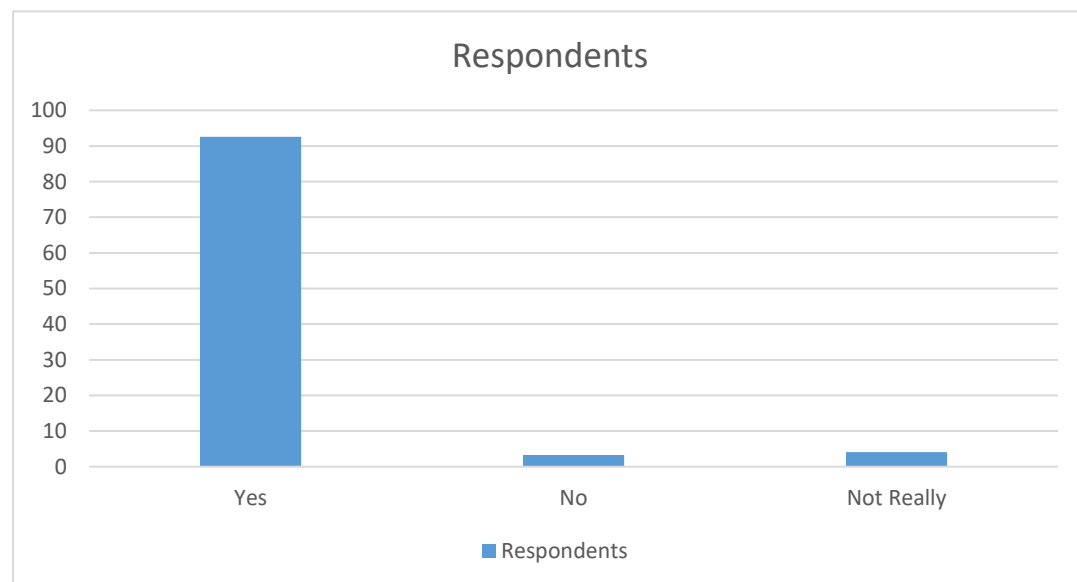


Figure 13. Respondents

The ability of the customers to purchase products in the perfume industry depends on their preference to elements that compose the products. The customers' preferences determine their tastes and thence the choice to make a purchase (Husnain & Akhtar, 2015). In the survey, the participants revealed that they highly prefer perfumes with Chinese elements, which makes the niche perfume products the company intends to ship and sell in France. According to the results, over 92% of the participants revealed their preference for perfumes with Chinese elements. The

Chinese perfumes, therefore, have a broad market in France or even Europe. The company still have the opportunity to convince those who are not sure about their preferences in the perfume market. The proportion of customers with choice to Chinese perfumes will increase and improve the chances that the company will thrive in the French market. With a niche perfume with Chinese elements, the company stands an excellent opportunity to win over the French industry.

4.2 Results on Supply Chain Management and Logistics

All the supply chain managers involved in the study were 35 years and above and 7 out of 10 were males as 3 were females.

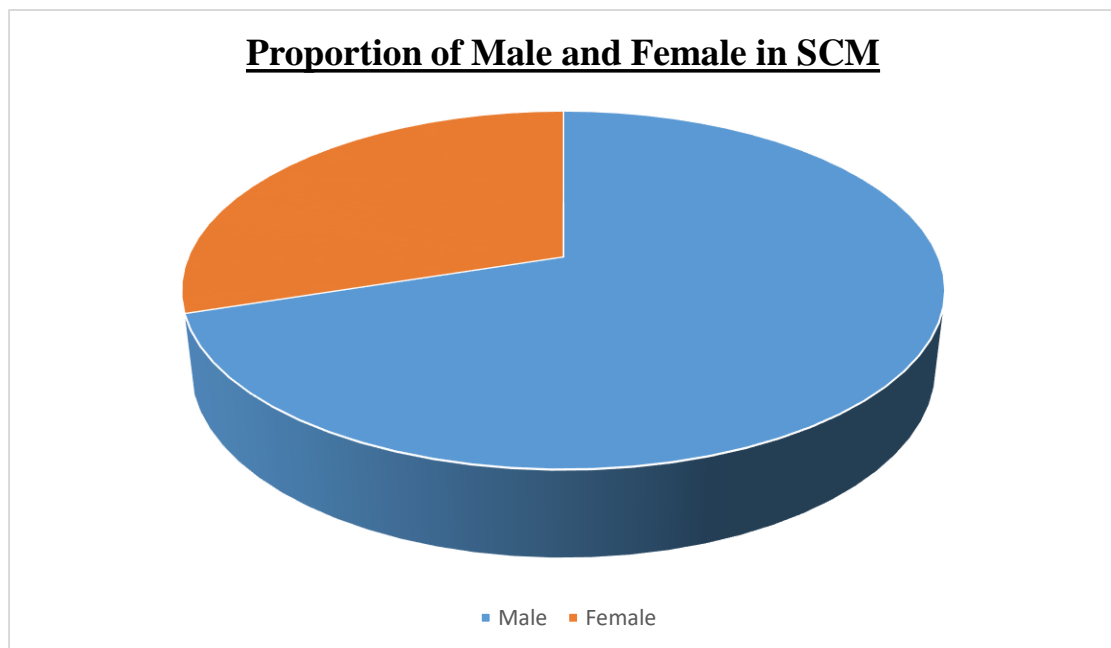


Figure 14. The proportion of Male and Female in SCM

The supply chain managers recognized the need avoid inventory errors and suggested that inventory errors could be reduced through improving picking through system direction and scan confirmation, accuracy verification, and improving returns.

4.2.1 Cost-effectiveness of Shipping Inventory to France

Out of 10 supply chain managers, 6 indicated that it was cost-effective to ship inventory from China to France, while 2 said it was difficult to comment, and 1 said it wasn't cost-effective to ship the inventory to France.

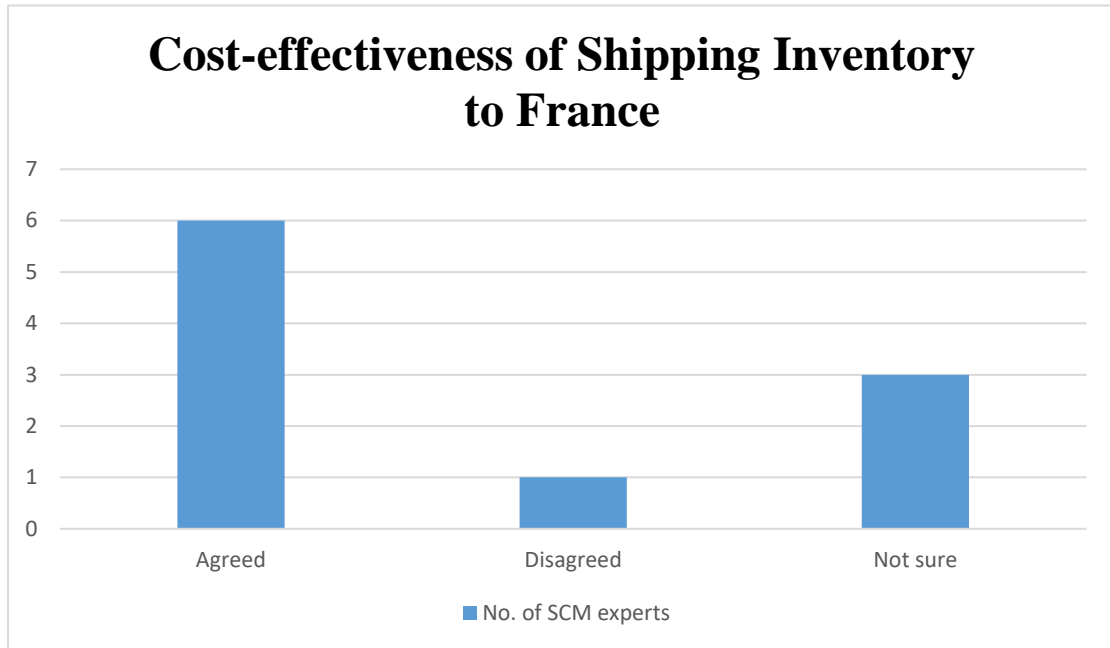


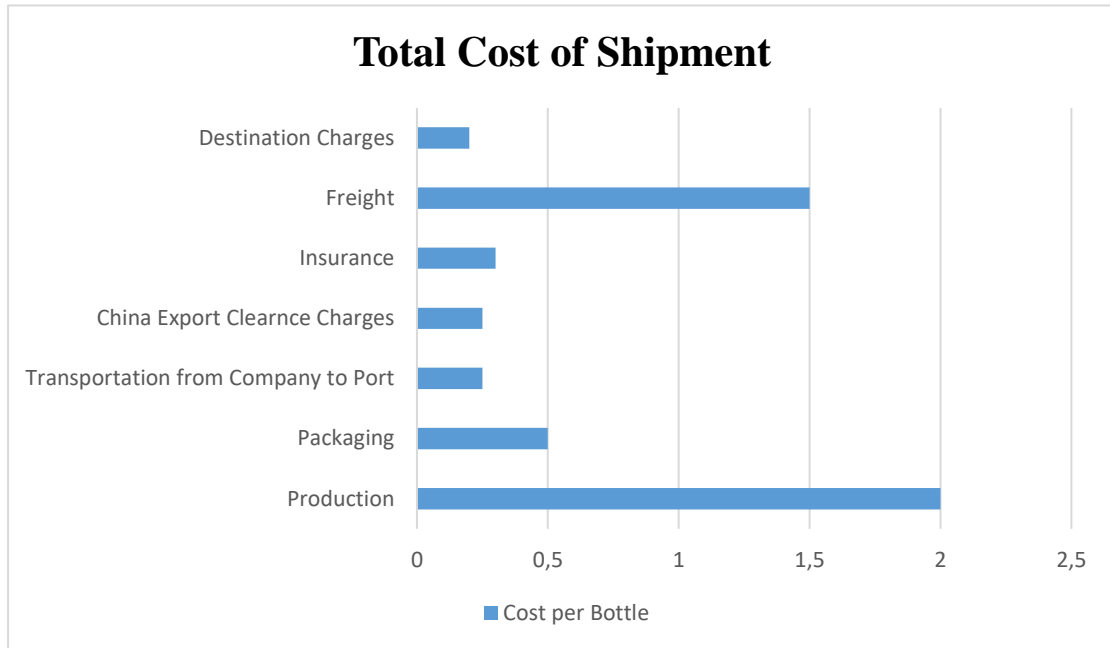
Figure 15. Cost-effectiveness of Shipping Inventory to France

4.2.2 Cost Breakdown on Shipping from China to France

Based on the price of one bottle of niche perfume in France as \$100, the study considered the shipping cost of a bottle without the perfume.

Type of Cost	Cost per Bottle (\$)
Production Cost	2
Packaging	0.5
Transportation from Company to Port	0.25
Clearance by China Export Clearance	0.25
Insurance	0.3

Freight Cost	\$1.5
Destination Charges	\$0.2



The total cost of shipping 1 bottle from China to France is \$5, while the cost of 1 bottle in France is \$10.5. The ratio of this difference in cost maintains across the different sizes.

4.2.3 Cost of Purchasing Inventory in China as compared to France

In comparing the costs of purchasing inventory in China to France, the costs in China were significantly lower according to all the 10 supply chain managers. The cost of purchasing the inventory in China were lower with almost 50% of the costs in France.

4.2.4 Optimization of Inventory

8 out of 10 of the supply chain managers indicated that shipping the inventory, filling them with perfumes, and selling them in France would make a profit of at least 30%

of the total expenditure and 20% more than the profits of those businesses that use the locally available inventory in France. 2 out of 10 revealed that the profitability would not be different considering the government regulations, factoring in the chances of inventory loss or theft.

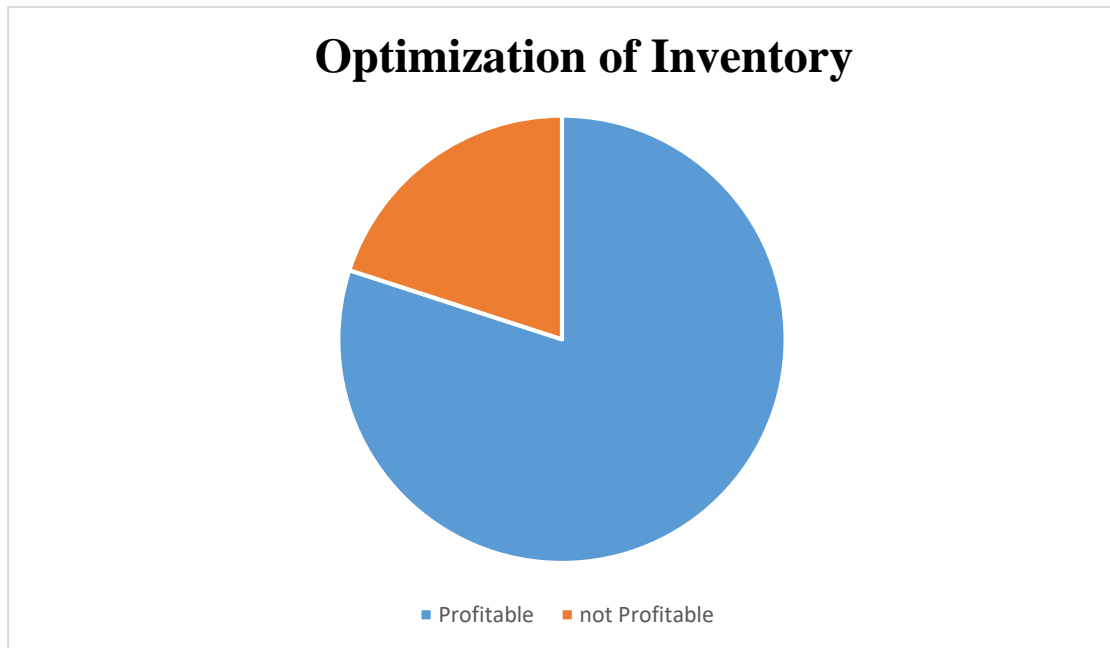


Figure 16. Optimization of Inventory

4.2.5 Inventory Supporting Business Sustainability

The lower the cost of production, the higher the profits, and thus business sustainability. With the inventory from China, the business is poised to grow and sustain its operations for as long as possible considering other business environment factors. The results were that 8 people supported that the inventory would lead to business sustainability as 2 people were not sure.

Table 2. Probability of Inventory Supporting Sustainability and No. of SCM experts

Probability of Inventory Supporting Sustainability	No. of SCM experts

Inventory supporting sustainability	8
Not sure	2

4.2.6 Probable Losses in Shipping Inventory from China

The probable causes of losses in shipping inventory from China to France include mix up in the labelling of inventory during shipment, breakages, piracy leading to loss, and low-quality brands would turn away customers.

4.2.7 Ensuring Inventory Meet quality Demands

The SCM experts generally proposed that market research, identifying quality demands, and addressing customer needs are the ways to ensure that the inventory meet the quality standards in the market.

4.2.8 Building Trustable Relationship with Suppliers

Building trustable relationship with the suppliers involve maintaining a good relationship with the suppliers through paying as promptly as agreed, talking to the suppliers on matters when they occur and involving them in decision making on certain inventory, being fair, inform the suppliers on faulty inventory as soon as you notice supporting with evidence, discussing payments with suppliers before making the payment, monitoring suppliers' financial position and discussing a way forward on the same, and renegotiating and reviewing contracts with the suppliers.

4.2.9 Approach the Business gives to Suppliers

Table 3. Approach the Business gives to Suppliers and No. of SCM Experts

Approach the Business gives to Suppliers	No. of SCM Experts
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Contract	5
Employ	2
Partner	3

4.2.10 Ways to Improve Shipping from China to Europe/France

The SCM experts indicated that improving shipping efficiency from China to Europe would involve considering shipping costs on air and sea, considering urgency, mainstreaming technology with company's operations, documenting the contents of the inventory, ensuring proper packaging, and selecting the party to manage the shipment.

Table 4. Ways to Improving Shipping from China and No. of experts who recognized

Ways to Improving Shipping from China	No. of experts who recognized
Considering shipping costs on air and sea	9
Considering shipping mode (air and sea)	10
Using technology	9
Proper documentation	10
Urgency	5
Proper Packaging	8
Party to Manage the inventory	7



Figure 17. Ways to Improve Shipping from China to Europe/France

4.2.11 Challenges Encountered in SCM and Logistics in Niche Perfume Industry

The challenges facing logistics and logistic firms are diverse while operating in China.

The experts identified some challenges and the number of times a challenge was mentioned was used to define the impact and commonness on the challenge. The challenge which most of the experts mentioned indicated that which is more common and impactful than the others, and vice versa. The SCM and logistics experts indicated the following as being the challenges they encounter in the industry:

Challenge	No. of Experts who Mentioned (Impact of the Challenge)
Shipment delays	8
Lack of free trade areas in China	5

Demand variability	5
Intense global competition	5
Inventory production	4
Shortage of talent	7
Increasing customer expectations	8
Increase in human and nature based risks	7

4.2.12 Preference to Infiltrating Technology in Inventory Management

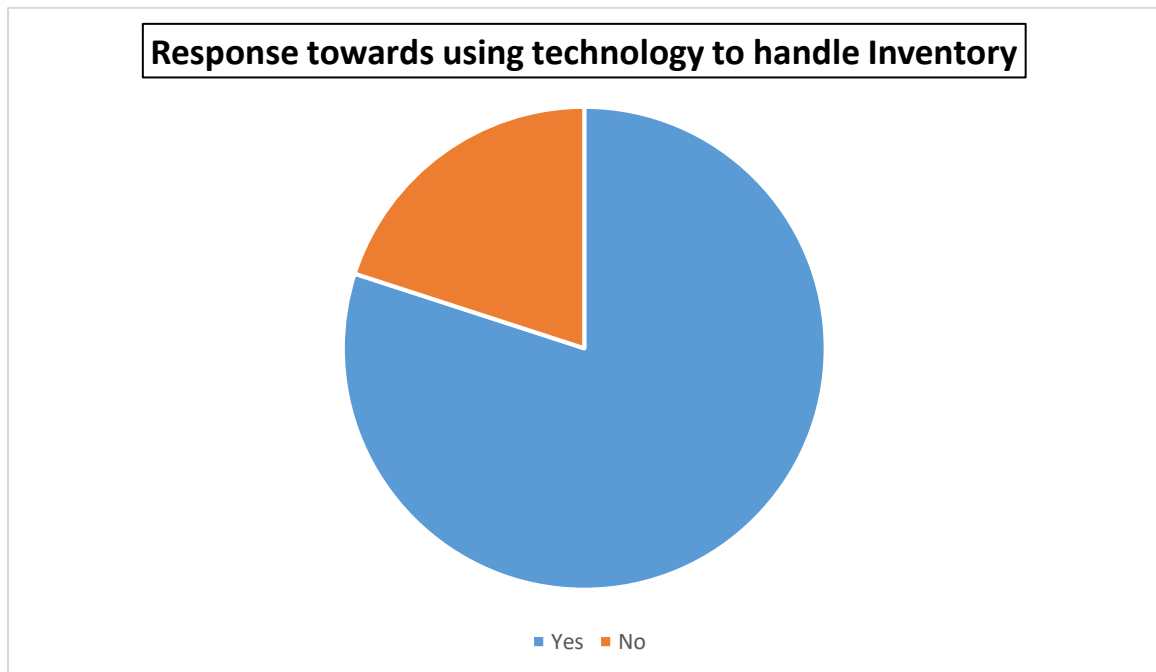


Figure 18. Preference to Infiltrating Technology in Inventory Management

4.3 Analysis of SCM and Logistics

Understanding the logistics of inventories that one lacks experience on requires that one carries an interview or topic discussion on the proposed business project. The interview by the author on SCM and logistics experts revealed that diverse approaches such as canceling shipment, rescheduling shipment, and prompt rectification of the errors, in handling inventory errors. All the ten interviewees provided an effective response to the question on inventory error reflecting how vast and deep they have in-depth understanding of the supply chain management and inventory logistics. The 4 SCM and logistics experts who were based in China and 4 from those who had business location in France proved that it was cost-effective to ship the niche perfume inventory from China to France. The remaining 2 had very minimal doubts on whether it would be profitable to import the inventory from China into France as they factored transport costs and cases of eventualities such as loss of the stock during the shipments. On the contrary, the 8 SCM and logistics experts indicated that the taxes in France and high material costs outweigh any potential transportation risks, which is not a guaranteed happening.

The costs of purchasing the bottles, bottle stickers, and packaging boxes in China are way lower compared to France. The production costs in France are subject to high taxes and several licensing regulations which are inapplicable in China. The cost of labor is cheaper in China as compared to France. All the ten interviewees proved that the production costs of inventories were less expensive in China than in France. The more affordable production acted upon by the relaxed government control policies infers lower costs of buying the stocks in China as compared to purchasing in France and Europe as a whole. By just looking into the production costs, the business proposal is viable since the production costs are as high as capital itself. Businesses need to first to consider the production, transportation, and supply costs before implementing the business project. Therefore, the production costs of the inventory being considerably cheaper in China, the company only needs to evaluate other

expenses to determine the overall cost-effectiveness of the proposed niche perfume business.

The interviewees responded to the optimization of inventory by indicating that the demand for perfumes with Chinese elements intensifies when the bottles are shipped to France in sizes that the customers demand. The catalogue will effectively realize its revenue optimization if the company ships the bottles in the required quantities, bottle stickers and labels are demanded in the market. The 10 SCM and logistics experts reasoned that the company gets it right when it ships products in the required sizes and labels. The customers will purchase the products once they are packed in the desired bottle shapes and sizes, indicating that the business will make more sales. The customers' satisfaction begins with the company recognizing their product description demands, and this projects a positive track for the business.

The shipment of inventory from China at considerably lower costs ensures that the business maintains the demand in supply through market analysis and projection. Through market trends analysis and projection, the company will provide that it ships the inventory in the right quantity. The customers' demands that frequently make it to the business will influence the decision on the sizes and shapes of the bottles to ship from China. The company will send the inventory in bulks and for the preferred forms to sustain the business in France. During the interviews, the logistics and SCM experts revealed that by doing the right or demanded quantity, shape, and preferred colour shipment of inventories, the company would manage to sustain the business in France. The business sustainability requires that the products, stocks, and orders are processed in time and that the customers do not lack the products whenever they demand the products.

Meeting the quality standards required and demanded in the markets is not a complicated task. As the interviewees revealed, quality control can be achieved through testing products in labs before the company ships the inventories. The

quality of the stock is as important as the product itself, and the company will ensure that the stocks undergo the relevant tests to approve for shipment. Once the inventories' quality standards are met, the company can contract one reliable company to supply the commodities to its company site in China before the company ships the stock to Grasse, France. The best way to do business with the supply is contracting their services to supply the stocks. The contract must state the expected quality of the shares to provide to the company so that the suppliers are liable for any breach of contract in terms of quality performance.

Over the years, companies in the niche perfume market built a trustworthy relationship with the supply by ensuring that the company does not breach the contract or by creating stable business relationships. The SCM and logistics experts involved in the research indicated that their businesses ensure that they meet the suppliers' expectations to ensure their satisfaction. Through guaranteeing timely delivery of services and making payments for materials supplied, the industry develops a trusted and essential relationship with the suppliers. The company can also develop a trustworthy relationship through recognition of the suppliers' contribution to the making of the products. Businesses acknowledge the participation of the suppliers through brand recognition in the final products, and this motivates the suppliers to continue supplying quality materials to the market and thus, a trusted relationship.

In improving the effectiveness of the inventory shipment process, the SCM and logistics experts revealed that the company could safely pack the inventory to avoid any possible breakages. The safe packaging will reduce the chances that the bottles could break or labels rubbed. The company can also improve the shipment process of the inventory, streamlining the process with the relevant documentation. A simple list of activities in shipping enhances the effectiveness of the process as all events can be traced to a particular process or stage of action. By going through the list and tackling the events in the order of their listing, ensures a straightforward process with

less confusing steps to ensure that the shipment occurs at the right time. Through efficient and timely communication with the supplier and the warehouse will ensure that the inventories are availed at the right places at the right time and this provides sufficient time management and thus improved productivity. Lastly, the interviewees hailed the importance of using the right technologies in identifying the products, inventories, and materials without strain and easily. Technologies improve the inventory shipment process through sufficient identification and tracking the products before, during, and after the shipping process.

The shipment of inventories overseas and especially from China to Europe experience several challenges. The delivery of stocks from China to Europe requires currency exchanges that at times can be time-consuming. The currency exchange is considerably costly as there is a constant charge of approximately \$20 on every transaction and the process can take a few days to complete. The currency exchange consumes time, and lack of a proper considerate plan on such factors can be costly. Another challenge would be identifying the right party of company responsible for certain activities while the shipment is on due to the multiplicity of companies in the shipment industry. Therefore, the company would not be able to identify a responsible party if they lose their inventories or reach France with destroyed stockpiles. The crowding of containers and vessels at the shipping point can always lead to loss of consignments even after clearance by the customs department.

The shipment of inventories from china to France comes with the responsibility to strike a balance between the suppliers, vendors, and manufacturers. As the SCM experts revealed, this is quite a task which demands managerial proficiency all over the business. To strike a balance between the suppliers, manufacturers and vendors require effective time management. The supply chain management and logistics experts need to assign specific times and approach to handle the concerns of the manufacturers, suppliers, and vendors. The documents of these three parties are separately stored to avoid mixed-up in the documentation. The experts also

highlighted the need to identify the needs and assign specific resources that these three parties require to attain their respective objectives while dealing with the company. In the cases where all the three instances need urgent attendance, the business will assign more workforce with relevant experience in inventory and logistics management to deliver the required services effectively.

The shipment of inventories is always subject to delays, and the company should be in a better place to handle lateness of stocks. The suppliers still experience logistics challenges that always lead to delays in delivering the stocks and related products to the company (Pai & Hebbar & Rodrigues, 2015). In such cases, the SCM and logistics experts indicated that the business must communicate on the delay of the delivery with the involved parties. With prompt communication, the company will most likely prevent possible losses to parties which may spend on related shipment costs. The company will spend on enough safety stock to protect itself from supplier delays. The interviewees recognized that carrying enough stock is expensive to the company as the shipments may at times involve millions of inventories and billions of money. At times, having safety stock of the inventories is never effective in addressing the challenges of delayed supplies (Marion, 2018). However, the business should insist that the suppliers have a safety stock after they fail to deliver the required deliveries for the first time. By ensuring the suppliers have a safety stock, the company will ensure that the suppliers' safety stock policies protect it as well.

4.3.1 Survey Results and SCM Logistics

According to the survey results, it is cost-effective to ship inventories from China to France following the low cost of production in China, that still weighs lower when exposed to taxes in France and cost of transportation when compared to the cost of production in France. The lower costs of production in China ensures business sustainability which is very crucial aspect of any business just starting up. There is a higher probability that the inventory shipment from China to France would help the

business sustain itself in the highly competitive industry. Even though there are challenges that come along with shipping inventory from China to France, the SCM and logistics experts provided some ways to improve the effectiveness of the process. With the help of technology in managing inventory and stocks, proper packaging, assigning a party to manage the inventory, having a proper documentation, identifying the most convenient shipping mode, and considering the cost of shipping the inventory, the experts revealed that the challenges can be controlled if not managed.

Based on the cost-effectiveness of shipping from China, sustainability of the business, implementing ways to improve the efficiency of shipping the inventory from China, employing experts to deal with the inventory problems in China, and recognition of technology's contribution to improve inventory management, the survey reveals that the business model is implementable and is more cost-effective to ship inventories From China and use them to provide in-demand bottled niche perfumes in the French market.

4.4 SPSS K-Mean Cluster analysis

This part analyzes the survey results by SPSS K-Mean Cluster analysis. First of all, Value set-up for each variable:

Gender: 1=Female, 2=Male;

Age: 1=23 to 28, 2=29 to 34, 3=35 to 40, 4=41 to 46, 5=47 to 52, 6=53 or older;

Education: 1=Graduate, 2=University, 3=College, 4=High School;

Brand preference: 1=yes, 0=No (ex: Brand_Chanel = 1 means that respondent likes this brand);

Size: 1=75ml, 2=100ml, 3=50ml, 4=125ml;

Price: 1=120 to 150, 2=90 to 120, 3=60 to 90, 4=150 to 180, 5=Above 180;

Use Frequencies: 1=Every time when go out, 2=When I think of it, 3=Only in the morning;

Fragrance preference: 1=yes, 0=No;

Attracted Elements: 1=Yes, 0=No;

Awareness Niche Perfume: 1=Yes, 2=No, 3=Not really;

Have you been to China before: 1=Yes, 2=No;

What can you think when you hear China: 1=Yes, 0=No;

Link China_perfume: 1= Yes, 2=Not really, 3=No;

The first analysis result is the cluster by gender. As results, we have 2 clusters which represents 2 types of customers.

Final Cluster Centers

	Cluster	
	1	2
Age	1	3
Education	1.6	1.8
Brand_Guerlain	0	0
Brand_Chanel	1	1
Brand_Dior	0	0
Brand_Lancome	0	1
Brand_YSL	0	0
Brand_Dyptique	0	0
Brand_Byredo	0	0
Brand_Other	0	0
Perfume_Size	2	2
Maximum_Price	2	3
Use_Frequences	2	2
Flower_Fragrance	1	1
Wood_Fragrance	0	1
Fruit_Fragrance	0	0
Leather_Fragrance	0	0
Other_Fragrance	0	0
Attract_Brand	0	0
Attract_Packaging	1	1
Attract_Bottle	1	1
Attrat_Fragrance	1	1
Attract_Price	1	1
Attract_Origin	0	0
Attract_Storytelling	0	0
Awareness_Niche_Perfume	2	1
Have_You_Been_To_China	2	2
China_Longhistory	1	1
China_Multiculture	1	1
China_Placeofinterest	1	1
China_Food	0	0
China_Other	0	0
Good_Idea_If_Link_China_Perfume	1	1

Figure 19. Final Cluster Centers

Cluster 1: Female, aged between 23 and 28, has a graduate or university degree, prefers Chanel, 100 ml perfume, can accept a price between 90€ and 120€, uses

perfume when she thinks of it, prefers flower fragrance, is attracted by packaging, bottle, price and fragrance, she has never been to China and doesn't know niche perfume, she thinks that China has a very long history, multicultural place, place of interest and she thinks using Chinese elements on a perfume is a good idea.

Cluster 2: Male, aged between 35 and 40, has a graduate or university degree, prefers Chanel and Lancome, 100 ml perfume, can accept a price between 60€ and 90€, uses perfume when he thinks of it, prefers flower and wood fragrance, is attracted by packaging, bottle, price and fragrance, she has never been to China and he knows niche perfume, she thinks that China has a very long history, multicultural place, place of interest and she thinks using Chinese elements on a perfume is a good idea.

As a result, we can see that female customers are younger than male customers, the flower fragrance is very liked by both customers and female customer has a higher budget in purchasing perfume. However, they are similar in choosing perfume size, and perfume preferences. They all think that using Chinese elements in a perfume is a good idea.

The second analysis result is the cluster by age. As results, we have 4 clusters which represents 4 types of customers.

Final Cluster Centers

	Cluster			
	1	2	3	4
Education	1.5	1.8	1.4	1.6
Brand_Guerlain	0	0	0	0
Brand_Chanel	0	1	0	1
Brand_Dior	0	0	1	0
Brand_Lancome	0	0	0	1
Brand_YSL	0	0	0	1
Brand_Dyptique	0	0	0	0
Brand_Byredo	0	0	0	0
Brand_Other	1	0	0	0
Perfume_Size	1	3	2	2
Maximum_Price	1	2	2	3
Use_Frequences	2	2	1	2
Flower_Fragrance	1	1	0	1
Wood_Fragrance	0	0	1	1
Fruit_Fragrance	0	0	0	0
Leather_Fragrance	0	0	0	0
Other_Fragrance	0	0	0	0
Attract_Brand	0	0	0	0
Attract_Packaging	0	1	0	1
Attract_Bottle	1	1	1	1
Attrat_Fragrance	1	1	1	1
Attract_Price	0	1	0	1
Attract_Origin	0	0	0	0
Attract_Storytelling	0	0	0	0
Awareness_Niche_Perfume	2	2	2	1
Have_You_Been_To_China	1	2	2	2
China_Longhistory	1	1	0	1
China_Multiculture	0	1	0	1
China_Placeofinterest	1	1	0	1
China_Food	1	0	0	0
China_Other	0	0	0	0
Good_Idea_If_Link_China_Perfume	1	1	2	1
Gender	1	1	1	1

Figure 20. Final Cluster Centers

Cluster 1: Female, aged between 23 and 28, has a graduate or university degree, prefers Chanel, 100 ml perfume, can accept a price between 90€ and 120€, uses

perfume when she thinks of it, prefers flower fragrance, is attracted by packaging, bottle, price and fragrance, she has never been to China and doesn't know niche perfume, she thinks that China has a very long history, multicultural place, place of interest and she thinks using Chinese elements on a perfume is a good idea.

Cluster 2: Female, aged between 29 and 34, has a graduate or university degree, prefers Chanel, 50 ml perfume, can accept a price between 90€ and 120€, uses perfume when she thinks of it, prefers flower fragrance, is attracted by packaging, bottle, price and fragrance, she has never been to China and doesn't know niche perfume, she thinks that China has a very long history, multicultural place, place of interest and she thinks using Chinese elements on a perfume is a good idea.

Cluster 3: Female, aged between 35 and 40, has a graduate or university degree, prefers Dior, 100 ml perfume, can accept a price between 90€ and 120€, uses perfume every time when go out prefers wood fragrance, is attracted by bottle, price and fragrance, she has never been to China and doesn't know niche perfume, she doesn't think using Chinese elements on a perfume is a good idea.

Cluster 4: Female, aged between 41 and 46, has a graduate or university degree, prefers Chanel, Lancome and YSL, 100 ml perfume, can accept a price between 60€ and 90€, uses perfume when she thinks of it, prefers flower and wood fragrance, is attracted by packaging, bottle, price and fragrance, she has never been to China but she knows niche perfume, she thinks that China has a very long history, multicultural place, place of interest and she thinks using Chinese elements on a perfume is a good idea.

As a conclusion, we can see all the customers types are female and they all like flower and wood fragrance. Young customers and elder customers are differentiated by the price and awareness of Niche perfume. Younger customers has higher budget for perfume and all types of customers except customers aged between 35 to 40 think that using Chinese elements on perfume is a good idea.

5 Conclusion and recommendation

5.1 Conclusion

Niche perfume markets are increasingly growing in the world, and most of the companies in this market are strategically creating very intense competitions. The research intended to identify, define, and analyze the possible challenges and opportunities in establishing a Niche Perfume Company in Grasse, France, with its inventory originating from China. France is one of the most fashion-oriented and conscious nations in the world. The niche perfume market has been based on the brand of products in the market, which the French, highly, disintegrated markets facilitate. The Chinese industries are known for low-cost production of resources that can be used as inventories. The low production costs prompt businesses to either import raw materials or inventory from China or manufacture products in China and ship the end products to the identified markets. The research objectives involved defining and analyzing the challenges and opportunities to establish a Niche perfume company in France, European perfume industry including market study, customer types and competitors at the current situation, identification of the major platform that can reduce pre-sales costs and improve sales performance, developing and inventory management by creating inventory models and determining EOQ, selecting a suitable logistics solution for a different part of the perfume, such as bottles, bottle stickers, and packaging boxes, and identification of the major platform that can reduce pre-sales costs and improve sales performance.

The research methodology involved both qualitative and quantitative approaches to gather data from both the customers and the SCM and logistics experts in the niche market industry. The qualitative method involved interviewing the SCM and logistics experts to understand the logistics of shipping inventories such as bottles, bottle stickers, and packaging boxes. The quantitative research involved the identification of the potential customers giving them consent to introduce them into the study and

giving them the questionnaires to complete the survey. The findings of the study revealed that the significant factors that had a higher influence on the ability of the customers to purchase the niche perfume products with Chinese elements and the cost-effectiveness of shipping inventories from China to France supported the proposed business model. More than 90% of the participants preferred fragrances with Chinese features, and this implied that the business would thrive and compete effects in the French market. The data analysis and the discussion of the research findings involve analyzing the data attained from the questionnaire and the interviews with the SCM and logistics experts.

5.2 Recommendations

5.2.1 Recommendations Based on the Research Findings

Based on the outcomes or findings of the research study, there are several recommendations worth noting for consideration. Therefore, based on the results and data analysis of the research, the following suggestions are worth noting:

- a) The company should implement the proposed business in Grasse due to the overwhelming likelihood that the majority of the customers love and prefer perfumes with Chinese elements. The high preference levels of perfumes with Chinese elements signifies that the majority of the customers will potentially purchase the fragrances.
- b) The business should design the niche perfume to target the majority of the perfume lovers in France which is composed of those between ages 23 and 33 years. The age bracket of 23-33 years is the majority of the participants and potential customers.
- c) The proposed business should come up with a perfume with both flower and fruit fragrances. The flower fragrance had the highest preference levels

followed closely with the fruit fragrance perfumes. A combination of the two fragrances or two versions of the same product would position the company with a strong brand to compete well in the market.

- d) The niche perfume should cost between 120€ and 150€ as the majority of the customer prefer price ranges in between the 120 and 150€. The customers have the potential to purchase the products at the proposed price range. The willingness of the majority to pay for the niche perfumes at these prices would give the company a competitive pricing strategy where the majority of the customers prefer to purchase.
- e) In the designing of the niche perfume, the company should consider the price, fragrance, bottle size, and bottle shape as these are the most preferred elements of a scent that majority of the customers fancy. A product that will involve all the four factors without neglecting the aspects of the ability to story tell, brand, and origin, will strategically beat most of the already existing products in the market which have few of these elements.

5.2.2 Recommendations for Future Research

Based on the scope of this research which is broad concerning the research questions, questionnaire questions, and interview questions, future research should focus on narrowing the research. Future research studies should inquire about the challenges and opportunities of niche perfumes from China in the designer perfumes markets in France. Understanding the possible problems and opportunities for niche perfumes with Chinese elements in the French design perfume industry would widen the thought and likelihood of a competitive edge for the niche perfumes. Another aspect that requires future research should seek to examine the cost-effectiveness of sourcing inventories in France and shipping them to China where the company is to sell a niche perfume. The reverse is the situation of sending stock from China and setting the business in France would create a new dimension of opportunities and

challenges in the designed business niche perfume.

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Appendices

Appendix 1.

Questionnaire for the Survey

(Tick inside the boxes appropriately)

1. What is your gender?

Male

Female

2. What is your age range?

23-28

29-34

35-40

41-46

47-52

53 and above

3. What is your highest level of education?

High School

College

University

Graduate

4. What perfume brands do you like the most? (Multiple choices: tick the ones you want most)

- Guerlain
- Chanel
- Dior
- Lancome
- Yves Saint Laurent
- Dyptique
- Byredo
- Other

5. What size of perfume bottle do you like?

- 50 ml
- 75 ml
- 100 ml
- 125 ml

6. What is the maximum price you can pay for a perfume?

- €60-90
- €90-120
- €120-150
- €150-180
- €180 and above

7. How many times do you use perfume in a day?

- Only in
- Every time
- When It
- Others

8. Which fragrance do you like? (Multiple choices applicable)

- Flower fragrance
- Wood fragrance
- Fruit fragrance
- Leather fragrance
- Other

9. What elements of perfume can attract you?

- Brand
- Packaging design
- Bottle shape
- Fragrance
- Price
- Origin
- Storytelling
- Other

10. Do you know anything about Niche perfume?

Yes

No

Not really

11. Are you going to buy niche perfume or business perfume?

Yes

No

12. Have you been to China before?

Yes

No

13. What can you think of when you hear China?

Long history

Multi-culture

Places of interest

Food

Other

14. Are you interested if there are Chinese elements designed in perfume?

Yes

No

Not really

Contacts of the Researcher:

Appendix 2.

Interview Questions

Interview for Supply Chain Managers and Logistics Experts for Qualitative Research

Kindly provide an open response to the following questions.

1. Please tell me more about yourself as a Supply Chain Manager in the perfume industry.
2. What do you do if there is an inventory error in the logistics of shipping the involved inventory?
3. Do you think it is cost-effective to ship bottles, bottle stickers, and packaging boxes from China to any country in Europe? France? How?
4. What is the cost of purchasing the bottles, bottle stickers, and packaging boxes in China as compared to France?
5. How would you project the optimization of the inventory in the circumstance of shipping them from China to France and filling them with the demanded quantity of perfume?
6. How probable will the inventory, in this case, contribute to the sustainability of the business in France?
7. What are the probable losses in shipping and securing inventory from China to France and Europe?
8. How do you ensure that the inventory meets the quality standards that the market demands?
9. How have you managed to build a trustable relationship with suppliers both locally and across in Europe?
10. Which approach do you give the business in dealing with the supplier? Do you contract?
11. In what ways have you managed to improve the process of shipping the inventory from one country to the other?

12. What are the identifiable and impacting challenges that you have ever encountered in this industry?
13. How have you always dealt with pressure and stressful situations for instance, when the supplier fails to deliver within the stipulated time?
14. Do you consider infiltrating technology in handling inventory and providing services, for example, supply chain management software?
15. How do you strike a balance between manufacturers, vendors, and suppliers, for instance, when all the three require your urgent attention?
16. What have you always done if your shipment delays to be delivered by the supplier and the order will delay the delivery of the inventory?

Appendix 3.

Questionnaire Results/Data

1. What is your Gender?

Gender	Percentage of the Participants	No. of participants per gender
Male	25.0%	96
Female	75.0%	288

N=384

Males = 96

Females = 288

Maximum = 288 (females)

Minimum = 96 (males)

2. Age Range

Age Range	A percentage from Total Participants	No of Participants
23-28	40.50	156
28-33	30.75	118
33-38	8.87	34
38-43	5.56	21
43-48	2.14	8
48-53	3.50	14

53 & above	8.68	33
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Maximum = 40.5% (23-28)

Minimum = 3.5% (48-53)

Percentage Range = 40.5-3.5 =37.0%

Mean=384÷7 (no of ranges)

=54.86

Deviation from the mean = (156-54.86), (118-54.86), (34-54.86), (21-54.86), (8-54.86), (14-54.86), (33-54.86)

=101.14, 63.14, -20.86, -33.86, -46.86, -40.86, -21.86

No of Participants (X)	Mean deviation (X-Mean)	(X-Mean) ²
156	101.14	10,229.30
118	63.14	4,020.83
34	-20.86	435.14
21	-33.86	1,146.50
8	-46.86	2,195.86
14	-40.86	1,669.54
33	-21.86	477.86
TOTAL		20,175.03

Variance = $\sum(x-54.86)^2 / (n-1)$

N= 7 (no. of ranges)

Variance = 20,175.03/6

Variance = 3,362.5

Standard deviation = $\sqrt{\text{variance}}$

Stdev = 57.99

3. Highest Level of Education

Education Level	Percentage of the Participants
High school	0.82
College	11.48
Graduate	48.36
University	39.34

Maximum = 48.36% (graduate)

Minimum = 0.82% (highschool)

Range (%) = 48.36-0.82 = 47.54

4. Which Perfume brand do you like the most? (Multiple choices)

Perfume Brand	Preference Levels (no. of likes)
Guerlain	45
Chanel	68
Dior	52

Lancome	43
Yves Saint Laurent	40
Dyptique	34
Byredo	24
Others	19

Range = 68-19 = 49

Mean = (45+68+52+43+40+34+24+19)/8

\bar{x} = 325÷8 = 40.625

n = 8

Deviations from Mean = Values - \bar{x} (45-40.625), (68-40.625), (52-40.625), (43-40.625), (40-40.625), (34-40.625), (24-40.625), (19-40.625)

Standard Deviation =

X	Mean Deviation (x-40.625)	(x-40.625) ²
45	4.375	(4.375) ² = 19.14
68	27.375	(27.375) ² = 749.39
52	11.375	(11.375) ² = 129.39
43	2.375	(2.375) ² = 5.64
40	-0.625	(-0.625) ² = 0.39
34	-6.625	(-6.625) ² = 43.89
24	-16.625	(-16.625) ² = 276.39

19	-21.625	$(-21.625)^2 = 467.64$
Total		1691.87

Variance = $1691.87 / (n-1)$
 = $1691.87 / 7$
 = 241.70

Standard deviation = $\sqrt{\text{variance}}$

Stdev = 15.15

5. Preferred perfume bottle size

Bottle Size	Percentage of Participants
50 ml	18.85
75 ml	38.55
100 ml	30.78
125 ml	4.22
125 and Above	7.60

6. Maximum Price Participants can accept a perfume

Price Range (€)	Participants (Percentage)	No. of participants per price range
60-90	19.67	76

90-120	24.59	94
120-150	39.34	151
150-180	14.75	57
180 & Above	1.65	6
Total	100%	384

Mean = 384/n

N= 5 (no of ranges in price)

Mean = 76.8

Deviation from the mean = (76-76.8), (94-76.8), (151-76.8), (57-76.8), (6-76.8)

= (0.8), (17.2), (74.2), (-19.8), (-70.8)

No. of participar per per price ran (x)	Deviation from the Mean (x-mean)	(x-mean) ²
76	0.8	0.64
94	17.2	295.84
151	74.2	5,505.64
57	-19.8	392.04
6	-70.8	5,012.64
Total		11,206.8

Variance = $\sum(x-\text{mean})^2 \div (n-1)$

Variance = $11,206.8/4$

Variance = 2,801.7

Standard Deviation = square root of variance

Standev = $\sqrt{\text{variance}}$

Standev = 52.93

7. How many times do you use perfume a day?

Frequency and Occasion	Participants (Percentage)
Only in Special Occasion	29.51
Once in a day	30.33
All the Time	39.34
Non-regular or Others	0.82

8. Preferred Fragrances (Multiple Choices)

Fragrance	Frequency of Likes
Flower Fragrance	185
Wood Fragrance	115
Fruit Fragrance	168
Leather Fragrance	65
Others	85

9. Attractive Elements of Perfumes

Elements of Perfumes	Attraction Levels
Brand	43
Packaging Design	85
Bottle Shop	93
Fragrance	101
Price	66
Origin	10
Storytelling	40
Others	0

10. Knowledge Awareness on Niche Perfumes

Level of Awareness	Percentage of Participants
Yes	49.18
No	30.33
Not Really	20.49

11. China Visitation

China Visitation	Participants (Percentage)
Yes	41.8
No	58.2

12. Perceptions of Chinese Culture

Cultural Perception	Responses from Participants
Long History	104
Multi-culture	82
Places of Interaction	68
Food	46
Others	2

13. Level of Preference for perfumes with Chinese Elements

Degree of Preference	No. of participants (percentages)
Yes	92.62
No	3.28
Not Really	4.10