

RETAIL ANALYTICS ASSIGNMENT

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Introduction:

The retail business has seen substantial changes in recent years, with consumers wanting unique and individualized experiences that go beyond standard shopping (Pine and Gilmore, 1998). Custom perfumery is a thriving niche business in which clients may develop their own unique scents based on their preferences (Dove, 2008). This report introduces the business concept of a Custom Perfumery and Fragrance Bar- '**Essence Enclave**', which aims to provide fragrance devotees and experience-seekers with a unique and immersive experience. In light of the increasing desire for customized goods and experiences within the United Kingdom market (Mintel, 2022), this notion possesses the capacity to appeal to a wide-ranging clientele.

Description of the Retail Store: Essence Enclave is envisioned as an exclusive emporium where patrons will have the opportunity to collaborate with proficient perfumers in the creation of their own customized fragrances. In addition to blending stations and a fragrance bar, the store will feature designated spaces for consultations and workshops. Customers will be able to sample a wide range of high-quality essential oils, fragrance notes, and bases, which they may combine and personalize to create their own unique fragrances.

The store will provide a variety of products and services, including ready-to-wear fragrances, colognes, scented candles, and accessories inspired by fragrances, in addition to custom perfume creation. The establishment will also offer workshops, private consultations, and corporate team-building events that will be centred on the craft of perfume creation.

Product Delivery Channels: The brick-and-mortar retail location will serve as the principal distribution channel for Essence Enclave, providing patrons with an engaging and immersive in-store experience. However, to meet the increased demand for convenience and online purchasing, an e-commerce platform will be created to provide virtual fragrance consultations, online workshops, and the sale of personalized perfumes and fragrance kits (Verhoef et al. 2015). The mix of a physical and online presence is consistent with current market trends, in which consumers value both engaging in-store experiences and the ease of online purchasing (Grewal et al., 2017). This multichannel strategy would provide clients more options and adapt to their various tastes.

As illustrated in Figure 1, the expansion of e-commerce in the United Kingdom bolsters the rationale for establishing an online sales channel.

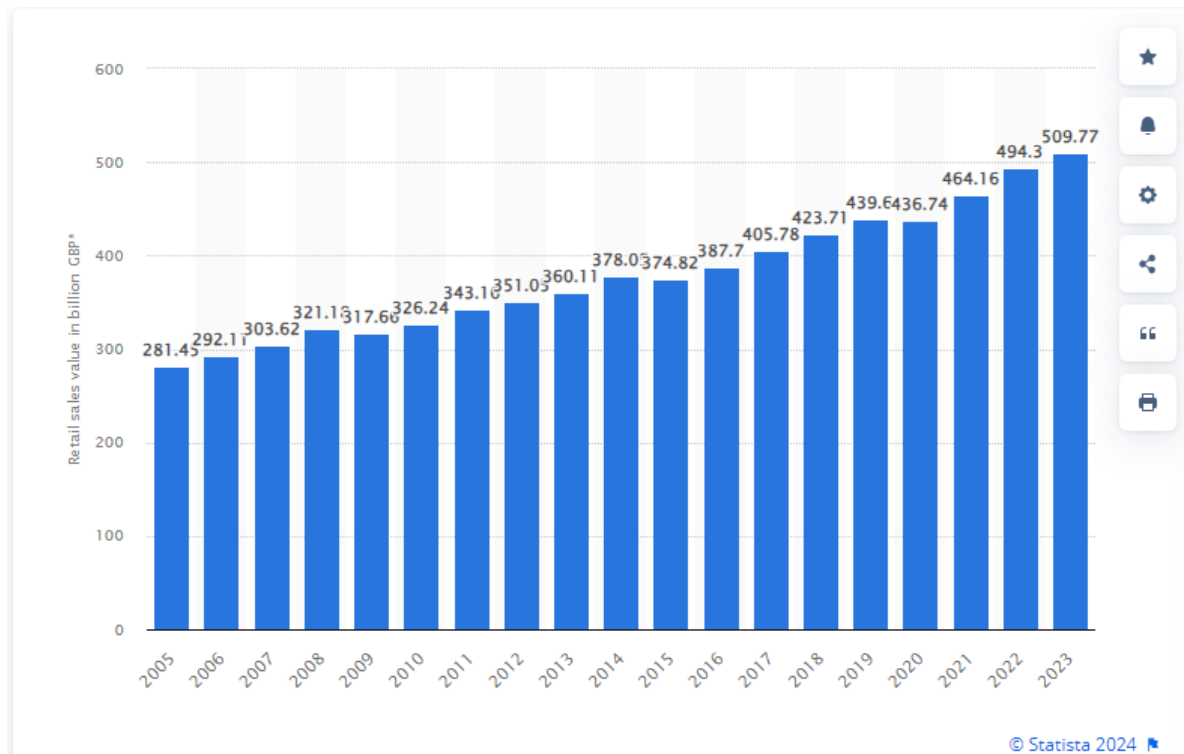


Fig 1: Annual sales value of all retailing in Great Britain from 2005 to 2023(in billion GBP)

Market Analysis:

Market Segmentation: Essence Enclave operates within a market segment that consists of three discrete groups:

1. **Perfume Enthusiasts:** People that are passionate about perfumes and seek for unique and individualized aromas that reflect their own personalities and tastes. This demographic is often wealthy, well-educated, and loves quality and exclusivity.
2. **Experience Seekers:** Customers that value unique and engaging shopping encounters and are eager for new experiences to share with friends and family. This demographic is frequently made up of young professionals, millennials, and Gen-Z customers who value experiential consumption
3. **Gift Shoppers:** People looking for one-of-a-kind and considerate gifts, such as personalized scents or perfume-making activities, for special events or personal milestones. This sector includes people of all ages and demographics, with a preference for personalized and meaningful gifting experiences.

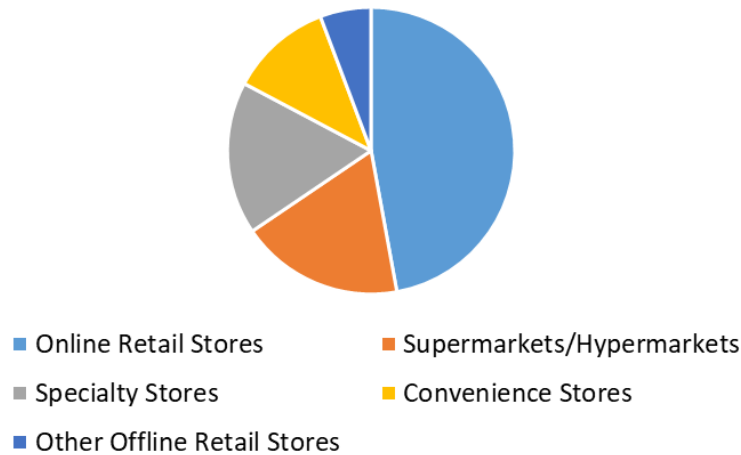


Fig 2: Perfume and Fragrance Market, by Distribution Channel (%) in the UK (2022)

Figure 2 illustrates that online retail store distribution channels control the majority of the perfume and fragrance market. It is therefore entirely logical to adopt a multichannel strategy. According to Mintel (2022), the UK fragrance industry is worth £1.9 billion and is predicted to increase gradually, owing to rising demand for premium and individualized goods. The target market categories indicated are consistent with these trends, making Essence Enclave an appealing proposition for UK customers.

Competitor Analysis: Although the custom perfumery sector remains relatively specialized in the United Kingdom, the following are potential rivals:

1. Conventional Perfume Retailers: Well-known brands such as Jo Malone, Diptyque, and Le Labo provide customization options and personalized fragrance services; however, they frequently lack the practical knowledge and proficiency required to formulate perfumes (Intindola et al., 2015).
2. Online custom perfume platforms, such as Essentially Me and Perfume Studio, offer fragrance customization services through their websites. However, these platforms do not offer the same level of immersion and experiential value as physical retail locations (Grewal et al., 2018).

Essence Enclave will set itself apart by providing a fully personalized and hands-on fragrance creation experience in which consumers may collaborate with skilled perfumers to design their own unique scents. This degree of personalization, proficiency, and experiential worth distinguishes the notion from rivals and confers an exclusive selling point in the United Kingdom market.

Location and Operations:

Essence Enclave plans to open its first retail location in the United Kingdom, leveraging the country's blend of local and foreign customers to drive brand growth. This location, which is easily accessible and has strong traffic, is great for attracting a diversified consumer base that is increasingly interested in bespoke and handcrafted products. This strategic decision not only improves client convenience, but also corresponds with the UK's growing trend toward individualized, high-quality goods, ensuring Essence Enclave's status as a leading destination for scent connoisseurs.

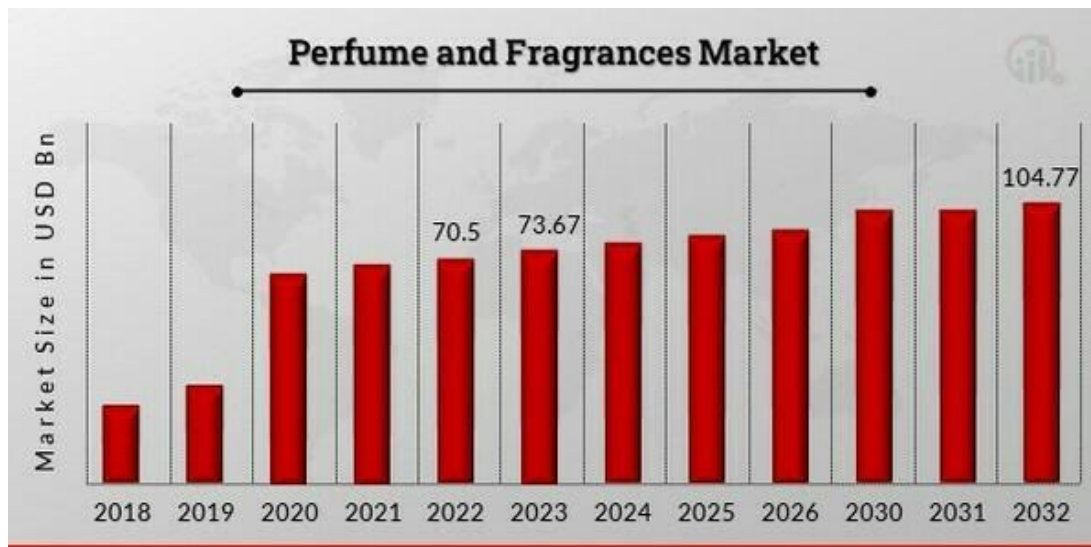


Figure 3: Forecast of Market Size of Perfume and Fragrances Market

According to figure 3, in 2022, the perfume and fragrances market was valued at USD 70.5 billion. The perfume and perfumes market is predicted to rise from USD 73.67 billion in 2023 to USD 104.77 billion by 2032, at a compound annual growth rate (CAGR) of 4.50% over the forecast period (2023-2032). The growing trend of personal grooming, increased demand for luxury and exotic fragrances, and rising consumer spending on premium and luxury perfumes and fragrances are the primary drivers of market growth. This figure validates our choice to create a retail location in the UK.

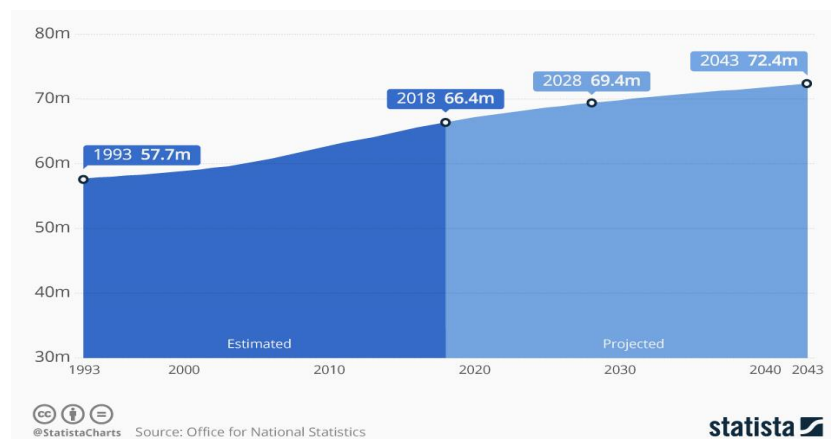


Figure 4: Estimated and Projected population of UK

The data as seen in Figure 4 supports our decision to open a retail store in the UK, as it demonstrates that the population is increasing annually. This allows us to serve more people every year. After deciding on a country, it's crucial to choose a city that offers a high client base, reasonable prices, and potential for brand growth.

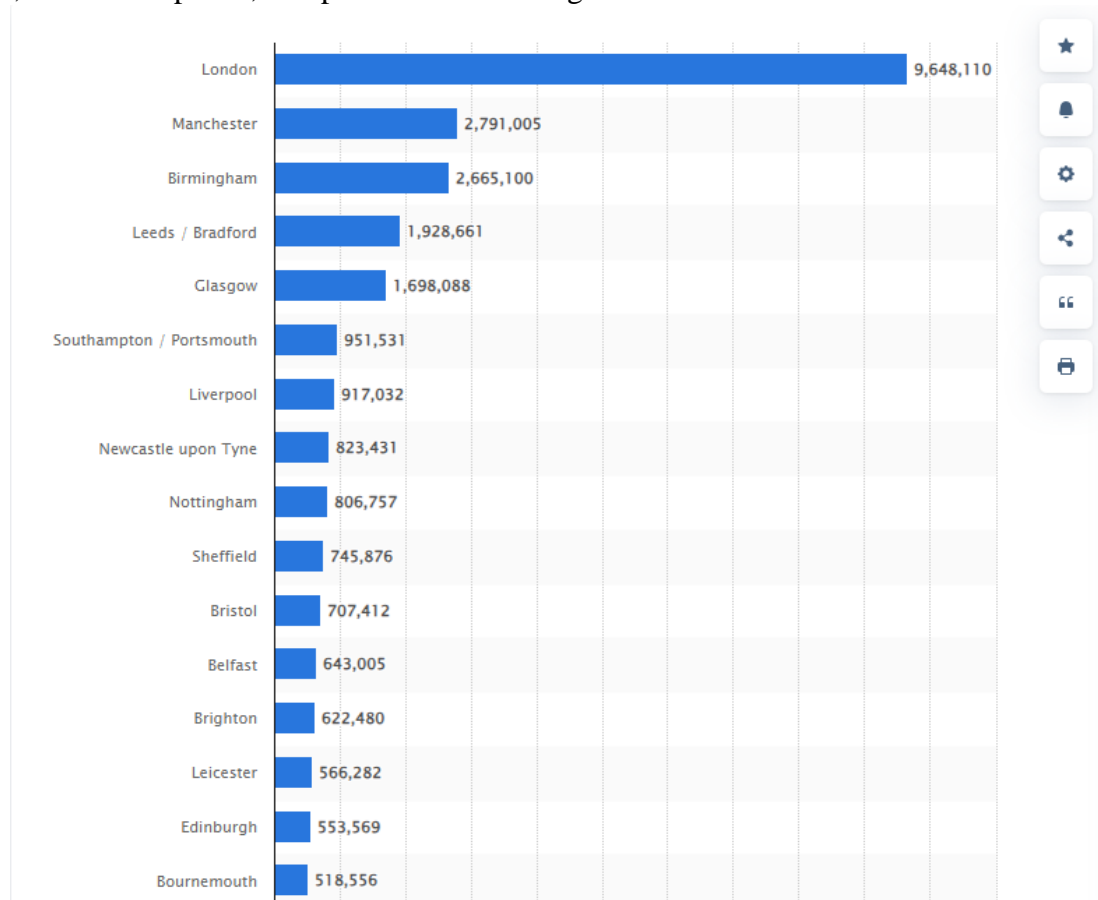


Figure 5: Largest urban agglomerations in the United Kingdom in 2023

As seen in Fig. 5, London, estimated to have 9.65 million inhabitants in 2023, was the most populous urban agglomeration in the United Kingdom. At that size, it was more than three times the size of Manchester, the second most populous urban agglomeration in the United Kingdom. With the objective of serving the most extensive market feasible, we have a preference for situating our retail establishment in London. While there are other cities with respectable populations, the combination of domestic and international clients in London may be particularly advantageous for our company.

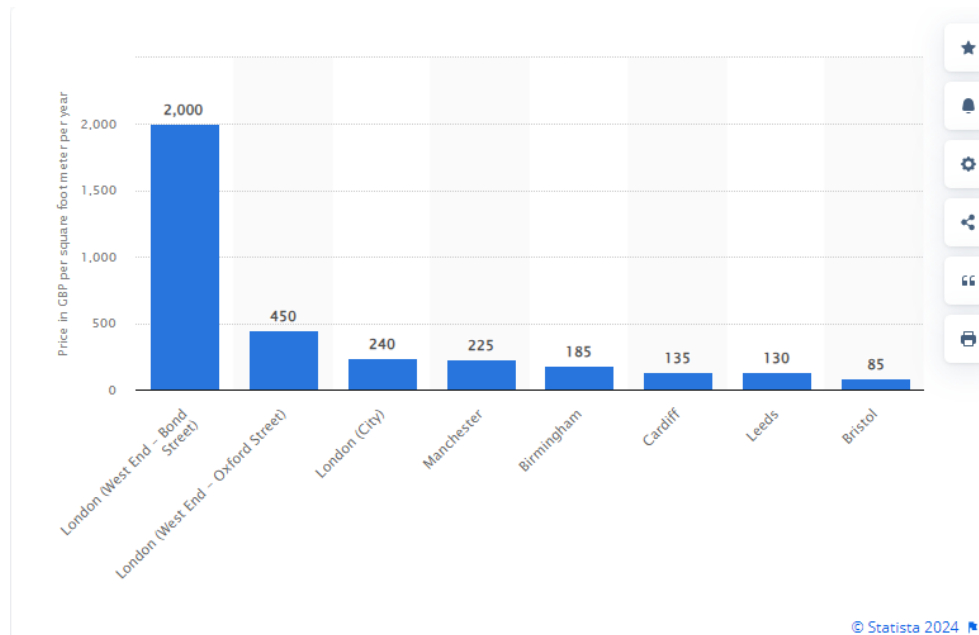


Figure 6: Annual rental cost of prime high street retail rents in the United Kingdom (UK) in 2nd quarter 2023, by city (in GBP per square foot)

As seen from the graph above, London West End - Bond Street has the highest prime high street rents in the UK, with prices reaching 2,000 British pounds per square foot. Despite the relatively high rents on London's Bond Street and Oxford Street, other areas in the city command approximately £240 per square foot. The disparity between these areas and the two areas with the highest populations is not substantial. Furthermore, figure 5 illustrates that by catering to an additional 7.5 million customers in London, the benefit outweighs the slight reduction in rent.

Bond Street and Oxford Street are the most ideal locations for a high-end retail store, according to our research. However, since these locations are beyond our financial means, the selection of an appropriate retail location is critical to the accomplishment of the establishment. This will enable us to establish a significant foothold in a single location, catering to both domestic and international clientele.

The subsequent elements shall be taken into account throughout the site selection procedure:

1. **Accessibility:** The boutique is anticipated to be situated in a prestigious lifestyle centre or retail district in London, such as Westfield London or Covent Garden, which will provide consumers with convenient access and sufficient parking (Grewal et al., 2017).
2. **Demographics:** The selected site will be situated in a prosperous locality or neighbourhood that is densely populated by segments of the target market that are financially affluent, including urban professionals and affluent consumers. Priority should be given to regions such as Knightsbridge, Chelsea, and Mayfair in accordance with an analysis of geo-demographic data.
3. **Competition:** Although proximity to other perfume retailers will be taken into account, the primary objective will be to establish a foothold in regions where

personalized perfume-making is scarce or non-existent, such as the Shoreditch area, which is renowned for its distinctive and fashionable retail concepts.

4. **Ambiance:** The selection of a site that complements the affluent and experiential essence of the Custom Perfumery and Fragrance Bar, such as the historic and attractive streets of Covent Garden, should create an atmosphere that is conducive to a luxurious and sensory shopping experience.

After considering all the elements above, I have come to the conclusion that Westfield London's (W12 7GF) extensive customer base and high volume of visitors make it an optimal location for Essence Enclave. It is one of the largest shopping centres in Europe, providing unparalleled exposure to both natives and tourists. Modern amenities, including ample parking and efficient public transportation, increase foot traffic by rendering the centre accessible and convenient. The combination of prestige and mainstream brands at Westfield appeals to the discerning consumers of Essence Enclave who are in search of exclusive, high-quality goods. Westfield London provides Essence Enclave with the greatest opportunity for visibility and success in London's competitive retail market due to the aforementioned advantages.

Target Market:

The subsequent section provides specific information regarding the vicinity of the retail establishment. This neighbourhood information was obtained utilizing the ACORN tool (W12 7GF).

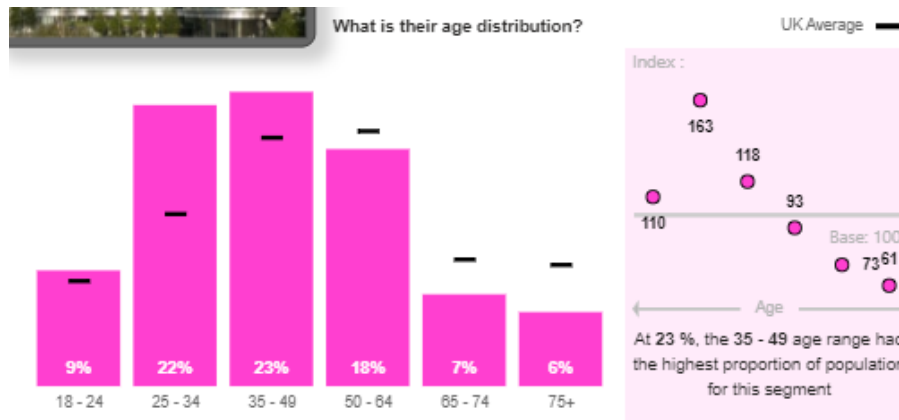


Figure 7: Age distribution using ACORN

Fig. 7 shows that Essence Enclave's site is excellent for our target market, with the 25-34 and 35-49 age groups dominating. Our boutique scent caters to this customer base's disposable income and demand for high-end, personalized items. By establishing in this region, we can directly serve a clientele that loves unique and sophisticated experiences that match our brand.

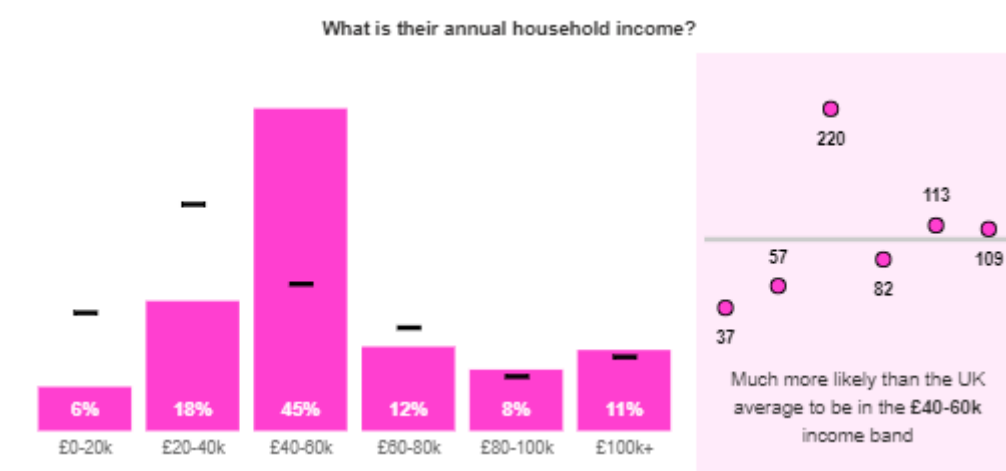


Figure 8: Annual Household Income Distribution

With 45% of homes earning £40k-£80k, significantly above the UK average, the neighbourhood attracts wealthy customers for premium fragrances and unique scents. Our premium positioning and services fit this financial profile's expectation of higher per-transaction values.

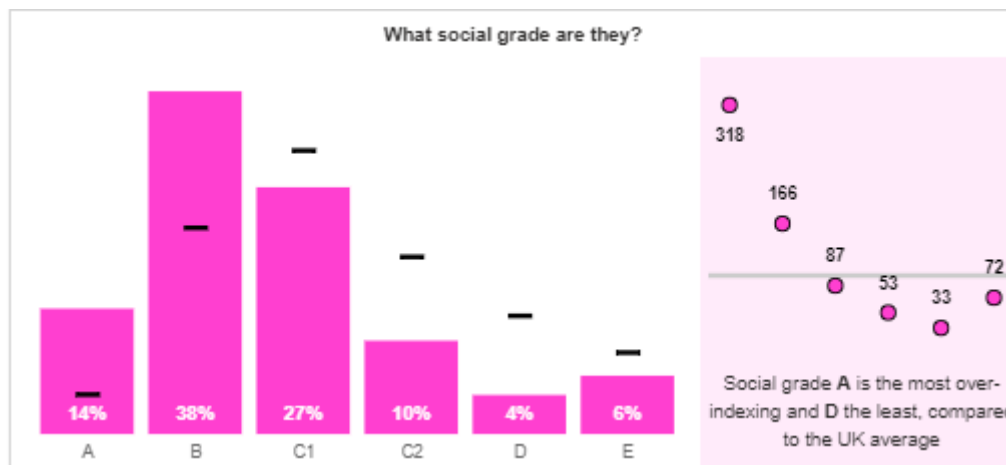


Figure 9: Social Grades Distribution

The location of the Essence Enclave boutique is highly advantageous in light of the local social grade configuration as seen in the above figure, which comprises a substantial proportion of the population categorized in the upper tiers (A and B). These cohorts are mostly upper-level executives and professionals, implying they have discretionary income and value luxury and exclusivity. Such characteristics align perfectly with the bespoke fragrances we provide. Their existence serves to strengthen the store's appeal to a substantial clientele with a propensity for luxury goods.

Operational Plan: Essence Enclave will prioritize customer engagement and continuity. Intindola et al. (2015) recommend that the store design include consultation, seminar, and scent blending rooms to create an immersive and sensory setting inspired by French perfumeries.

The supply chain will buy premium fragrance bases, packaging materials, and essential oils from ethical and sustainable vendors including Fragrance Oils UK and Floral Compounders. These individuals, along with skilled staff and a team of expert perfumers trained at prestigious institutions such as the Grasse Institute of Perfumery, will help customers create fragrances and provide excellent customer care.

Financial and Marketing Strategies

Financial Plan: The Custom Perfumery and scent Bar will use a premium pricing approach to represent the high-quality components, expertise, and personalised aspect of the scent creation process. Pricing might include:

1. **Personalized Perfume Creation Experiences:** Prices range from £100 for a basic workshop to £1000 for a premium private consultation and customized packaging, with variable degrees of customization and other services.
2. **Fragrance Components:** An assortment of premium essential oils, fragrance notes, and compounds are offered for à la carte purchase, with prices varying from £10 to £100 per component.
3. **Workshops and Events:** Corporate team-building events range in price from £500 to £2,000 per group, while private parties customized to suit particular occasions or themes cost between £500 and £2,000, contingent upon the extent of customization and scope (Intindola et al., 2015).

Cost management will focus on optimizing operational expenses including personnel costs, rental fees at prominent locations, and inventory management through just-in-time procurement. Mintel (2022) market research data, industry norms, and proposed customer demand led by the Essence Enclave's unique value proposition will determine revenue predictions.

The Marketing and Communication Plan:

The Marketing and Communication Plan aims to increase brand recognition, establish the Custom Perfumery and scent Bar as a top destination for unique scent experiences, and develop a devoted client base in the UK market.

Strategies and Communication Methods:

1. Social media marketing involves capitalizing on popular social media platforms such as Instagram, Facebook, and TikTok to exhibit the perfume-making process, distribute customer creations, and foster community involvement via user-generated campaigns, influencer partnerships, and interactive content. To reach specific demographics, establish collaborations with influencers such as @theperfumecourt and @scentmemory (Coursaris et al., 2016).
2. Experiential marketing strategies include active involvement in community events such as London Craft Week, establishment of pop-up experiences in upscale department stores like Harrods or Selfridges, and provision of in-store workshops and events that facilitate experiential fragrance creation and inspire customers to generate positive word-of-mouth (Schmitt, 2010).

3. Targeted Advertising: Reaching certain demographics and interest groups in the target market using platforms such as social media, Google Ads, and lifestyle periodicals such as Harper's Bazaar and Tatler (Grewal et al., 2018).
4. Implementing a loyalty program featuring tiers such as "Fragrance Explorer," "Perfume Connoisseur," and "Master Perfumer" in conjunction with email marketing and a loyalty program aims to cultivate enduring connections, disseminate exclusive promotions, and solicit feedback on novel products or experiences.

Customer Relationship Management (CRM)

Essence Enclave's long-term success depends on developing strong client connections and a committed community of scent enthusiasts. Recognizing the significance of client retention and tailored experiences, a complete CRM program will be built to provide a smooth and memorable visit for each customer.

CRM Strategies:

1. Customer Profiles: The CRM program relies on a robust system for managing in-depth customer profiles. Data about demographics, personal preferences, buying history, and fragrance preferences will be collected in the profiles. Essence Enclave can use this valuable data to provide personalized advice, customized support, and targeted promotions that appeal to specific customers (Grewal et al., 2018). Customers who enjoy fragrant or musky fragrances may receive timely information about new or limited-edition products that match their preferences.
2. Loyalty Program: Implement a multi-tiered reward program to foster consumer loyalty and encourage repeat visits. This program will offer exclusive benefits including invitations to special events or seminars, discounts on products and services, and early access to new scents. Customers move up levels by earning points for purchases and interactions, unlocking more valuable incentives and experiences. This method encourages repeat business and makes loyal customers feel special (Coursaris et al., 2016).
3. Fragrance Consultations and Follow-ups: The company will prioritize ongoing conversations and follow-ups to ensure client satisfaction. Professional perfumers will advise clients on fragrance layers, maintenance, and creating their own scents in personalized consultations. After purchases or consultations, follow-up interactions will fix issues, gather feedback, and offer personalized ideas for complementary products or services.
4. Community Engagement: Essence Enclave will provide frequent fragrance-themed events, workshops, and meet-ups to foster community and client interactions. These gatherings will allow fragrance enthusiasts to share knowledge and experiences. Guest lecturers, industry experts, or famous perfumers may lead discussions or demonstrations, enriching these sessions.
5. Feedback and Reviews: A key part of the CRM program is continually seeking consumer feedback and reviews. Consumer experiences, preferences, and areas for improvement will be collected through in-store surveys, online review systems, and social media engagements. Feedback will be carefully considered and integrated into product development, service improvement, and operational strategy refinement. This will ensure the company keeps improving to meet customer expectations.

Implementation: For CRM support, resilient customer relationship management software will be used. The planned centralized system will combine data from in-store visits, online sales, consumer engagements, and social media interactions. By consolidating and analyzing this data, the company will learn about client behavior, preferences, and purchasing trends. This will allow the company to target marketing, send individualized messages, and make data-driven decisions.

Evaluation: Continuous evaluation of the CRM program's efficacy will be conducted utilizing key performance indicators (KPIs), including but not limited to customer satisfaction levels, average customer lifecycle value, and net promoter scores. The company will conduct customer satisfaction surveys, focus groups, and social media sentiment analysis to gather qualitative input and identify areas for improvement (Intindola et al., 2015).

Essence Enclave will build lasting customer relationships and gain a competitive edge by offering perfume enthusiasts customized and indelible experiences through an all-encompassing customer relationship management (CRM) system.

Conclusion:

The implementation of a Custom Perfumery and Fragrance Bar concept in the UK market offers a distinctive prospect to address the increasing desire for experiential and personalized retail offerings. This idea will offer perfume devotees and experience-seekers a unique and unforgettable retail experience through the integration of premium ingredients, knowledgeable consultation, and devoted customer support.

By employing a methodical approach to site selection, implementing successful marketing tactics, and establishing a resilient customer relationship management system, Essence Enclave endeavors to cultivate a devoted clientele that values the intricacies of fragrance synthesis and the chance to design personalized fragrances.

By prioritizing innovation, sustainability, and ethical conduct, this notion possesses the capacity to establish itself as a frontrunner in the high-end fragrance sector, cultivate steadfast customer allegiance, and make a significant contribution to the expansion and development of the retail industry as a whole.

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