

Proposed New Positioning and Omnichannel Strategy of Local Fragrance (Case Study: House of Medici)

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Local product brands are growing rapidly and many new brands are emerging with quality that is competitive with foreign brands. This indicates that there is intense competition in the local cosmetic product industry. According to a consumer survey by Deloitte in 2018, it still shows that local products dominate the market. House of Medici is a fragrance brand from Indonesia that focuses on perfume products. This research method uses a qualitative approach and a descriptive survey method. Primary data was taken by conducting interviews with the owners and a questionnaire survey. Internal analysis uses STP (Segmenting, Targeting, and Positioning) and 7 P's Marketing Mix. On the other hand, external analysis is carried out with PESTEL and competitor analysis. Furthermore, analyzed using SWOT. Value proposition canvas and omni channel strategy are used for strategy formulation. The results show that current condition of House of Medici with its competitors and needed an Online to Offline strategy that is connected to an omni channel strategy in order to build an integrated distribution platform and marketing channel.

Keywords: Competitor Analysis, Local Brand, Marketing Strategy, Omnichannel, Online to Offline, Perceptual Map, Perfume

JEL Classification: M10, M30, M31

INTRODUCTION

Indonesian local brand cosmetic products show their existence. Until 2021, local product brands are growing rapidly and many new brands are emerging with quality that is competitive with foreign brands. According to a survey report from Deloitte in 2019, local brands continue to dominate brand preferences across most product categories. Although in 2018 the preference for local products was not as high as in 2019, according to a consumer survey conducted by Deloitte in 2018 it still shows that local products dominate the market. According to the Indonesian Ministry of Industry, the Ministry of Industry also said that the national cosmetic industry grew by 20%, equivalent to 4 times the national economic growth in 2017 (Ministry of Industry of the Republic of Indonesia, 2020). The large prospect of the Indonesian cosmetic market in the future, the government places the cosmetic industry as a reliable sector in accordance with the National Industrial Development Master Plan (RIPIN) 2015-2035 (Ministry of Industry of the Republic of Indonesia, 2021).

Until now, the total number of cosmetic products that have received approval for distribution in Indonesia by the Food and Drug Supervisory Agency (BPOM) for the last 5 years has reached a total of 204.497 until the time of data access on September 28, 2021. This number is the highest compared to other categories such as drugs, food supplements and so on. Some of these factors indicate that there is intense competition in the local cosmetic product industry.

The increasing number of local cosmetic brands that have sprung up has resulted in tighter competition for local brand players which can have an impact on their sales. One of the local brand perfumes called House of Medici has been operating for 1 year and in the past three months their sales have not met the target of sales. Therefore, they try to find new marketing strategies so they can meet their sales target.

LITERATURE REVIEW

PESTEL Analysis

PESTEL analysis is one of the frameworks to identify and analyze the important external environmental factors that can affect the industry where the company is located, these factors can create opportunity and threats for the company. Moreover, PESTEL is a popular method for analyzing the external business environment (Gupta, 2013). The analysis by PESTEL refers to examining the outside environment from various political, economic, sociocultural, technological, environmental or ecological and legal aspects.

Competitor Analysis

Competitor analysis would provide a more in-depth understanding of competitor market behavior and strategic moves. Business can be improved by conducting competitor analysis and providing business and market-wide analysis to gain a more comprehensive understanding of the competitors (Honkanen, 2019).

STP Analysis

STP analysis will start from determining market segmentation, then identifying the company's target market, and then identifying the company's position. According to Kotler and Keller, 2016 the STP analysis is divided into Segmenting, Targeting and Positioning.

Marketing Mix (7Ps)

The marketing mix before the development of the service concept included 4P (product, price, promotion, and placement), but the marketing mix expanded to 7P (product, price, promotion, placement, people, processes, and evidence physical) (Shah, 2012).

SWOT Analysis

SWOT is one of the frameworks to identify and analyze internal analysis of the company's strengths (S) and weaknesses (W) concerning resources, capabilities and competencies. opportunities (O) and threats (T) are in the company's general environment (Rothaermel, 2017). SWOT analysis is a strategic planning tool that helps a company in identifying its strengths, weaknesses, opportunities, and threats in reference to the company's current competition, internal analysis and the external environment in which it operates.

Value Proposition Canvas

Value Proposition Canvas strives to solve customer problems and meet customer expectations. The Value Proposition is the reason customers choose one company over another because it solves a customer problem or satisfies a customer need (Osterwalder & Pigneur, 2010).

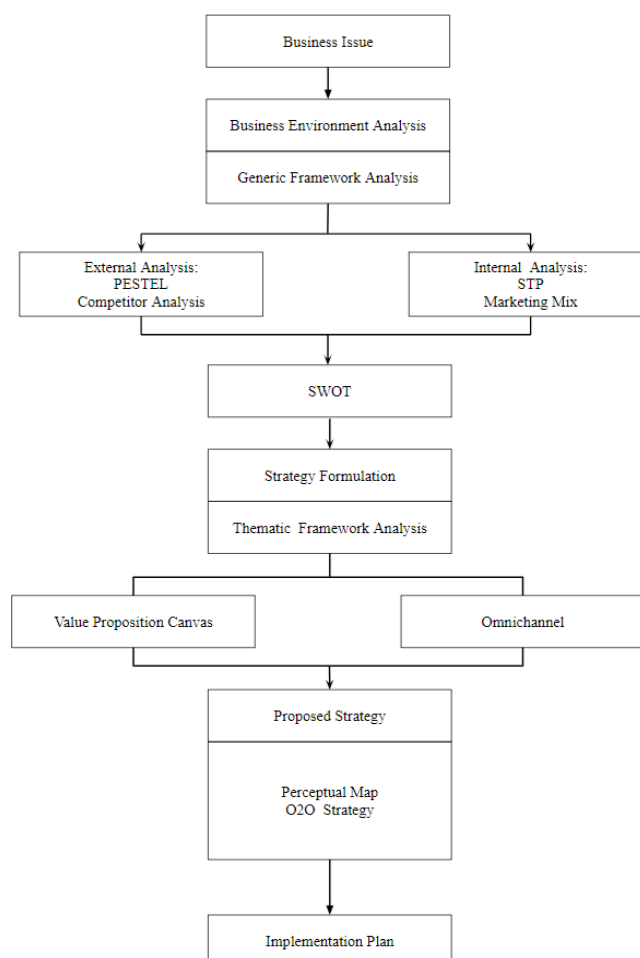
Omnichannel

Omni channel is a cross-platform business strategy. Omni-channel marketing is a description of a consistent and coordinated strategy specifically for interacting with customers and potential customers, and how to provide the best service to customers using the right channel for them (Sugesti et al., 2019).

RESEARCH METHOD

The qualitative method helps the researcher to investigate and better understand the complexity of a phenomenon whereas the quantitative method gives an objective measure of reality (Williams, 2007). This research uses purposive sampling, that is a type of non-probability sampling which is conducted on people who have the desired information (Sekaran and Bougie, 2016). To collect data for analysis material, data was collected through an internal interview with the House of Medici's owner and questionnaire survey as primary data. In addition, collects the secondary data through company internal data, macroeconomic data, third party research, online research and also literature studies.

Figure 1. Conceptual Framework



Based on Figure 1. this research is divided into two analyses which is generic framework and thematic framework analysis. Generic framework analysis contains external (which is PESTEL and competitor analysis) and internal analysis (segmenting, targeting and positioning) in order to analyze the business environment. Next, the results from the external and internal analysis can describe the SWOT framework of the company so that its strengths, weaknesses, threats and opportunities are known. Thematic framework analysis in this research is the value proposition canvas and omnichannel strategy, as strategy formulation and the right proposed strategy is carried out in order to resolve business issues in the company, then translated into the action plan.

RESULTS

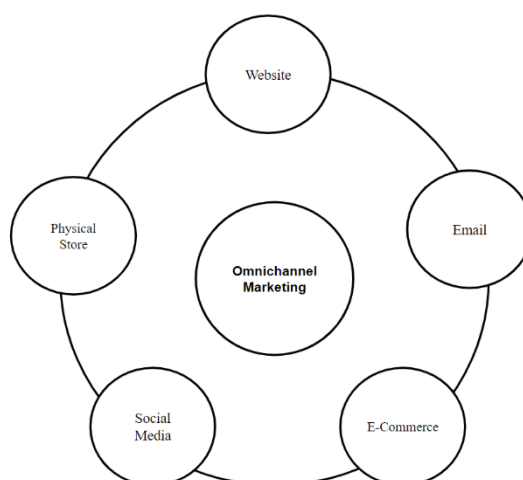
The Value Proposition Canvas was generated by creating value propositions based on the product and services which is what products/services the company offers, gain creators which is how the company delivers gains and also pain relievers which is how the company kills the customer's pain. Using previous experience in the customer segments of customer jobs, gains and customer pains (Lindič & Silva, 2011). In order to solve customer problems and meet customer expectations, a value proposition canvas analysis is carried out, which is obtained from the results of questionnaires distributed to respondents with the criteria selected. In the customer profile, benefits that customer expects and needs in order to increase customer value or what we call gains indicate that customers want to have local perfume products who the scent is matches their

expectations, there are many platform choices to access the product, can do a tester directly before deciding to buy, want to get a product that has a long-lasting scent, and the customer wants to get clear product information. Next is the pain or negative experience including negative perceptions, the answer is local perfume shops only have a few varieties of products, do not have physical stores, the packaging that the store offers are not attractive, the texture of the perfume feels sticky and the scent of local perfumes duplicates another famous brand. Currently, House of Medici does not have a physical store yet. In addition, from the results of the questionnaire and the value proposition canvas, one of the perceived pains is that there are no physical outlets and in the gains section they hope for being able to test the product directly before buying.

Information and shopping O2O experiences strengthen the interaction and integration of the shopping process. If customers want to find information quickly, they tend to prefer online stores or use mobile devices to search for that information, but if customers want to try or touch and try products, they will come to physical stores to look for the products they are looking for (Wardhanie et al., 2018). Therefore, needed to implement O2O strategy which is online to offline. But it also necessary to integrate marketing through online, with a combination of 4 online strategies which are website, email, social media, e-commerce and 1 offline which is integrated physical store. By using social media and improve the content, can increase the competitive advantage also expanding the customer network (Julita, Julita & Arianty, N., 2021). In addition, to build the customer loyalty, information communication technology is needed (Daulay, R., 2021). Currently, House of Medici only has an Instagram account as a branding platform and 3 E-commerce for sales activity.

Moreover, Omni channel is a cross-platform business strategy. Omnichannel marketing make all channels are integrated for instance websites, e-commerce, social media, offline stores, et cetera) that companies can use to improve the convenience and usability of various channels and have an impact on the customer experience. The customer is the strategic center where customers can choose the channel they will use. Customers can shop using various channels at once, they can buy from online stores or visit the physical stores. Therefore, the O2O strategy that aligned with omnichannel strategy is the right strategy recommendation that can be used by the House of Medici.

Figure 2. Proposed Omnichannel Marketing Strategy



DISCUSSION

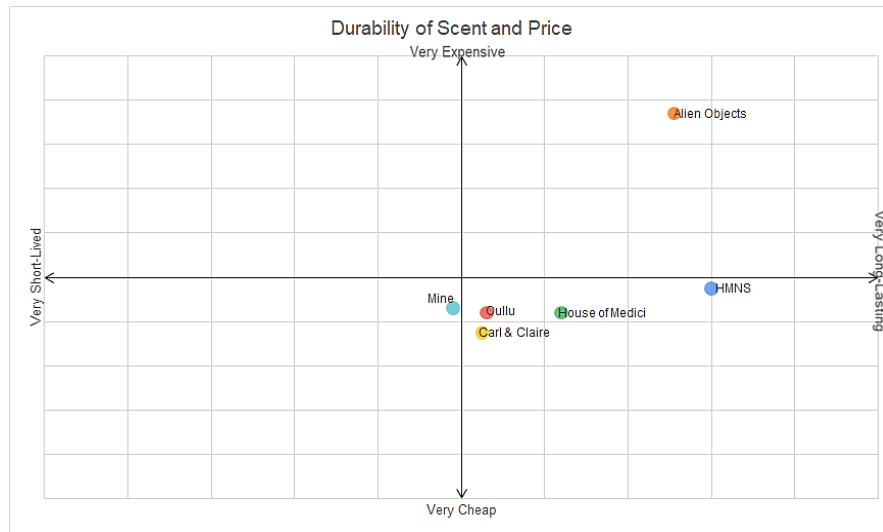
Based on analysis and observation results, House of medici has many new and strong existing competitors. The perceptual map is a popular technique for determining brand positioning. For each brand, respondents should also answer an overall preference question. After that you've averaged all of the responses (Quevedo, 2016). Perceptual maps have been used to help better understand a market landscape and determine how customers perceive a company's products compared with their competitors and know where the current position of the company compares with their competitors. Moreover, the company can grow well and improve the positioning for the target customer (Akbar, R., 2021). The perceptual map data is obtained from the results of the questionnaire assessment of the respondents, the following table is the result of the selection of respondents and the average score of each brand of each component. Here is weighting of each brand on durability and price components,

Table 1. Average Score of Scent Durability and Price

Durability of Scent local brand perfume									
Score		Very Short-Lived	Short-Lived	Normal	Long-Lasting	Very Long-Lasting	Total Respond	Total Score	Average Score
		1	2	3	4	5			
Respond	HMNS	1	11	35	48	16	111	400	3.60
	Oullu	2	24	54	27	4		340	3.06
	Carl & Claire	2	22	58	26	3		339	3.05
	House of Medici	1	16	53	37	4		360	3.24
	Mine	5	24	52	28	2		331	2.98
	Alien Objects	1	10	46	39	15		390	3.51
Price local brand perfume									
Score		Very Cheap	Cheap	Normal	Expensive	Very Expensive	Total Respond	Total Score	Average Score
		1	2	3	4	5			
Respond	HMNS	1	29	58	20	3	111	328	2.95
	Oullu	2	35	57	13	4		315	2.84
	Carl & Claire	3	42	49	14	3		305	2.75
	House of Medici	2	33	60	13	3		315	2.84
	Mine	5	26	63	13	4		318	2.86
	Alien Objects	0	9	39	35	28		415	3.74

The results of the perceptual map between the durability of scent and price show that the position of the House of Medici has a scent that is less durable than Alien Objects and HMNS, but the price is not much different from that of HMNS. In contrast Alien Objects is the most expensive among 5 other brands. However, House Medici compared to Oullu, Mine and Carl & Claire, has a scent that lasts longer and the price is not much different. Examine some of the results from the value proposition canvas analysis, one of the gains that the customer expects is "want to get a product that has a long-lasting scent". Shows on the perceptual map, House of Medici provides products that are sufficient in accordance with customer desires regarding durability.

Figure 3. Average Score of Scent Durability and Price



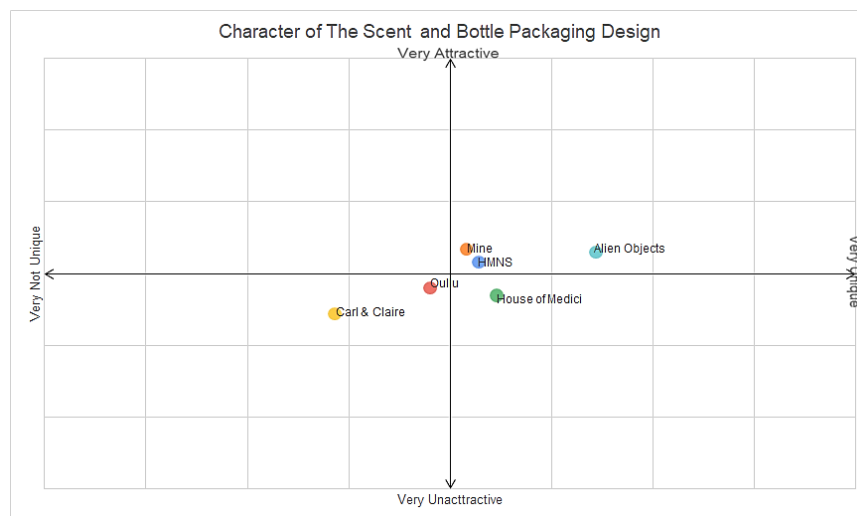
Here is weighting of each brand on bottle packaging and character of scent components,

Table 2. Average Score of Packaging (Bottle) Design and Character of the Scent

Packaging Design local brand perfume									
Score		Very Unattractive	Unattractive	Normal	Attractive	Very Attractive	Total Respond	Total Score	Average Score
		1	2	3	4	5			
Respond	HMNS	3	19	41	36	12	111	264	2.38
	Oullu	5	23	39	37	7		244	2.20
	Carl & Claire	11	29	38	32	1		224	2.02
	House of Medici								
	Mine	6	26	43	33	3		239	2.15
	Alien Objects	1	13	31	45	21		274	2.47
		4	7	45	40	15		272	2.45
Character of The Scent local brand perfume									
Score		Very Not Unique	Not Unique	Normal	Unique	Very Unique	Total Respond	Total Score	Average Score
		1	2	3	4	5			
Respond	HMNS	5	17	40	33	16	111	371	3.34
	Oullu	5	24	44	31	7		344	3.10
	Carl & Claire	17	31	42	18	3		292	2.63
	House of Medici								
	Mine	1	17	43	33	17		381	3.43
	Alien Objects	5	18	41	35	12		364	3.28
		1	5	30	41	34		435	3.92

The results of the perceptual map between the character of the scent and bottle packaging design show the position of the House of Medici, that the character of the scent given is more unique which is difficult to find in other perfumes compared to other competitors except Alien Objects. The bottle designs from House of Medici are less attractive than Oullu, HMNS, Mine and Alien Objects, but more attractive than Carl & Claire. Alien Objects has the most unique scent and Mine has the most attractive bottle design compared to 5 other competitors. Examine some of the results of the value proposition canvas analysis, some pain or negative experiences including negative perceptions according to customers, which is the packaging is not attractive and the scent of local perfumes duplicates another famous brand.

Figure 4. Perceptual Map Character of the Scent and Bottle Packaging Design



In order to implement the strategy, the company should change the design of the perfume bottle to make it more unique, suitable with the classic brand image of the House of Medici, in addition to using an additional barcode that is integrated with the company's online website. Furthermore, integration through website, email, e-commerce, social media and also build physical store by joining several consignment stores in a different city.

CONCLUSION

Company should be more innovative and use technology platform optimally in order to increase sales volume to reach sales target and face tight competition. With the new positioning and O2O strategy that is aligned with omnichannel strategy, the company will have many integrated channels and an attractive physical appearance that is expected to meet the customer expectations.

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DECLARATION OF CONFLICTING INTERESTS

The system for writing this paper corresponds to the template provided by the committee, this paper is different from other articles also there are no provocative elements in this paper or research.

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