

The Development of a New Line of Products in Tshi Company-- A Case Study of the Project "Perfume"

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Abstract: The perfume industry enjoys a high reputation in the global market. It is a fashion element, representing nobility, elegance and even a warm and charming experience. Paris, which leads the fashion standard of perfume in the world, not only has the advantage of geographical environment, but also has the professional design concept of big brands, as well as the top original designers and manufacturers with strength. The Tshi Group has developed its own perfume brand by taking advantage of the location of its subsidiary Tshi France in France. This paper puts forward some views on the market positioning of new products, difficulties encountered in production mode and how to deal with and solve these problems, in the hope of providing reference for business of similar qualities and other researchers interested in this field.

Keywords: Perfume; Market Positioning; Cooperative Manufacturer

1. Objective & Importance of the Project for Tshi France

1.1 Objective of the project "Perfume"

Based on a diversified market strategy, Tshi Group has developed operations in several areas: health complementary foods, medical devices and cosmetics.

Tshi has already created three perfumes among its cosmetics products. Unfortunately, the three fragrances were discontinued due to their average quality, low specifications and standards, which failed to meet consumer demand. After a period of time, with doing market research and adequate preparation, the group developed a series of high-end new perfumes to replace the old products and supplement Tshi's cosmetics scale.

As we know, France has a long history of making and using perfumes. It has the world's largest perfume R&D center and manufacturer: Grace. Its capital, Paris, is the center and indicator of world fashion trends. "Parisian perfume" means the best perfume in the world, as well as a symbol of fashion and luxury. Due to its geographical advantages, Tshi France developed three perfumes under its own brand.

1.2 Importance of the project "Perfume"

The "perfume" project is a very important task for Tshi France. Because its products are not only sold in France, but also planned to be introduced to the European market. Tshi Group has a good global sales network, which provides a guarantee for potential consumption and low cost.

Since the subsidiaries of Tshi are relatively independent, the realization of the project will bring considerable profits to Tshi France. Meanwhile, for Tshi France, perfume sales are likely to be more profitable than complementary food products.

2. Expectations of Tshi France

2.1 Co-operation "key-in-hands"

The perfume industry is a new field for Tshi. The Key-in-hand cooperation agreement with a French perfume maker is more appropriate and feasible. The French partner will be responsible for main processes up to the production of the product. It also includes the "design" of the perfume: the concept of the product, the smell and color, and the design of the

bottle. Especially the manufacturing and packaging of components. This collaborative approach allows Tshi to leverage partner capabilities and knowledge to streamline project processes and shorten development time.

2.1.1 Know-how of partner

Perfume industry is a new development for Tshi France. It lacks knowledge and human resources in this area. Therefore, it is impossible for Tshi alone to control all the processes of perfume manufacturing. However, through the cooperation between enterprises, Tshi can learn from each other to better understand the perfume market, and get professional advice. Key-in-hand cooperation makes Tshi's product concept and realization of production possible.

2.1.2 The simplification of the project

This kind of cooperation not only simplifies the project process, but also reduces the workload of Tshi France. It was enough to communicate with the only French partner to determine the product theme and control the project process. Through cooperation, Tshi also does not need to contact and coordinate the commodity components of all suppliers, because this is a very long process.

The partner can control and follow up all production steps because he is an expert in the industry. They already have a stable relationship with the supplier, so it's easier for him to get the source parts at a lower price and higher quality.

In addition, as perfume specialists, the partner can better manage projects and assist Tshi France to measure minimum errors and reduce project duration.

2.2 Expectation for products

Tshi France's 'Perfume' started with three products -- one for young women, one for professional women and one for professional men.

2.2.1 The market positioning of the product

The new perfume design must fit Tshi's image well. All products of Tshi are for people's health, they represent good quality and strong added value. They are seen as luxury goods. The perfume line is also positioned for a high level of quality and beautiful appearance design.

2.2.2 Targeted markets

With the marketing strategy of multi-level direct sales, Tshi Group has a large distribution network in the world. Perfume can easily address the world's largest consumer. First step, the target market is the European market and the North American market, because they are used to using perfume in their daily life.

3. Procedure of the project

Therefore, the development of "perfume" project is one of their tasks during the routine work. First of all, according to Tshi's project planning, find and contact suitable French perfume manufacturers, and reach cooperation and sign Key-in-Hand cooperation agreements.

3.1 To seek information on the manufacturers of perfume in France

When you start in the perfume business, the first thing you do is gather as much information as you can. The framework of products studied is not only perfume manufacturers, but also ingredient LABS and accessory companies.

There are three main ways to collect information: 1. Find information about perfume companies on the Internet. Nowadays, more and more companies build their own websites. From this, you can find many French perfume companies, check out company profiles, product features, R&D and production capabilities, and target consumers, etc. 2. Seek the help of the Paris Chamber of Commerce, the Federation of perfumery Industries (FIP) and industry associations as another source of information. These groups can provide a more detailed list of specific companies. 3. With the product concept of high-end, healthy and beautiful, Tshi got chances to communicate with some perfume manufacturers, and discussed with them directly and put forward the intention of Tshi France for the project. Fortunately, in the end, several exhibitors expressed their intention to cooperate.

3.2 To select and contact the manufacturers

After communication, make a list of possible cooperation. According to the list, these French perfume companies received Tshi's "perfume" project proposals directly by email, fax or phone.

Among the companies that have been contacted are big French perfumes such as Inter Perfume, IFF. But because it's a "key-in-hand" cooperation, big companies did not accept it because of licensing issues. Finally, only three enterprises agreed to cooperate. Although the production scale is medium-sized manufacturing enterprises, it is enough to support Tshi's demand.

3.3 To communicate with the manufacturers and to visit their factories

The next step is to have face-to-face discussions with interested manufacturers. The content of communication includes more accurate explanation of Tshi's "perfume" project, Tshi's expectations for the project, and field investigation of potential partners' design capabilities, output, quality control and other information.

Later, Mr. Liao, head of new product development, visited the factories of the three selected perfume companies. The purpose is to study the factory environment, production process and quality control, etc. The three companies were then invited to evaluate the "perfume" project.

4. Suggestions for the project "Perfume"

The Perfume project began early last year. Until this year, Tshi France contacted a number of French perfume companies. In the process of the project, Tshi France encountered some difficulties, such as insufficient understanding of the perfume industry and lack of project management experience. At the same time, production cooperation is a very good growth opportunity for Tshi, and it has found a relatively professional perfume manufacturer as its partner. Tshi will contribute funds and purchase technology, and partners will contribute their expertise to jointly develop this new project to achieve a win-win situation. Here are some personal suggestions.

4.1 To widen the field of search for French partner.

Because big perfume companies have restrictions on sharing licenses with partners, they can't work with Tshi France by having the keys in hand. All of the companies that meet Tshi's needs are medium sized. To ensure the success of the project, emphasis should be placed on the strict control and supervision of the design of perfume bottles and packaging, the quality of perfume and the safe production process.

The quotation promotion on the Internet or the use of professional organizations in the industry can attract more perfume manufacturers, which gives Tshi more choices. It can also look for perfume companies around Grace. Although the proportion of small and medium-sized enterprises is higher, perfume production centers in this study are undoubtedly those producing brand-name perfumes, as they are capable of producing premium perfumes. They will be Tshi's potential partners for future expansion.

4.2 To promote the leader of perfume project

The realization of the project will bring considerable benefits to Tshi France, but the promotion of the project manager in France is crucial. It was necessary to promote someone from Tshi to manage the project and negotiate with the perfume manufacturers. Now the head of the project is Under the supervision of Mr. Liao, who is in charge of all the new product development department. But he works from headquarters in China, so there are limits to directly managing projects and communicating with French manufacturers. That leads to slow progress in the early stage of the project.

4.3 The possibility of cooperating with the company of design and the manufacturer of perfume

It is impossible to have a strong design team if the partner is a small or medium-sized company. In addition, Tshi's perfume design is positioned at the high end, which means it is very important to have an original and attractive design to

attract consumers. So if possible, it is good for Tshi to look for another professional design company, which can provide better design and packaging services than perfume manufacturers.

Separating design from production may have complicated the perfume project to some extent, adding some extra work for Tshi, but a perfect new product design can directly attract consumers to buy it. Therefore, if the design capabilities of perfume manufacturers are not strong enough, then it is a good choice to find a partner with professional design.

Conclusion

To sum up, the complementary food market is a promising market. Tshi has more mature biological technology products, which is Tshi's main business. Tshi Group not only sells natural health products to consumers, but also transmits a spirit of self-care and health preservation, which is attracting more and more attention from consumers. After obtaining a certain market share, Tshi Group did not stop at the existing products, but to take advantage of the superior geographical conditions of the French branch, continued to vigorously develop a new product line: perfume, and committed to enter the European market and parts of North America.

In the newly developed perfume project, it can have a great market influence and reputation on Tshi France. With the development of the project, the perfume products will be first introduced in Tshi's existing international network, and they hope to further expand the sales scope by leveraging feedback and praise from distributors and consumers in a multi-level sales structure. This project will bring considerable profit to Tshi France. Therefore, it is very important to choose good partners. Because it directly determines whether they can produce excellent perfume with original design, and it should be consistent with Tshi's company image and product concept.

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