



SENTIQUE

Strategy & Marketing

Prof. Josip Kotlar

A.Y. 2025/26

GROUP 49

Negin Norikhani

11104525

Fraz Naeem

11022433

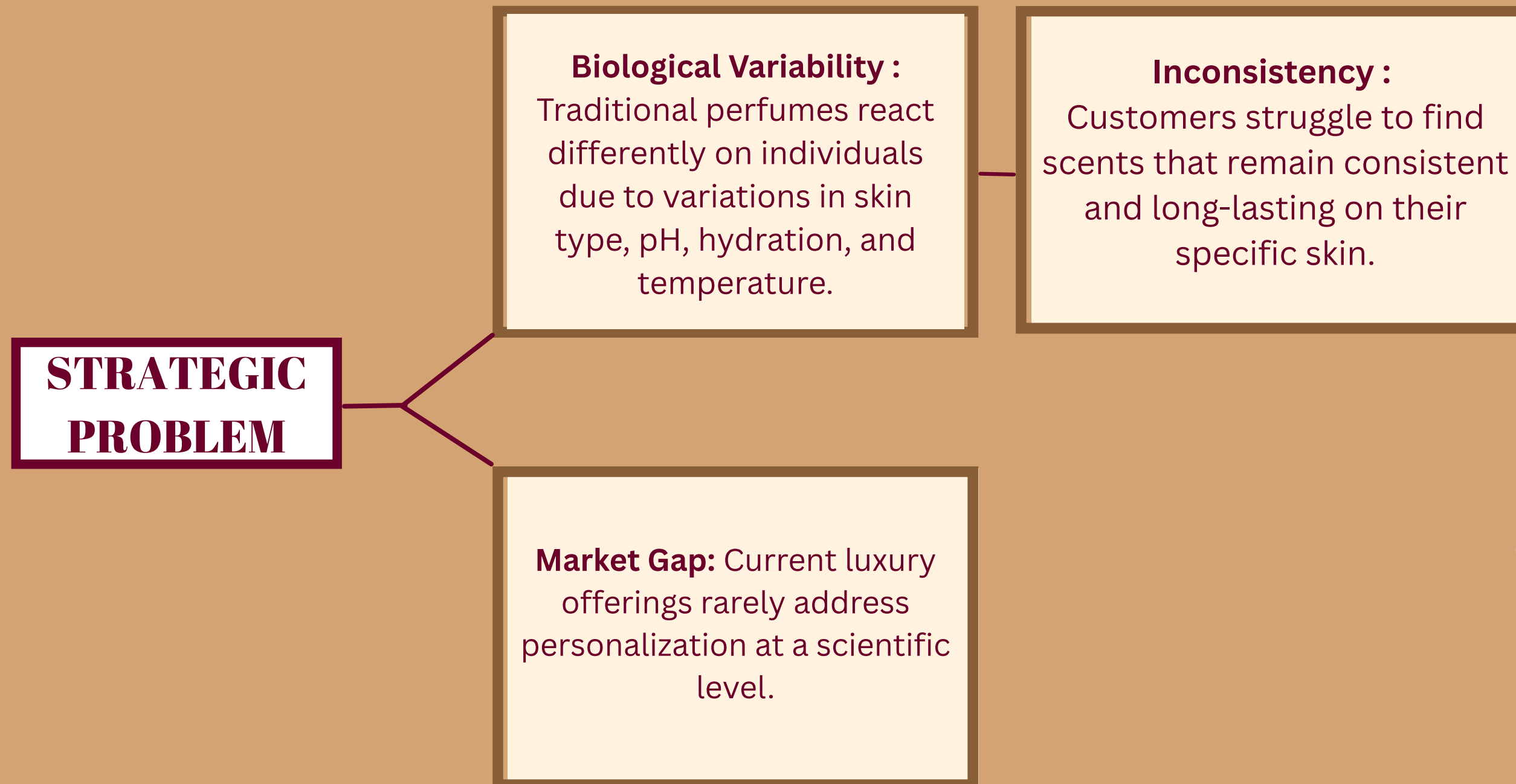
Lucia Mata O'Donoghue

11155833

INTRODUCTION

The Concept

Our project aims to revolutionize the luxury market by creating fully personalized perfumes tailored to both individual preferences and unique skin chemistry. We propose an innovative in-store experience that leverages cutting-edge technology to enhance fragrance performance and emotional connection.



We integrate a diagnostic device at L'Oréal stores to provide a "laboratory" experience:

TECHNICAL SOLUTIONS

Skin Analysis: Sensors measure pH, hydration, and absorption rates to determine biological compatibility.

Base Testing: Customers test four engineered bases (Fresh, Floral, Woody, or Sweet) to find the most stable chemical match.

AI Formulation: An AI-driven system blends the optimal base with the customer's preferred scent notes (e.g., vanilla, sandalwood, or bergamot).

Strategic Impact for L'Oréal

Differentiation: Establishes a unique position through scientific personalization.

Premium Positioning: Creates high perceived value, justifying premium luxury pricing.

Customer Loyalty: Fosters deeper emotional connections and provides data-driven insights into consumer behavior.

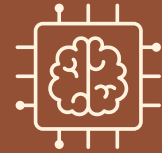
Experiential Retail: Transforms the physical store into a destination for custom artistic and scientific creation.

S



Growing demand for **personalization** and self-expression.
Consumers **already accept personalized** beauty routines.
Luxury personalized **gifts are highly valued**.
Experiences that are **shareable** on social media drive engagement.
Potential to build a **community** around personalization and self-discovery.

T



AI/ML: Smarter personalization through continuous data learning.
IoT: At-home testing & wearable integration.
Blockchain: Guaranteed product authenticity.
AR/VR: Virtual in-home lab experience.
Automation: Efficient micro-batch production.

E



Premium Pricing: Personalized perfumes can sell at €150–€300 vs. €50–€100 mass-market.
High Margins: No retailer commissions and reduced inventory waste.
Luxury Stability: Luxury spending remains strong even in downturns.
High CLV: Repeat orders of the same formula lower CAC and boost profitability.
Subscription Potential: Refills and seasonal products create recurring revenue.

E



Premium Sustainability: Eco-conscious consumers pay 20–30% more for sustainable products.
Zero Waste: Made-to-order production avoids unsold landfill waste.
Refill & Circular Model: Bottle returns reduce waste and increase loyalty.
Climate-Focused Branding: Gen Z and Millennials value low-carbon, ethically sourced products.

P



Faster Market Entry: Cosmetic regulations are far lighter than pharmaceutical rules.
Trust Through **Compliance:** EU REACH standards enhance product credibility.
No Price Limits: Luxury products face no government price controls.

PORTER 5 FORCES



Buyer Power (Medium)
Buyers are fragmented and personalization creates emotional lock-in, so power stays moderate despite easy first-time switching.
Reduce buyer power: loyalty programs, subscriptions, strong onboarding, premium positioning (no discounts), and attractive reorder pricing.

Threat of New Entrants (Medium-High)
Barriers: low production & digital entry, but high branding, regulatory, tech, and loyalty barriers.
Threats: tech startups (high), beauty tech (medium-high), luxury brands (delayed, very high), regional perfumers (low).
Defense: patents, data scale, community/network effects, strong brand, supplier lock-in.
Timeline: Year 1: grow alone → Year 2: startups enter → Year 3: luxury brands enter; compete on tech, experience, and brand, not price.

Bargaining power of buyers

Bargaining power of suppliers

Competitive Rivalry (Very High)
Strong rivals: luxury giants like LVMH, Estée Lauder Companies, Richemont, niche brands, and tech startups.
edge: personalized, science-based fragrances.
Defense: speed, patents, community, data, partnerships.
have 18-24 months before giants react.

Competitive rivalry

Threat of substitutes

Threat of Substitutes (Medium)
Substitutes exist: luxury perfumes, niche brands, personal-care & home scents, DIY, and fashion items.
Switching costs are low, but personalization limits threat.
Strategy: make it "your unique identity scent", use subscriptions/community, and offer a premium experience.
Advantage: combines science + emotion + uniqueness, hard to replicate.

Supplier Power (Medium-High)
A few major ingredient suppliers like Givaudan and International Flavors & Fragrances control scarce luxury ingredients, so supplier power is high. Packaging suppliers are weak.
Strategies: volume contracts, flexible formulas, supplier partnerships, dual sourcing.

STRENGTHS

- “AI + skin diagnostics” create fragrances that deliver superior product for the wearer and last longer, making it difficult for competitors to replicate.
- Sentique’s bespoke bottles, engraving and fragrance rituals elevate the experience and justify the premium pricing, that taps into the growing desire for products that feel deeply personal (Businesswire, 2025).
- L’Oréal’s brand equity, retail footprint and credibility are “existing internal assets”. In-store labs housed in flagship boutiques become destinations in their own right, attracting signature-seekers and gift buyers.
- Saved formula profiles enable easy reorders/subscriptions, while the immersive creation journey boosts brand engagement and strengthens brand loyalty.

WEAKNESSES

- Bespoke formulation and on-site diagnostics result in long service times, higher costs and limited throughput, due to the need for specialized equipment and staff.
- Expansion is difficult and costly, both in terms of hardware & training. The service's bespoke nature risks quality and luxury feel dilution during rapid expansion/growth.
- Handling sensitive skin diagnostic data, "biometric/health adjacency", brings the higher privacy expectations and regulatory concerns.
- Success highly depends on the reliability and accuracy of diagnostic tools and AI formulation model. Technical inconsistency risks undermining trust, and key tech components may be single-source (such as ML model mentioned in the next slides).

OPPORTUNITIES

- Many luxury consumers are moving away from “logo-driven”, Euromonitor 2025, luxury towards luxury that feel emotionally connected to them. This shift creates a space for Sentique to capture the consumers who want something that feels “theirs” rather than widely worn.
- The interactive experience fuels UGC (User-Generated Content), driving organic buzz and word-of-mouth, making it a high social shareability escapade.
- The openness of beauty consumers, becoming more comfortable with tech-driven services, creates an opportunity for advanced personalization in an industry that has long relied on intuition rather than data.
- Skin diagnostics unlocks the potential of integration and cross-selling opportunities in the long run with L’Oréal’s skincare/Luxe beauty portfolio.

THREATS

- Big luxury houses, such as LVMH, Estée Lauder, can replicate the personalization tech or undercut pricing.
- Risk of data breaches can significantly damage trust, or consumer doubt about the necessity/accuracy of AI in formulation.
- Personalized luxury fragrances are discretionary, as are other luxury products, making them highly susceptible to cuts during an economic downturn.
- Future changes in privacy laws, ingredient regulations or data handling could increase operational challenges.



Value Chain Analysis

Inbound Logistics

Involves acquiring the key inputs:

- Foundational bases (Fresh, Floral, Woody, Sweet)
- Premium physical components (bottles, diagnostic components (such as sebum sensor, corneometer, TEWL)
- Engraving components
- Refill packaging

Important to note, the concept relies heavily on precision, especially in the skin diagnostic phase, the quality and reliability of these inputs are paramount for maintaining the credibility of Sentique's personalized experience.

Operations

Involve personalization station workflow:

(Skin Diagnostic → AI Formulation → on-site compounding / final fill + engraving)

This activity is the core immersive experience/heart of the concept. It must blend technical accuracy (science/tech) with emotional resonance (craftsmanship) to differentiate the personal scent offering.

Outbound Logistics

Involves the final delivery of

- The finished bottle
- Packaging
- Refills or reorder (in-store, online, subscriptions)
- Shipping for gift purchases

This stage is positioned within the luxury space, the final delivery moment is highly symbolic. It must signal quality, exclusivity and craftsmanship.

Marketing

Involves positioning for 'Signature Seekers' and 'Luxury Gift Buyers' as primary targets, while also leveraging experience marketing to 'Tech-Driven' and 'Experiential Seekers' for visibility, through campaigns on META platforms and influencer collaboration.

Sales

Involves interactions that are "less transactional, more consultative", with staff guiding the customers through co-creation, embodying luxury service ethos.

Service

Involves value proposition that goes beyond the visit. Aftercare includes formula profile records for reordering, skin re-assessment and virtual consultations. After sales service in this context becomes "more relational, less reactive", building long-term emotional attachment and supporting customer lifetime value.

Primary
Activities

Value Chain Analysis

Firm Infrastructure

L'Oréal has built a very huge infrastructure of production and manufacturing factories, boutiques, distribution centers, suppliers and distribution channel network. It helps the company run the product line of Sentique.

Technology Development

The AI blend-matching algorithm, diagnostic tools and personalization interface are central differentiators. Continued refinement of these technologies, through data collection, better olfactory modeling and enhanced device calibration, strengthens the scientific validity and experiential uniqueness of the offer.

Human Resource Management

Plays pivotal role as the staff require a blend of technical competence (diagnostics/fragrance bases) and emotional intelligence/storytelling. Well-trained perfume advisors increase perceived value and greatly influence customer satisfaction.

Procurement

Ensures access to high-quality fragrance ingredients, durable diagnostic components, engraving materials, bottle designs and sustainable packaging elements. It safeguards the luxury feel and ensures that every material aligns with the brand's positioning and long-term sustainability goals.

Support Activities

Heuristic Approach:

Method Used: Heuristic Segmentation

Heuristic segmentation method, grouping customers based on simple and intuitive criteria rather than complex statistical models. This approach relies on practical judgment and observable patterns, such as:

- Which customers value personalization
- Who is willing to pay for a luxury, technology-enhanced fragrance service
- Which behaviours align with bespoke beauty experiences

This method allows to quickly identify the most relevant customer segments for an innovative concept.

Heuristic Method applied



Step 1-Identify key dimensions relevant to our concept

Key variables that influence customers' interest in a personalized luxury fragrance:

- Income level (ability to afford premium personalization)
- Interest in luxury and uniqueness
- Openness to technology
- Fragrance purchasing behaviour
- Purchase motivation: self-expression vs. gifting

Step 2-Group customers based on intuitive patterns

Combine dimensions to observe natural clusters that make sense for our offering.

Step 3-Select the segments with highest strategic potential

Keep segments that are:

- clearly defined
- reachable in L'Oréal's distribution channels
- likely to adopt a premium personalized service
- profitable and sizeable enough

Segmentation

The Signature Seekers (Primary Target)

Profile:

- Ages 25–40, urban, mid-high/high income.
- Motivated by uniqueness and self-expression.
- Existing buyers of luxury/niche fragrances.
- Open to technology if it enhances product performance.

Why they are a priority:

They are willing to pay for personalization and value having a tailor-made scent that matches their identity and reacts well on their skin.

The Luxury Gift Buyers

Profile:

- 30–55 years old, high income
- Buy premium fragrances mainly as gifts for partners/family
- Value special packaging, engraving, and exclusivity

Why they matter:

Personalized perfume + customized bottle is a strong gifting proposition with high perceived value.

The Tech-Driven Beauty Enthusiasts

Profile:

- Any gender, early adopters of beauty-tech
- Interested in skin diagnostics, AI beauty tools, and scientific formulations
- Often concerned about how fragrances evolve on their skin

Why they matter:

They are naturally drawn to the technological aspect of our service (skin analysis + scent reaction).

The Experience Seekers

Profile:

- Younger adults (18–30), trend-driven
- Lower purchasing power but high influence through social sharing
- Visit stores for experiential beauty moments

Why we include them:

Even if they buy less, they increase visibility and brand equity. They are ideal for pop-ups and limited editions.

TARGETING

Primary Target – “Signature Seekers”



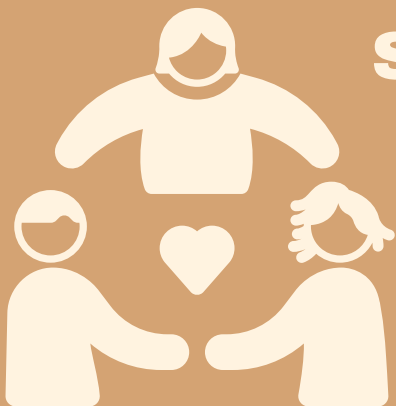
Urban, mid//high income
Seek a personal, unique signature scent
High willingness to pay & high repeat potential

Secondary Target – “Luxury Gift Buyers”



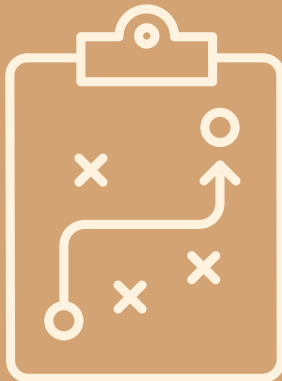
High - value gifting occasions
Strong appreciation for personalization & exclusivity

Supporting Segments



Tech - Driven Beauty Enthusiasts:: innovation early adopters
Experience Seekers: social visibility & brand awareness

Targeting Strategy



Selective targeting focused on the most profitable and strategically aligned segments
Maximises adoption, margin, and long - term customer value



Positioning



POSITIONING STATEMENT

For luxury consumers seeking a unique signature scent, our personalized fragrance service delivers a scientifically tailored perfume that adapts to their skin chemistry and personal taste.

Unlike traditional perfumes, we combine advanced skin diagnostics, AI formulation, and bespoke craftsmanship to create a truly one - of - a - kind fragrance experience.

Value Proposition



- A unique, personalized luxury fragrance
- Scientifically matched to each customer's skin
- Enhanced by AI formulation and bespoke bottle design

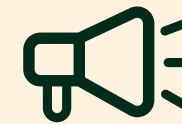


High innovation

Affordable

Expensive

Brand Promise:



"Your scent.. Designed for you."

Diferentiation



- Combines science + technology + luxury experience
- Impossible to replicate with mass - market perfumes
- Creates long - lasting emotional connection

Low innovation

Pricing:

Pricing Strategy

- Value-based premium pricing
- Reflects luxury experience + scientific personalization

Price Levels

- Personalized creation: 180–250€
- Refills: 90–130€
- Add-ons (engraving, upgrades): 20–40€

Rationale

- High willingness to pay from target segments
- Strong perceived value
- Encourages long-term loyalty through refills
- Positions the product above niche perfumes but below ultra-luxury bespoke offerings

INITIAL PERSONALIZED FRAGRANCE CREATION

- ✓ FULL DIAGNOSIS
- ✓ FORMULATION
- ✓ BOTTLE CUSTOMISATION

180-250€

REFILLS

- ✓ SAME FORMULA
- ✓ NO BOTTLE COST
- ✓ ENCOURAGE LOYALTY

90-130€

SEASONAL SKIN RE-ASSESSMENT/NEW VERSION

- ✓ OPTIONAL UPSELL TO UPDATE FORMULA BASED ON SKIN CHANGES OR PREFERENCES

50-70€

ENGRAVING / PREMIUM BOTTLE OPTIONS:

20-40€

DISTRIBUTION CHANNEL

1

L'Oréal Luxe boutiques (primary channel)

This is the channel that offers the right environment for a premium, immersive experience. Boutiques already attract our primary target (Signature Seekers and Gift Buyers), and they allow us to integrate the personalization station fully into the luxury experience.

2

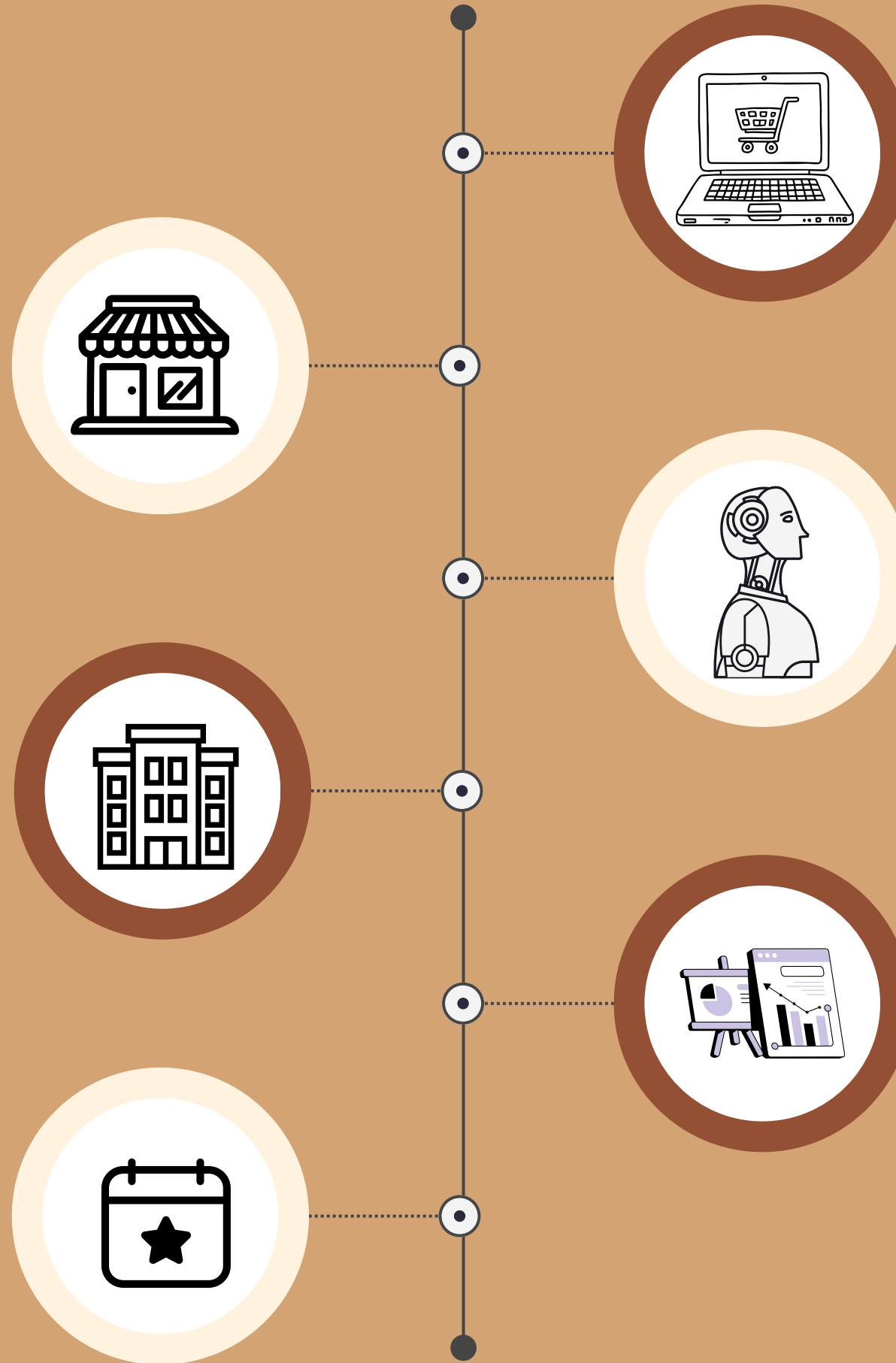
Selective department stores (secondary expansion)

Places like El Corte Inglés, Galeries Lafayette or Selfridges have luxury fragrance corners where we could install smaller personalization stations or pop-up experiences. This increases reach while keeping exclusivity.

3

Pop-ups & experiential events

Ideal for attracting Experience Seekers and generating visibility. Pop-ups also allow data collection and testing in different cities before opening permanent stations.



4

Online (limited but strategic)

Core value is created in-store, online will not replace the physical experience. However, it is essential for

- refills
- reorders
- subscription plans
- storing customer formulas
- booking appointments

Online=loyalty channel, not primary sales point.

5

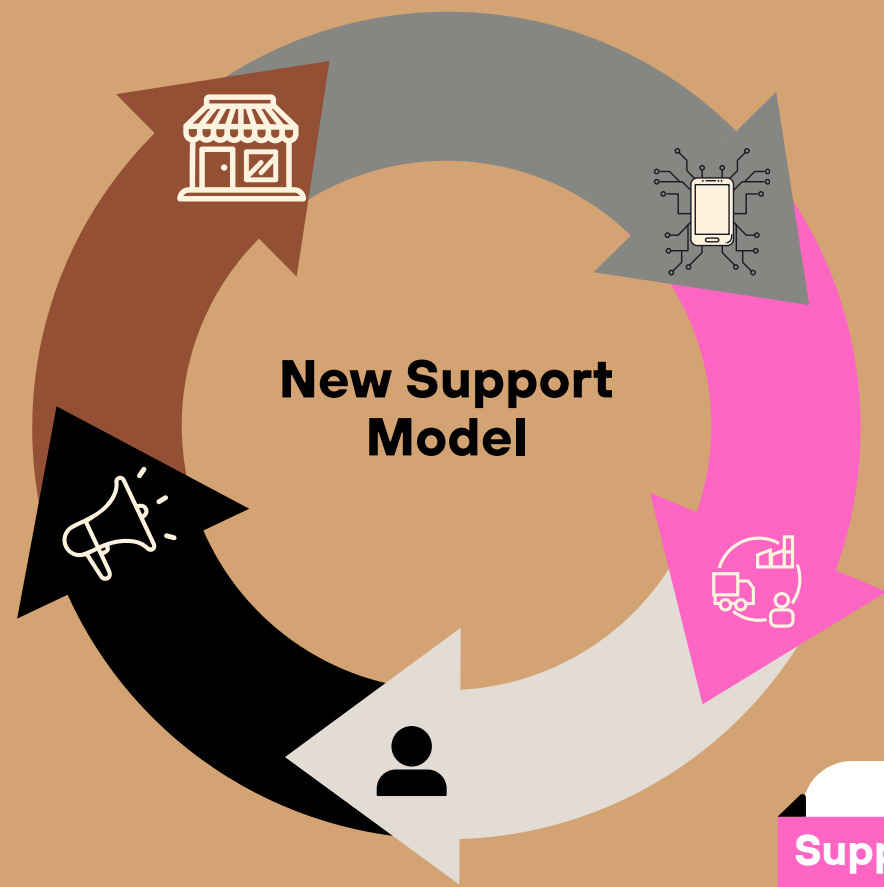
Future optional extension

Home diagnostic kits could exist in the future (if tech allows it), but for launch, the physical experience must remain the anchor.

6

Conclusion

The best strategy is a selective distribution model focused on premium physical locations, supported by digital tools for repeat business.



New Support Model

Retail & Experiential Support 01

- L'Oréal Luxe's boutique integration with Sentique serve as the core physical infrastructure/primary support platform. They host the personalization station, ensure full control over the environment and maintain the luxury ambience required by the concept.
- Modular versions of the personalization station at selective department stores are supported through staff training, brand guidelines and remote monitoring to ensure consistent quality.
- Temporary installations of "Pop-up Modules" offer lightweight support for activation, data collection and brand education, backing visibility support.

Tech Support 02

- Centralized, Machine Learning based AI formulation engine, is trained on internal fragrance data, customer input and skin chemistry reactions, continuously updated through feedback loops.
- Regular calibration, software updates and remote diagnostic assistance ensure accuracy and reliability across all locations.
- Secure cloud storage retains each customer's formula profile, preferences, refill history and consultation notes.

Supply Chain & Production Support 03

- Long-term partnerships with perfumers and extraction specialists guarantee high-quality and stable bases across markets.
- Ingredients and formulation tools are provided in-store, enabling precise on-demand compounding "Local Micro-Blending Setup".
- Streamlined supply of refill cartridges or concentrated formula units supports both physical and online refill models.

Human Support 04

- Staff/fragrance consultants are trained in diagnostics, olfactory interpretation, storytelling and luxury service standards.
- "Master Perfumer" oversight ensures the integrity of the formulation logic and approves periodic updates to the AI system and base families.
- Dedicated tech support personnel maintain device performance, manage troubleshooting and ensure uptime of personalization stations.

Marketing Support 05

- META campaigns address primary segments with specialized messaging (self-expression, exclusivity, gifting value).
- Website, CRM, appointments, formula storage and online reorders work in synergy to support long-term customer engagement.
- Pop-ups, influencer collaborations and in-store experiential visuals enhance visibility and organic word-of-mouth.

Core Offer “The Personalized Fragrance Experience”

Skin Diagnostic Assessment

Analysis of skin chemistry to determine how different scent families behave on the individual

Base Sampling Ritual

Customers test the four foundational bases directly on the skin

AI-Guided Formulation

The AI blends the ideal combination based on skin response and customer preferences

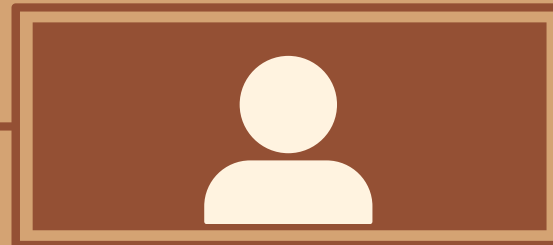
On-Site Compounding

The personalized scent is physically formulated in store

Customized Bottle & Engraving

The finished fragrance is bottled and personalized

STRUCTURE OF THE OFFER



Actual Product (Tangible+Digital)

Customized 50–100ml Luxury Bottle

Includes engraving, refill compatibility and premium packaging

Digital Formula Card

Secure formula stored online for refills, subscriptions or future adjustments

Consultation Summary

Notes on preferences, skin data patterns and scent recommendations

Augmented Offer

Refill Program (Online or In-Store)

Customers reorder their exact formula

Seasonal Skin Re-Assessment

Optional session to update the fragrance as skin chemistry changes

Subscription Options

Seasonal reformulation or fragrance wardrobe creation

Gift & Special Edition Options

Perfect fit for Luxury Gift Buyers, adding emotional value

Budgeting

CAPEX

Initial investments are driven primarily by the need to create a high quality personalization environment that meets the luxury expectations.

Diagnostic Devices & AI Infrastructure

- Purchase and installation of skin diagnostic tools
- Integration of AI formulation engine
- Cloud infrastructure for storing customer formula profiles

Boutique Personalization Stations

- Custom furniture, fragrance mixing equipment, engraving machine
- Lighting and aesthetic setup to fit luxury standards

Initial Raw Materials

- Four core fragrance bases
- Bottles, caps, engraving components
- Luxury packaging

Training & Onboarding

- Initial training costs to cover the development of SOPs
- Advisor onboarding programs
- Technical training for device usage and system maintenance

Budgeting

OPEX

Ongoing costs are focused on maintaining service quality, operational reliability and customer engagement.

Staffing Costs

- Fragrance consultants operating the stations
- Technical support responsible for device uptime
- Operations manager per boutique

Technology Maintenance

- Regular calibration of diagnostic devices
- AI system updates
- Software support and cloud hosting costs

Inventory Replenishment

- Bases, bottles, refill cartridges
- Packaging materials

Logistics and Fulfillment

- Shipping costs for online reorders & gift deliveries
- Packaging, handling & last-mile delivery coordination

Boutique Operations

- Operational expenses include utilities, cleaning, rental contributions
- Hygiene materials
- Consumables for fragrance compounding

Marketing and Customer Acquisition Budget

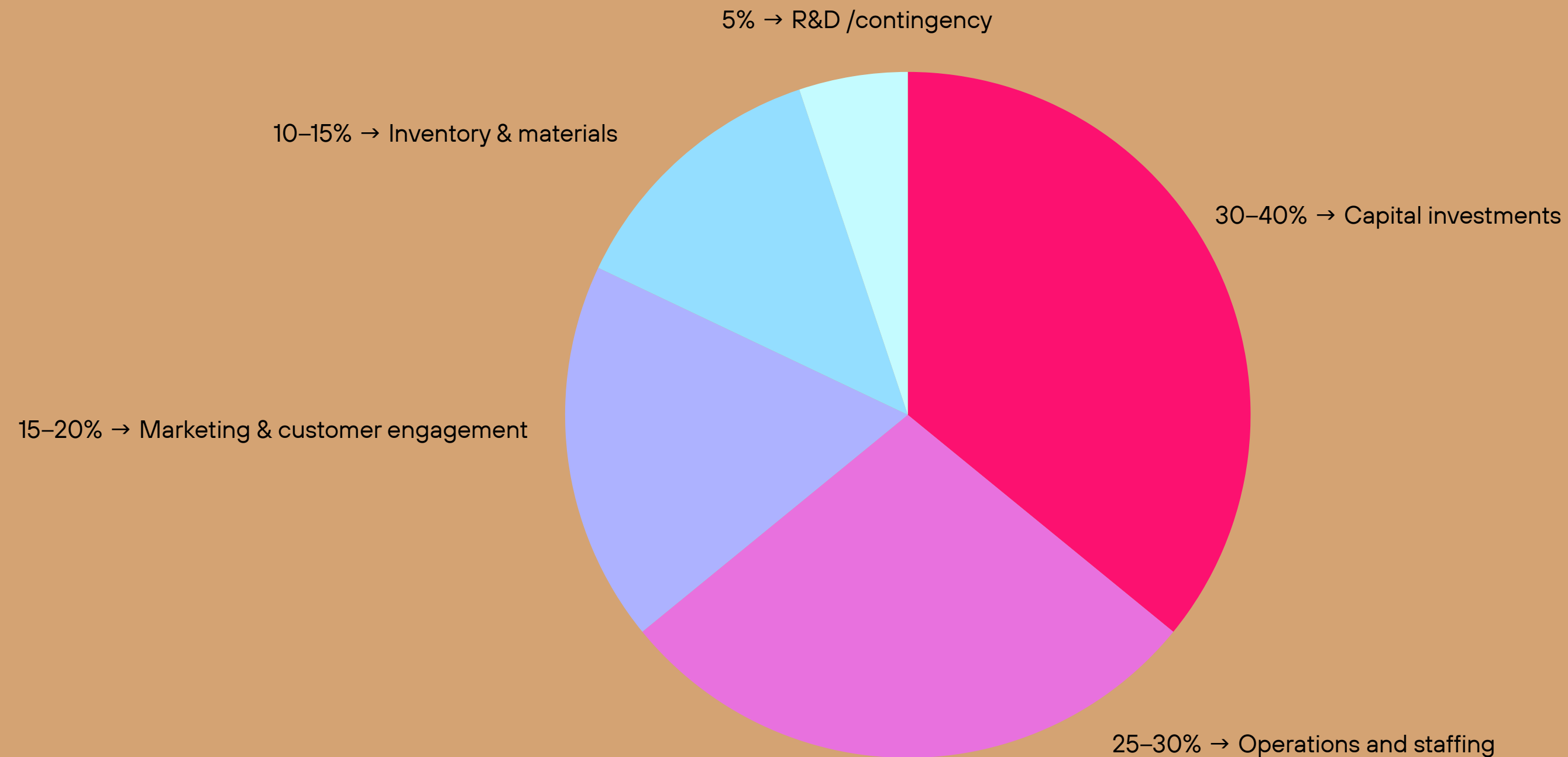
- Marketing spending supports awareness and engagement rather than mass exposure.
- In-store launch events and experiential activations
 - Influencer, META and UGC campaigns
 - Premium gifting campaigns
- Digital booking systems and CRM support to facilitate reorders/subscriptions

Contingency & Innovation Budget

- A dedicated portion of the budget is reserved for:
- R&D for new bases and seasonal variations
 - Ongoing sustainability initiatives (such as refill systems)
 - Customer feedback loop development

Budget Split:

While precise financial figures depend on factors like supplier negotiations and scale, indicative allocations are provided to demonstrate financial feasibility and strategic prioritization.





SENTIQUE

Strategy & Marketing

Prof. Josip Kotlar

A.Y. 2025/26

GROUP 49

Negin Norikhani

11104525

Fraz Naeem

11022433

Lucia Mata O'Donoghue

11155833