Chapter 3

Consumer Behavior Regarding Luxury Perfumes: Key Elements for Marketing Strategy Design

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ABSTRACT

Due to the importance of the fragrances segment within the luxury market and the limited academic and professional literature available regarding the same, this chapter offers a detailed description of the basic characteristics of this segment. Therefore, based on the analysis of primary and secondary information (quantitative and qualitative) regarding the Spanish market, the key elements of luxury fragrance consumer behavior have been described, examining the principle explanatory factors leading to decision making processes for their purchase and use; in other words, the motivations to purchase and consume these products. This knowledge is decisive to permit luxury fragrance brands to appropriately design their global marketing strategies and formulate the appropriate marketing-mix.

INTRODUCTION

Perfume and cosmetics is one of the most important product categories within the luxury market, responsible for 20% of the same (Bain & Company, 2015).

In fact, for many consumers, fragrances, treatments and make-up are the access ways to a luxury brand that offers accessible products for the majority of the population. As suggested by C. Antúnez de Mayolo (2009, p.47): a secretary who earns five hundred dollars a month cannot afford to buy a four-hundred dollar Gucci bag, but she can purchase a perfume made by the same brand.

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Euromonitor (2015) valued the global market of perfumes and cosmetics at 277.6 billion euros, retail price. Within this market, the weight of selective or luxury perfumes and cosmetics is around 31% although it varies based on the country.

In Spain, data from Stanpa (2015) has revealed the importance of the luxury fragrance market based on its weight in the Spanish luxury perfume and cosmetics market (54.6%) as well as in the market for all fragrances in Spain (73.7%).

Furthermore, growth registered for this specific market in Spain according to data from Stanpa (2000-2014 historical series) once again reflects the strong penetration rate of this luxury product in the Spanish population.

However, despite the importance of this market, academic and professional literature regarding the marketing of luxury fragrances remains quite limited.

Therefore, this chapter presents the results of a study aimed at identifying and analyzing luxury fragrance consumer behaviors and motivations for purchase and use. This knowledge of consumer behavior allows the corresponding brands to design and apply the most efficient strategies when marketing their products and allows them to improve their competitive position.

**METHODOLOGY**

Based on an applied methodology perspective, the content of this chapter is based on the following research activities:

- Identification, search for and analysis of secondary information on the luxury phenomenon and its characteristics, perceptions of luxury brands, the luxury fragrance market and its characteristics and consumers, in general, and luxury fragrance consumers, specifically.
- Critical analysis of said documentary sources via comparison with opinions of sector professionals, obtained through five in-depth interviews conducted with managers of the Spanish selective perfume and cosmetics industry (three manufacturers and two distributors of Spanish subsidiaries of multinational leaders of the sector).
- Development of qualitative research via focus groups with luxury fragrance purchasers and users.

Participants were deliberately selected based on researcher’s criteria, to guarantee the presence of male and female luxury fragrances consumers, and intentionally, to ensure the participation of individuals with different occupations, income levels, lifestyles, etc., that are traditionally linked to the different age groups.

Therefore, six focus groups were conducted, in which 35 luxury-fragrance consumers in Spain participated (distributed between men and women and grouped by age: between 18 and 29, 30 and 44, and 45 and older) and were selected using the snowball sampling method. Look at the profile of participants in Table 1.

This phase of the research allowed for an understanding of the keys to luxury fragrance consumer behavior, inquiry into their purchasing motivations and identification of the benefits resulting from their purchase and use.