

Developing the fragrance business in China

Consulting Project China for Givaudan Fragrances (Shanghai) Ltd.



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Developing the fragrance business in China

Enlarging business with Original Equipment Manufacturers (OEMs) and Private Label (PL) retailers in China was the main goal of this project. Givaudan Fragrances (Shanghai) Ltd. wants to assess on a management level how to expand their business with current and potential OEMs and also to learn about a business model to deal more successfully with PL retailers.

Givaudan Fragrances (Shanghai) Ltd.

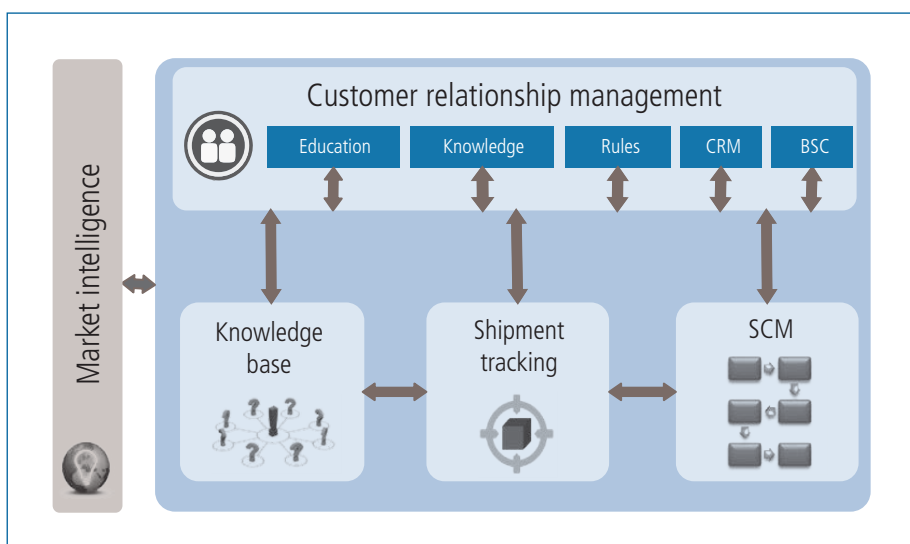
With over 20% market share, Givaudan is the global leader in the fragrance and flavour industry and one of the top 30 Swiss companies. Givaudan's history can be traced back to 1796, making it the first creator of tastes and scents. Nowadays, local and global customers appreciate Givaudan's products for their superior quality. Givaudan invests heavily in research and in development and continuously creates famous new products to engage all senses.

Proceeding

To evaluate businesses, the team started by analysing 250 companies, using the relatively new Business Model Canvas methodology. Subsequently, 23 personal interviews with as many companies in 13 different cities were conducted. With this information and using a self-created customer satisfaction model, basic proposals were evaluated. As a last step, the team elaborated comprehensive recommendations with impact on the business model, including opportunities to enlarge the OEM business. Besides that, a separate study about the PL market was conducted and refined with additional interviews.

Results

The research results were analysed from three different perspectives: First, the OEM business was analysed in general and on an individual scale, creating suggestions about how to proceed with the interviewed companies. Additionally, the team created specific measures for the identified most important segments of hygiene, cosmetics and cleaning. Secondly, the PL market was analysed in detail and three business models were derived, with two companies identified as mission critical partners for this market. On the strategic perspective, the team developed a holistic approach to enhance Givaudan's business model, covering both the OEM and PL market. A specialised Customer Relationship Management, paired with a Knowledge Database and refined with the Integrated SCM and Market Intelligence are key elements of the proposed solution.



Project Team (f.i.t.r)

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Kaspar Probst/Commercial Head Greater China
Frank Xue / Sales Director
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The team performed an impressive amount of work starting from desk research and field work in Yangtze River delta and Pearl River delta until the finalization of the report. The findings are a useful basis for us to define the next steps to further penetrate into the respective market segments. Thank you!

FHS-Coach

Prof. Andreas Löhner



Tongji-Coach

Prof. Ming Yao



Great experience with this intercultural, Sino-Swiss project. It was amazing how the students analysed the Chinese fragrance market and dealt with the huge amount of data and information. To transfer the conclusions out of different research branches into recommendations on a business model level was a big challenge. Well done.