

## **BLEND Custom Parfum: An MBA case study**

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### **ABSTRACT**

An integrative case study is shown to improve student learning outcomes, increase retention, improve performance and engagement of students, and more effectively market a school's program. The Masters of Business Administration (MBA) degree is part of an intensely competitive industry, therefore to gain an advantage, utilizing case studies that focus on connecting real-world businesses to the student and enabling them to act as consultants provides an edge to one's program. The goal of this case study is to effectively show how a professor can integrate the evolving requirements of employers alongside the needs of students. This partnership belongs within a student's program of study and the outcomes produced offer a unique way to combine theory with an increased opportunity for employment.

Keywords: MBA, case study, perfume market, retention, performance, learning outcomes.

Note: This case is factual and is intended for instructional and educational purposes only. The goal of this study is to highlight ways a professor can integrate a real-world business into an MBA course.



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## INTRODUCTION

The trend is strong towards a student's desire to obtain a Master's Degree in Business Administration (MBA). Approximately fifty-two percent of students around the world are interested in pursuing an MBA (Clinton, 2016). While many schools have experienced a decline in their new enrollment figures for a traditional two-year MBA program (Moules, 2016), the online programs retain their increased volume of applications (Moules, 2016). The flexibility online programs affords the student have generated a number of tailored programs offered by all types of institutions thus intensifying the competition within this industry. Of the 758,708 Master's degrees conferred in the 2014-2015 academic year by postsecondary institutions, 185,222 degrees were in the field of business, 24.4%. Secondly, the field of education, conferred 146,561 degrees, 19.3%; and, third, health professions and related fields conferred 102,897 degrees, 13.6%, (NCES, 2016). Over sixty-five percent of students indicated their preference for a master's degree in business was to increase their available job opportunities. And, over seventy percent of prospective students worldwide prefer to study in the U.S. (Clinton, 2016). In terms of prospective students and their selection of a program, the following factors play a dominant role: school websites, friends and family, published rankings, current students, alumni, and admissions professionals, (Byrne, 2015). Quality and reputation are the two most important factors when choosing a final program of study (Clinton, 2016, Nick & Plato, 2016). The highest cited reason for not seeking entry into a master's program is the reluctance to incur a large amount of financial burden (Bair, 2016, Clinton, 2016). However, fifty-two percent of businesses do offer some type of tuition assistance at the post-secondary level, through scholarships or reimbursements (Miller, 2016).

Hence, the evidence is strong for an institution to improve its offerings to meet this large market of students seeking a MBA. However, the approach that worked years ago, will not suffice in the current market. "Cookie-cutter programs are producing look-alike MBAs, contemporary companies want creative, collaborative thinkers and leaders," (Doria, Rozanski, & Cohen, 2003). As quoted by Mr. John Reed, chairman of Citicorp, upon winning the Academy of Management's Distinguished Executive of the Year award in 1999, ended his acceptance speech by challenging his audience of elite academicians, "The business community knows full well that business schools perform a useful function [in] sorting potential hires," he said. "The schools sort out from the general population those who are more ambitious, more energetic, intelligent....But the real question is: Do you give these students a set of skills that is going to serve them well over their careers?" (Reed, 1999).

While a complete reform of one's MBA program may be daunting the risks of not offering your student's what their employers' are demanding is a disservice as a higher educational institution. Doria, Rozanski, and Cohen (2003), and Pande (2013) offer six general areas of reform that business schools should focus on: first, business schools should require more courses in communication, leadership, human resources, psychology, and other fields that provide graduates with skills vital to effectively managing people within team-driven organizations. Second, business schools should introduce and emphasize courses that offer basic skills and tools needed in problem solving. These include data gathering, data analysis, and innovative problem-solving methodologies and tools. Third, more and better grounding in theory — theories of economics, measurement, governance, human behavior, and leadership — would help students go beyond case studies to analyze problems and craft solutions in situations they have never before encountered. If students learn the essentials of microeconomics, for example,

they may be more prepared, say, to develop a winning pricing strategy. Fourth, schools should make changes in their curricula so students can integrate their learning and apply multiple disciplines on the job. Instead, students are usually forced to learn about each of the fundamental business disciplines (such as finance, strategy, operations, and marketing) in a silo-like fashion. Fifth, schools should encourage students to take full advantage of courses outside the traditional core curriculum. And, lastly, and perhaps most critically, schools should commit themselves to re-creating differentiation in their curricula. Although it may be too risky for a school today to completely leave the mainstream, MBA programs can still allow students to concentrate on an industry.

While these key areas of reform are enticing and many professors agree students prefer a more specialized niche program, how does a university limited by faculty and financial resources equip students with the opportunities for success, without highly inflating tuition costs? The case study that follows will illustrate how a tangible, real, business case analysis can easily be adapted into any general MBA course curriculum. This case was utilized in a Managerial Economics course at the graduate level and highlighted the importance of market models, elasticity of demand, pricing strategies, production, growth, and economic profits. The alignment of the theoretical concepts in this course with the outcomes of the case analyses were remarkable. In addition, studies of this type hit on each of the six points of reform noted by Doria, Rozanski, and Cohen, (2003), and Pande (2013). This case study forced students to communicate with a business owner one-on-one, while oftentimes through electronic means, nevertheless the aspect of communicating was present and the “perfume industry” took many students outside their proverbial comfort zone and forced critical thinking alongside thorough research methods. The case directly aligned theories in economics with the assignment so the student witnessed directly how the concepts evolved in the business world. The implementation of these changes does not have to be one of massive overhaul, rather, one of creativity, critical thinking, and networking on the parts of both professors and students alike. This study will illustrate the benefits of partnering with an entrepreneur and the multitude of benefits both the student and the firm receive.

## **LEARNING OBJECTIVES**

1. Students will hone in their research skills at the graduate level by delving into the custom perfume market at both the domestic and international level.
2. Students will apply their knowledge of the four main market models in conjunction with the specific business.
3. Students will employ the concepts of price elasticity of demand, productivity, pricing and mark-up strategies, and profit analysis directly to the business under investigation.
4. Students will also create a professional product using various modes of delivery to be judged by the owner of the business.

## **PREPERATION AND IMPLEMENTATION**

The four following strategies were identified by the professor and the business owner of BLEND Custom Parfum, Ms. Susan Sexton<sup>1</sup> as they were part of the course learning objectives,

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<sup>1</sup> The business under study in this case was BLEND Custom Parfum of Atlanta, Georgia. Ms. Susan Sexton is the owner and was the liaison for this project. Her store sells a unique, “experience” good, for which the competition

and aligned with items the company wanted to investigate further. For these types of case studies to be effective, the professor must allow enough time for the business owner to identify areas of need, that also coincide with the course content. Oftentimes, the business owner may request the students sign a non-disclosure statement if the owner will be disclosing any financial data or privy information. That is acceptable. One should remain open-minded and offer the students an array of choices for the project. This allows each student to use his/her core competencies. The case can be assigned either individually or as a group. It will work in a face-to-face class, hybrid format, or online. The current case was used in a fully online course so the assignment was on an individual basis, due to logistics.

## **EXERCISE**

See below the four options students had to choose from to fulfill this assignment. Again, this project was conducted on an individual basis.

### **Option One: Pricing Strategies**

You can investigate what it would cost you to create your own custom perfume where the industry originated—in the French Riviera. BLEND Custom Parfum mimics this process with their experience good and product in their Atlanta brick-and-mortar store. From an economics perspective, consider the pricing strategies currently employed by BLEND, see their website on individual and group pricing. How would you classify this good in terms of elasticity? How does that affect pricing? Who are the immediate competitors for BLEND? Can you “smell” virtually? Recommend varying pricing strategies based on research to help increase market share and exposure.

### **Option Two: Website Design/Optimizing Growth/Organic Growth**

BLEND Custom Parfum has expressed a deep interest in finding better ways to optimize their current website, to grow it organically (with proven marketing strategies and its current business model), to integrate various forms of social media, Instagram, Facebook, Pinterest, etc., into their site. How does one improve demand through social media? What ideas and suggestions can you provide? This can range from being very technology-specific to the general importance of social media and the best ways to use it efficiently for this business model. How do you track such key press items to social media in order to gain exposure? You can also provide tips on how to increase internet traffic.

### **Option Three: Gender:**

At BLEND, statistics shows approximately seventy percent of their customer base is female and the remainder male. There appears to be somewhat of a stigma from a gender perspective, which is odd as Ms. Sexton states, “in France this profession is predominately male driven, and is passed on from generation to generation.” How does one go about targeting this niche? This business has a seasonal trend to it as well; Valentine’s Day and Mother’s Day as

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within the geographic area is limited. The students were able to delve into a unique niche market with this assignment.



well as the holiday season being predominately large ones in this business. How does one go about spreading their sales, not just seasonally based?

#### **Option Four: Team Building:**

Another key area of interest is the area of Team Building, which may be a familiar area to many of you. You can read about these initiatives on the BLEND website. She is quite interested in ideas you may have on how to promote this particular integrative business technique to gain market share and sales. There are many avenues to take if you select this option. From an economics perspective, we know incentives can improve worker productivity, and higher productivity means more output and higher revenues. BLEND has been involved with many corporations. Provide areas for improvement in this area and potential areas the company can target, and why. This exercise can be used in any upper-level business class, or one at the graduate level. Again, this current case was assigned to an MBA Managerial economics online course. The class meets on a nine-week term cycle. The students were given this assignment during week 1 and it was due as their final research project in week nine. The selection of the business under investigation is at the discretion of the professor, and typically he/she utilizes their current networking base to find companies willing to participate in this project. The options are endless on how to incorporate real companies into areas such as: marketing, management, information systems, accounting, finance, human resources, international studies, business law, and others. The learning objectives will differ based on the course; however, the methods employed here, the discussions, and presentations that ensue will be similar.

#### **DISCUSSION AND GRADING**

Out of the twenty-seven students enrolled, there were sixteen male students and eleven females, the top two selections of the four options were website growth and social media integration (11), gender (10) followed by team building (4), and pricing strategies (2). While space precludes the ability to show presentations in their entirety, Table 1 highlights some of the reactions by students on this project. In a face-to-face class, it would be beneficial for the business owner to be present to view presentations. However, with an online class, that was not possible. Many students utilized new and innovative modes of delivering case projects by incorporating the new tool, Prezi, a visual storytelling software that is an alternative to slide-based presentation methods. Others utilized voice-over Power Point methods to increase their oratory skills alongside the visual presentation. Several students deployed a survey to friends and colleagues through social media outlets to determine the demand and willingness to pay for this unique experience good. One student utilized web design skills to fully develop a website targeted more towards the male gender. And, another conducted a “blind” scent experiment to gauge the perceptions of the two genders.

The presentations were delivered electronically to the business owner, who also was provided the grading rubric to aid in scoring the presentations. See the grading rubric in table 2. In addition, the professor also graded each presentation as well. The scoring by the owner allowed there to be a “winner” from the class. The winner received a gift certificate to the Blend Custom Parfum Studio. The comments and key points made by the business owner played a large factor in the overall scoring of the student’s final project grades. Ms. Sexton, the business owner and her partner graded each project and provided detailed feedback to each student. These included comments that redirected questions back to the students, statements regarding

originality, and the ability to incorporate their suggestions into their business model. If a student was off task they were also instructed they has missed the mark on the assignment (only a few fell into this category). Overall, the owner found the project extremely beneficial and considered it tantamount to a paid consulting agency. Case studies such as this provide hands-on experience demanded in today's workforce.

The participating professor and business owner, Ms. Susan Sexton decided to add a unique twist to announce the winner of this case project. We conducted a short video that highlighted the benefits the business owner got from the research, a bit of background information, and the winner. The video was embedded in Blackboard for viewing purposes for the participants only. This is a unique way to add exposure to the university, the business, and to reward the hard work by the students. With proper permissions, this type of advertising item would be beneficial if it appeared on YouTube or a more public location to help market the company and the university. All permissions must be adequately obtained for this to occur.

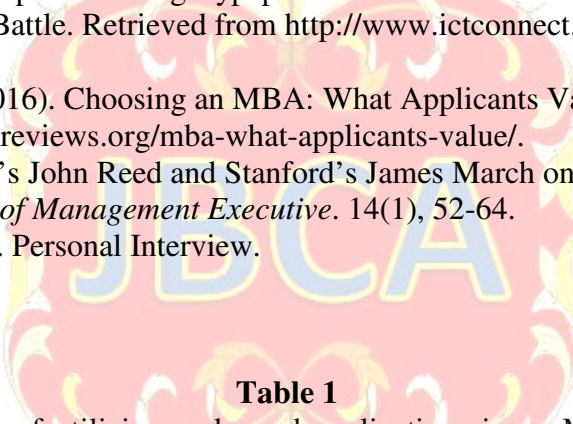
### CONCLUDING REMARKS

This type of project not only engages faculty with the business community but also exposes students to markets they may have not considered as existing prior to this study. This enables students to keenly focus and hone in on their critical thinking skills, presentation abilities, and professional style. It links a university to the business community, provides positive press, and actual outcomes for the business owner, not unlike a consultant. The cookie cutter approach is passé if students are to gain the benefit they deserve from an MBA program. The institution and the professors within a program must be innovative and strive to create diverse learning experiences to enhance student learning outcomes. This does not mean steering away from essential theory, but it does mean "applying" theory in more ways than an objective exam or a stoic case approach to a more fluid, interactive approach. In this example not only are students applying the 4 market models to a real life business case study but also are getting a glimpse at somewhat of a 'monopoly-experience type good', in the relative geographic area of Atlanta, Georgia. Indeed, a unique blend. While this case study is somewhat distinctive, it only required the professor to solicit a business firm to agree to be analyzed. It is not a challenging undertaking when one considers the benefits gained by the student from this experience.

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### Table 1

“The effectiveness of utilizing real word applications in an MBA program is one that should not be overlooked. It helps an individual better prepare for what lies ahead. It provides an avenue for strategic thinking. In my opinion, the mindset of a strategists is something that is worth admiring and thus worth acquiring.” (Student 1, African-American, Female, 25).

“I loved this project. I may not done as well as others but it was very challenging and encouraged me to use the knowledge I have learned in the class and from others such as: Marketing and Human Resource Management. I was motivated throughout this project because the company was real and so was the information about it. There was a real opportunity to learn (not that you can't from imaginary companies and information) but I felt this was an actually investment in myself and my knowledge base. I would have to say this project has been my favorite project I have gotten to work on throughout my education. It truly allowed me to recognize my strengths and also my weak areas of research I need to focus on.” (Student 2, Caucasian, Female, 24).

“Working with an actual business owner was a very effective approach to the final project. Many students in a Master's program will go on to run or own their own businesses so the real world application is a great insight into the challenges that lie ahead. It also helps students

learn to research markets, not just conceptually but with a truly applicable framework for future endeavors,” (Student 3, Caucasian, Male, 27).

“Being a male with a career focus on healthcare, I never thought I would have to research the nuances of scent. The key factor in what made this project so successful was the real world connection. Providing information and possible solutions based off my own research to a real world company is very rewarding to me as a student and individual. It was very empowering. Having it be for a small “local” company added to the value of the experience and increased my drive to create a quality project. I highly recommend MBA programs to incorporate this research method into their programs.” (Student 4, Caucasian, Male, 27).

“I didn’t realize how lucrative the fragrance industry was until I began my research. It looks like I may be in the wrong business? I found it most interesting that in my survey I created and posted on social media that the majority of men wouldn’t create their own custom fragrance. Not that they didn’t want their own scent, on the contrary, most wanted their own and were willing to pay top dollar, but that men were highly worried about their image of masculinity. You would think at some point in ones’ live men would worry less about how people saw us and more about how we smell. Anyways, just an interesting fact came to light and I really enjoyed this project.” (Student 5, Caucasian, Male, 25).

“I feel great after this entire research process. I did quite a bit of research in this course and this real world case has really opened my eyes to an actual business case issue. I was honored to be a part of the solution.” (Student 6, Asian, Male, 26).

“The project accorded us with an opportunity to provide a real-world solution/advice to a small business. I think it is neat since most small businesses have little or no budgets for the issues we tackled. I also think it would be great for graduate students to do this for small businesses in the area of marketing, accounting, sales, etc., It would really go a long way for the business firm as well as the students.” (Student 7, African-American, Male, 29).

“It was a creative way to study a certain market from a view that is not familiar. I thought it was a useful assignment and feel like it gave me a better overall understanding of the course.” (Student 8, Caucasian, Male, 28).

“Mr. Gump once said, "life is like a box of chocolates, you never know what you're going to get"; and the factuality of that comment is very true without the proper contextual background and the perfect amount of professional experience. The majority of college graduates stepping foot outside the luxury of their meal cards, and parent-paid dorm rooms, are coming to the excruciatingly swift realization that, as Mr. Gump, they too are not prepared for what the real world has to offer - or the lack there of. Lost in the illusion of hopes and dreams, scratching at the door yearning to be let into what they thought was awaiting them all this time. Until something like the BLEND project, hoisted by Dr. Eckis, opens the curtains to that shadowy illusion we've conjured in our ever so self-entitled-collegiate minds. A project that puts you on the front lines of reality, intricate with trenches of pressure and actuality that truly allows for an MBA student to vividly grasp what it takes to make it in the world of small businesses and corporate anarchy. This



project, and this class, was a blessing and I hope everyone going down the business path could be so lucky to have such a fantastic opportunity,” (Student 9, Caucasian, Male, 28).



**Table 2**

Score Levels	Content	Mechanics and Formatting	Organization	Presentation
4	<ul style="list-style-type: none"> <li>Is well thought out and supports the assignment</li> <li>Reflects application of critical thinking</li> <li>Highly influential comments and follow through with chosen topic</li> </ul>	<ul style="list-style-type: none"> <li>No spelling, grammatical, or punctuation errors</li> <li>High-level use of vocabulary and word choice</li> <li>Followed case guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Information is clearly focused in an organized and thoughtful manner.</li> <li>Information is constructed in a logical pattern to support the case analysis</li> <li>Feedback to business owner was exceptional</li> </ul>	<ul style="list-style-type: none"> <li>Multimedia is used to clarify and illustrate the main points</li> <li>Presentation captures business owner’s attention</li> <li>Presentation is organized and well laid out</li> </ul>
3	<ul style="list-style-type: none"> <li>Is well thought out and supports the solution</li> <li>Has application of critical thinking that is apparent</li> <li>Influential comments and follow through with chosen topic</li> </ul>	<ul style="list-style-type: none"> <li>Few (1 to 3) spelling, grammatical, or punctuation errors</li> <li>Good use of vocabulary and word choice</li> <li>Missing 1 key component to guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Information supports the case study in consistent manner</li> <li>Project focus is clear</li> <li>Feedback to business owner was good.</li> </ul>	<ul style="list-style-type: none"> <li>Multimedia is used to illustrate the main points</li> <li>Presentation captures business owner’s attention.</li> <li>Presentation is well organized</li> </ul>
2	<ul style="list-style-type: none"> <li>Supports the solution</li> <li>Application of critical thinking is average</li> <li>Comments and follow through with chosen topic were unclear</li> </ul>	<ul style="list-style-type: none"> <li>Minimal (3 to 5) spelling, grammatical, or punctuation errors</li> <li>Low-level use of vocabulary and word choice</li> <li>Missing 2-4 components to case guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Project has a focus but might stray from it at times</li> <li>Information appears to have a pattern, but the pattern is not consistently carried out in the case study</li> <li>Feedback to business owner was unclear.</li> </ul>	<ul style="list-style-type: none"> <li>Multimedia loosely illustrates the main points</li> <li>Presentation does not capture business owner’s attention.</li> <li>Presentation is loosely organized</li> </ul>

Score Levels	Content	Mechanics and Formatting	Organization	Presentation
1	<ul style="list-style-type: none"> <li>Provides inconsistent information for solution</li> <li>Has no apparent application of critical thinking</li> <li>Comments and follow through with chosen topic were not present</li> </ul>	<ul style="list-style-type: none"> <li>More than 5 spelling, grammatical, or punctuation errors</li> <li>Poor use of vocabulary and word choice</li> <li>Missing more than half of case guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>Content is unfocused and haphazard</li> <li>Information does not support the case study</li> <li>Information has no apparent pattern</li> <li>Feedback to business owner was not useful</li> </ul>	<ul style="list-style-type: none"> <li>Presentation appears sloppy and/or unfinished</li> <li>Multimedia is overused or underused</li> <li>Presentation has no clear organization</li> <li>Does not provide value to business owner</li> </ul>

