

LOCAL PERFUME ARENA: SIGNALING DYNAMICS AND STRATEGIC POSITIONING AT SCENT OF INDONESIA

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Abstract:

Background: The Indonesian perfume industry is experiencing a massive transformation, shifting from digital market dominance characterized by e-commerce algorithms to intense physical competition. This transition is highly evident in national-scale events such as Scent of Indonesia (SOI), where brands are forced to translate digital hype into tangible offline competitive maneuvers.

Purpose: This study aims to analyze the strategic positioning, signaling mechanisms, and competitive dynamics of local perfume brands at SOI Vol. 5.

Design/methodology/approach: A qualitative comparative case study was employed, utilizing theoretical sampling to select four strategically distinct brands representing maximum variation and polar types: J, S, BD, and K. It integrates Porter's Strategic Positioning, Kirmani and Rao's Signaling Theory, and Chen's Competitive Dynamics frameworks to evaluate how brands navigate crowded physical markets. Data were collected through participatory observation and in-depth interviews, followed by Deductive Thematic Analysis using NVivo 12 Plus.

Findings/Results: First, brands evade the "stuck-in-the-middle" trap via extreme strategic discipline: cost leadership (J), premium differentiation (S), niche specialist (BD), and broad differentiation (K). Second, they deploy costly signals (bonding costs, scarcity, and reputation leveraging) to mitigate information asymmetry. Third, incumbents deploy asymmetric non-price defenses (product education, experience technology) instead of destructive price wars against low-cost disruptors.

Conclusion: Strategic coherence drives competitive advantages. Managerially, practitioners must design uncompromised, brand-specific strategies, whether executing pure cost leadership (like J), premium isolation (S), artificial scarcity (BD), or reputation-leveraging (K). Brands must abandon strategic ambiguity and prioritize structural defense over reactive price retaliation.

Originality/value (State of the art): This study offers a novel integrated model of competitive advantage tailored for real-time physical market arenas, challenging the prevailing argument that business model flexibility is universally beneficial for SMEs.

Keywords: competitive dynamics, local perfume industry, positioning strategy, scent of Indonesia, signaling theory

How to Cite:

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INTRODUCTION

The cosmetic and fragrance industries have demonstrated significant growth, evidenced by a drastic increase in the number of business entities in Indonesia. According to the Ministry of Industry data, business units in the cosmetic and fragrance sector rose from 1.039 in 2023 to over 1.200 in 2024 (Kementerian Perindustrian, 2025). Among these sectors, fragrances have emerged as a high-performance commodity. This is substantiated by the valuation of the Indonesian fragrance segment, which surpassed USD 633,6 million in 2024 and is estimated to continue growing at a compound annual growth rate (CAGR) of 7,7% through 2033 (Grand View Research, 2025). A notable phenomenon in the current market is the dominance of local brands utilizing massive digital marketing strategies to reach consumers via e-commerce platforms (Makarateng et al. 2025). Furthermore, this dominance is reflected in the first-quarter 2025 rankings, where local brands consistently occupy the top sales positions on major e-commerce platforms (Statista, 2025). However, macro-level market dominance does not imply a homogeneous competitive landscape. The local perfume industry is highly fragmented into distinct sub-segments based on target demographics and price points. To accurately map this competitive landscape, this study deliberately avoids selecting cases based purely on aggregated national sales volume. Instead, it utilizes theoretical sampling to select four specific cases that hold prominent influence within their respective sub-segments, ensuring maximum variation. This sub-segment fragmentation explains why brands of varying financial scales compete directly in the physical arena of SOI.

A review of previous research reveals five major thematic focuses in the perfume industry literature. First, regarding digital marketing and digital media strategies, studies by Nursyahbani & Widuhung (2024), Azel & Kusdibyo (2022), and Niswatussolihah et al. (2023) demonstrated that digital activities, including E-WOM, significantly influence digital marketing performance and brand awareness. Second, concerning the analysis of local perfume brands using strategic frameworks, scholars such as Makarateng et al. (2025) and Miradji et al. (2025) concurred that classical planning tools are effective in mapping internal capabilities. Third, the thematic group focuses on analyzing classical marketing variables, where quantitative findings from Baene & Hendriati (2023)

and Parinduri & Rahmat (2025) confirmed that price and promotion remain dominant determinants of purchase decisions. Fourth, the thematic group addresses the influence of the physical environment, with research by Syaifudin et al. (2025) and Fajri et al. (2025) finding that atmosphere and scent significantly drive impulsive buying behavior. Finally, the fifth thematic group focuses on technical aspects of product manufacturing or the adoption of scent technology aimed at health rather than commercial purposes (Anggraeni et al. 2025; Gunawan & Rahayu, 2021).

A closer examination reveals specific gaps within these thematic groups. In the context of the first group, empirical studies exhibit a digital bias by treating perfume primarily as a visual commodity, whereas the essence of the product requires sensory verification that is difficult to achieve in digital spaces (Nursyahbani & Widuhung, 2024; Azel & Kusdibyo, 2022; Niswatussolihah et al. 2023). Regarding the second group, research indicates that classical planning tools tend to be static, failing to capture the fluid dynamics of real competition in non-digital spaces (Makarateng et al. 2025; Miradji et al. 2025). Furthermore, previous studies in the third group analyzed consumer decisions in isolated digital realms without observing how price decisions shift instantaneously during direct discount wars at physical events (Baene & Hendriati, 2023; Parinduri & Rahmat, 2025). Additionally, analyzing atmosphere to influence impulse buying shows limitations in analytical scope by targeting single retail outlets, which presents a significant gap when discussing crowded national-scale events like SOI.

Referring to the shift from digital marketing to the physical realm and addressing the identified gaps in previous analyses, this study constructs a comprehensive framework for dissecting market behaviors. To accurately map the competitive landscape, this study adopts a multitheoretical perspective capable of explaining firm behavior in high-velocity environments. Specifically, this study utilizes Positioning Strategy (Porter, 1980) to map the strategic positions of brands in the SOI arena. Furthermore, Signaling Theory (Kirmani & Rao, 2000) is applied to analyze attention-seeking strategies through unobservable quality signaling. Finally, Competitive Dynamics (Chen, 1996) are integrated to examine the observable actions and reactions of each brand regarding their positions and strategic signals. To ensure a concentrated analytical scope, this study limits

its boundaries to four strategically distinct brands that map the entire competitive landscape. Rather than relying on equal national market shares, these cases represent maximum variation across market sub-segments: Brand S (top 10 national premium leader), Brand J (top 5 masculine category leader), Brand K (legacy mass grooming subsidiary), and Brand BD (hyper-local budget niche). This fragmented landscape mapping justifies the selection of four cases, as they effectively saturate the strategic spectrum within the SOI Vol. 5 arena.

Driven by the deductive approach of this qualitative study, three theoretical propositions are formulated: P1 (Positioning): In highly crowded physical arenas, brands that adopt extreme, uncompromising strategic poles (e.g., pure cost leadership or premium differentiation) secure a competitive advantage more effectively than those with ambiguous positions. P2 (Signaling): To overcome sensory information asymmetry offline, digital reputation alone is insufficient; brands must execute high-cost tangible signals such as artificial scarcity or physical bonding costs to validate quality. P3 (Competitive Dynamics): Rather than engaging in direct retaliatory price wars against low-cost disruptors, established incumbents will favor asymmetric, non-price defense maneuvers (e.g., experience in technology or value education).

The expected results of this study are twofold: theoretically, it anticipates yielding a novel, integrated model of competitive advantage specifically adapted for short-term, high-velocity physical market events, challenging traditional static planning models; managerially, this study expects to provide practitioners with an actionable strategic blueprint detailing specific positioning and signaling tactics to navigate the transition from digital e-commerce dominance to intensive offline competition without eroding profitability.

The primary objective of this study is to examine the competitive dynamics of Indonesian perfume brands through an integrated theoretical approach within a physical market setting. It seeks to identify how selected local brands establish and defend their strategic positions during national-scale events. Moreover, this study aims to uncover the specific signaling mechanisms utilized by these brands to mitigate information asymmetry and validate product quality to consumers. Additionally, it intends to map the patterns of competitive actions and

responses that occur among industry players in real-time. Ultimately, the synthesis of these objectives will provide an integrated model of competitive advantage specifically tailored for time-bound physical market arenas.

METHODS

This research employs a qualitative approach utilizing a comparative case study design grounded in theory building (Eisenhardt & Graebner, 2007). The primary data were obtained directly from the “Scent of Indonesia” (SOI) event held in Bandung, West Java, which serves as a concentrated competitive arena featuring 53 local perfume brands. Regarding subject selection, this study utilized theoretical sampling to select cases based on their theoretical relevance rather than statistical representativeness (Eisenhardt & Graebner, 2007). This method aims to describe variations in strategy patterns characterized by high distinctiveness or Polar Types to ensure rich comparative data. From the total population, four brands were selected to represent distinct strategic spectra: Brand J representing cost leadership, Brand S representing premium differentiation, Brand BD representing niche specialist, and Brand K representing broad differentiation. According to Yin (2018), case study research relies on analytical generalization, where theoretical saturation dictates the appropriate number of subjects. These four brands were deliberately selected as ‘polar types’ occupying the extreme quadrants of the strategic matrix. By exhausting the fundamental strategic spectrums (pure cost leadership, premium differentiation, niche specialization, and broad differentiation), theoretical saturation was effectively achieved. Adding more cases would only yield redundant variations of these four core anchors rather than novel strategic archetypes.

Data collection was conducted intensively during the three-day event to capture real-time competitive interactions. This study employed source triangulation based on Eisenhardt & Graebner (2007) to minimize retrospective bias and ensure data robustness. This process included semi-structured in-depth interviews averaging 15 to 20 minutes per brand, involving key informants such as brand owners and marketing managers. Given the high-velocity environment of a live physical exhibition, this specific duration is methodologically adequate for extracting focused strategic decisions through in-situ elite interviewing.

To operationalize the triangulation procedure, verbal claims obtained during these concise interviews were directly cross-verified against real-time field maneuvers. For instance, stated pricing strategies were compared with actual transaction discounts observed on-site, and brand positioning claims were validated through the physical analysis of booth design aesthetics. Documentation comprised material evidence such as booth design photos, promotional materials, and product displays to provide a comprehensive view of brand behavior.

Data analysis followed a deductive thematic analysis approach assisted by NVivo 12 Plus software (Brandão, 2015). The analysis process encompassed thorough data preparation, including attribute classification and deductive coding based on established theoretical constructs. Research constructs were operationalized using indicators derived from Porter (1980) Strategic Positioning, Signaling Mechanisms from Kirmani & Rao (2000), and Competitive Dynamics from Chen (1996). Subsequently, a Cross-Case Analysis was conducted using the matrix coding query feature to visualize strategic patterns across the four cases. This systematic approach allowed for the identification of core themes and the synthesis of findings into a coherent competitive advantage model.

To facilitate the readability of the data analysis flow and findings synthesis, this study constructed a research framework that integrates empirical data with theoretical lenses. As illustrated in Figure 1, the framework is initiated with an input comprising the

strategic phenomena of the four selected brands at the SOI event. This input is systematically processed by identifying strategic positioning, quality signaling mechanisms, and mapping competitive dynamics. The synthesis of these three analytical layers yields a consolidated output in the form of a competitive advantage model tailored to real-time physical market environments. This structured flow ensures that the conclusions drawn are directly grounded in the interaction between empirical evidence and established theories.

RESULTS

Mapping the competitive arena and strategic positions

Following the data reduction process, this study identified four core cases selected using theoretical sampling based on maximum variation principles. The four selected brands comprising J, S, BD, and K served as the primary subjects for further analysis due to their exhibition of the most contrasting strategic characteristics or polar types. Data transcripts from these four main cases were subsequently deconstructed using NVivo 12 Plus to map brand strategy dominance patterns. This qualitative deconstruction enables a deeper understanding of how each brand maneuvers dynamically within the physical arena. The outcome of this coding process yields a definitive distribution of strategic choices, which is systematically presented in Table 1.

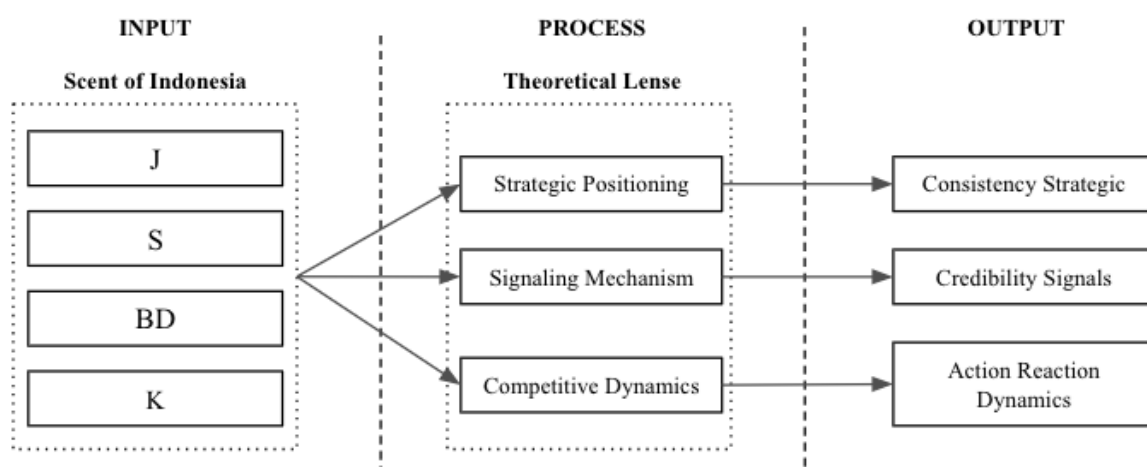


Figure 1. Integrated framework of competitive advantage for local perfume brands at scent of Indonesia

Table 1. Matrix of strategic themes distribution for four local perfume brands at scent of Indonesia

	BD	J	K	S
Positioning Strategy				
Cost Leadership	0	4	0	0
Broad Differentiation	0	0	3	0
Niche Specialist	4	0	0	0
Premium Differentiation	1	0	0	3
Signaling Mechanism				
Default-Independent Signals (Bonding Cost)	2	0	1	3
Scarcity Signals (Hot Product)	1	0	0	0
Reputation Leveraging	0	1	2	0
Competitive Dynamics				
Competitive Action	3	4	3	3
Competitive Reaction	1	1	1	1
Market Awareness	3	3	2	2

Table 1 illustrates the strategic polarization of the four selected brands within the SOI arena, which empirically reflects Porter's (1980) principle of strategic trade-off. Specifically, J aggressively pursues cost leadership via price signals, whereas S secures premium differentiation using default-independent signals. Simultaneously, BD adopts a niche specialist role through scarcity signals, whereas K executes broad differentiation by leveraging its established reputation. Beyond these static positioning and signaling tactics, observable actions and reactions reveal dynamic inter-brand interactions aimed at monopolizing visitor attention. Ultimately, this market phenomenon confirms that when one entity maximizes a specific strategic pole, competitors automatically withdraw to occupy alternative territories.

Strategic Positioning

To visually map how these four brands evade strategic ambiguity within the SOI arena, their market maneuvers are plotted on a modified Porter's positioning matrix (see Figure 2). This mapping illustrates the absolute polarization of their chosen competitive poles.

While macro-level metrics such as Statista (2025) confirm the general revenue growth of local perfumes with entities like S holding top national positions, such aggregated data fails to capture the fragmented reality of physical arenas. The actual field reality at SOI demonstrates that brands like J, BD, and K do not require top-tier national digital market shares to dominate their specific sub-segments. Their offline competitive advantage is built upon precise strategic

execution tailored to localized market demands. Field findings reveal that J aggressively utilized the lowest-price tactic to secure a competitive edge within the Scent of Indonesia arena. Management explicitly confirmed this, stating, *"Actually, regarding price comparisons, I can confidently say J is the cheapest... we just shoot directly for the bottom price"* (J, 2025). This aggressive maneuver clearly manifests Porter (1980) Cost Leadership strategy, utilizing price efficiency for instant market penetration. This approach aligns with the findings of Parinduri & Rahmat (2025) and Baene & Hendriati (2023), proving that price affordability significantly drives consumer purchasing decisions for local perfumes. Furthermore, Aurellia et al. (2025) validated that competitive price-cutting effectively creates immediate advantages in crowded markets. However, Galli (2021) and Ndzabukelwako et al. (2024) warned that price wars risk eroding profit margins for SMEs lacking economies of scale. Thus, while J's cost leadership effectively disrupts the market short-term, it demands strict oversight to prevent long-term profitability destruction.

Conversely, S consistently secured a premium differentiation position by firmly avoiding price wars. Management justified maintaining premium pricing: *"We lean more towards premium pricing, and the reason is primarily for branding... so as not to degrade the brand's price value"* (S, 2025). This defensive stance aligns with Tojiri (2023), confirming that differentiation builds robust brand equity, justifying premium prices. Furthermore, Wan & Sam (2024) validated that in sensory products, premium pricing credibly signals superior quality that new competitors struggle to

imitate. Refusing to sacrifice quality for volume, S's strategy corroborates Tessarolo et al. (2023), proving that well-differentiated products automatically attract price-insensitive segments. Ultimately, this phenomenon strengthens Ndzabukelwako et al. (2024) thesis that value differentiation provides a much safer and more effective market defense against new entrants than merely competing through cost efficiency.

Operating independently of capital or reputation barriers, BD tactically adopted scarcity signals to validate its exclusivity. Management designed this artificial scarcity precisely: *"We intentionally made this premium line limited... production is only 5,000 units. So if those 5,000 are sold out, we will not produce them again"* (BD, 2025). This supply restriction validates Stock & Balachander's (2005) theory that artificial scarcity optimally signals a *"hot product."* Furthermore, various scholars (Gierl & Huettl, 2010; Jang et al. 2015; Tseng et al. 2021; Wang et al. 2022) agreed that limited-edition tactics effectively transform products into status symbols and trigger emotional purchase intentions. Within niche segments, (Roy & Sharma, 2015) asserted that this approach is preferred for communicating genuine exclusivity. Nevertheless, Stock & Balachander (2005) cautioned that artificial scarcity remains an irrational and doomed strategy if applied to mass commodities.

In contrast, K leveraged its legacy men's grooming status to execute a highly inclusive broad differentiation strategy. Management openly acknowledged relying on corporate reputation: *"Because we previously excelled in facial wash and sunscreen. That is why we wanted to expand into perfumes"* (K, 2025). This expansion utilized bundling tactics to directly transfer mass trust, perfectly manifesting the halo effect, where established reputations minimize consumer risk (Huang et al. 2018; Jin & Kim, 2020). Theoretically, this move justifies Wernerfelt's (1988, as cited in Kirmani & Rao, 2000) argument that umbrella branding acts as a credible quality signal because the company risks its prominent name. However, classical warnings from Kirmani & Rao (2000) regarding negative spillover effects remain highly relevant, as recent studies confirm that inconsistent extensions or failed repositioning drastically deteriorate the parent brand's overall equity (Wedel & Kannan, 2016; Grimm & Wagner, 2024). Furthermore, while K's heritage accelerates initial customer acquisition, executing broad differentiation requires massive economies of scale and resources that challenge typical SME replication (Galli, 2021; Ndzabukelwako et al. 2024; Popli et al. 2025). Therefore, the actual quality of the perfume ultimately dictates the survival of the parent brand against long-term reputational damage.

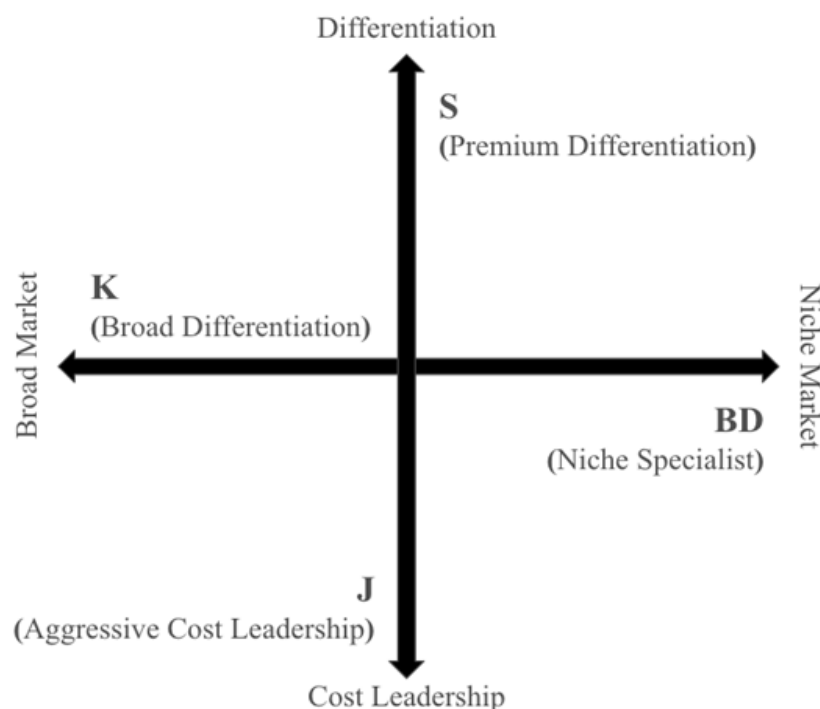


Figure 2. Matrix Strategic Positioning Between J, K, S, and BD in SOI Vol. 5 Arena

From a practical standpoint, these strategic plots offer clear implementable guidelines for SME managers navigating physical exhibitions. Brands with limited capital must avoid head-to-head collisions with premium market leaders. They should either strictly adopt cost efficiency for transaction volume, such as J, or create targeted exclusivity in a narrow niche, such as BD. Companies with established capital or legacy products should leverage their existing resources to execute premium or broad differentiation. This approach allows them to defend their market position without degrading their pricing structures.

Signaling Mechanism

Establishing a strategic position is only the first step; in a crowded physical arena where intrinsic product quality remains largely unobservable before purchase, brands face severe information asymmetry. To validate their strategic claims and separate themselves from low-tier competitors, these brands cannot rely solely on digital reputation. Figure 3 illustrates the typology of signaling mechanisms deployed by the selected brands. By executing diverse ‘costly signals’, these brands strategically manipulate tangible offline elements to mitigate consumer skepticism.

Signaling mechanisms serve as a visibility tactic amidst information asymmetry in the physical arena, where S adopted default-independent signals through substantial physical investment. Management consciously invested in physical aesthetics and services, stating, *“We highlight the visual booth more for the new products we are about to launch... the gifts are also premium”* (S, 2025). This aligns with Kirmani & Rao (2000), where high bonding costs act as a quality guarantee because these costs would be lost (sunk costs) if the firm’s claims proved false. Lin et al. (2024) support this screening tactic, proving that high-cost investments effectively separate high-quality brands from imitators in crowded markets. Similarly, Huang et al. (2018) validated that upfront expenditures are crucial for forming initial trust, as consumers perceive the seller’s seriousness in risking capital before a transaction occurs. However, S’s capital-intensive decision sparks critical debate when contrasted with Stock & Balachander (2005), who mathematically proved that sunk cost strategies are often inefficient and heavily burden fixed costs. Responding to this risk, Shahid et al. (2024) warned that “money-burning” tactics through physical investment are prone to becoming operational waste,

thus requiring managers to balance signaling strength and cost efficiency tactically. In the physical arena of SOI, this high-cost strategy effectively materialized its intended market response; field observations noted that S successfully mitigated its past stigma as a ‘dupe brand’ by utilizing specially trained Brand Ambassadors and exclusive physical activations, forcing visitors to interact with the product’s intrinsic premium value rather than questioning its price point.

Conversely, J openly minimized bonding costs and shifted to a reputation-leveraging mechanism. Management admitted, *“As for the visual booth, we are still feeling our way around,”* choosing instead to present community authority figures with the tactic, *“one of the perfume reviewers from TikTok, named Satpam Wangi, actually took the effort to come from Jogja... just to meet J”* (J, 2025). This tactic of borrowing third-party credibility aligns with the concept of borrowing the halo proposed by Kirmani & Rao (2000) to instantaneously manipulate quality perception. Jin & Kim (2020) strongly support this, proving that reputation spillovers significantly accelerate purchase intentions without needing luxury facilities. Specifically in the perfume industry, Miradji et al. (2025) and Niswatussolihah et al. (2023) confirmed that the presence of organic reviews from authority figures acts as an objective trust signal that drastically increases product quality perception in the eyes of visitors. Although proven highly effective in generating instant crowds, Wan & Sam (2024) provided a stern warning regarding the risk of dependency on third-party reviews in public spaces. They found that information misalignment or excessive opinion controversy between influential figures and product reality can instead create a cognitive overload, leading to delayed purchases. Despite this theoretical risk, empirical field interactions at SOI demonstrated that presenting ‘Satpam Wangi’ directly at the booth functioned as a tangible heuristic. This physical presence of digital authority instantly legitimized J’s extreme bottom-price strategy (IDR 85,000), successfully convincing the on-site crowd that the massive discount was a promotional privilege rather than a reflection of inferior product quality.

Meanwhile, K leveraged its reputation by transferring parent-brand equity across categories through an umbrella branding mechanism. Management transparently acknowledged this decision: *“Because previously we excelled in facial wash and sunscreen. That is why we want to expand into perfume”* (K,

2025). Utilizing the success record of legacy products serves as an implicit warranty that spares K from having to build visitor trust from scratch (Kirmani & Rao, 2000). This aligns with Jin & Kim (2020), showing that borrowing established reputations reliably minimizes consumer risk perception during new product evaluations. However, this reputation-hedging strategy contains latent dangers highlighted critically by various literatures. While Kirmani & Rao (2000) classically warned of negative spillover effects, recent empirical studies explicitly confirm that inconsistent product extensions trigger severe intra-brand confusion and brand dilution (Wedel & Kannan, 2016; Grimm & Wagner, 2024). This suggests that the reputation legacy of K's facial care products successfully opened the gates of consumer acceptance at the Scent of Indonesia event, but a failure in their perfume formulation has the potential to destroy the credibility of the entire parent brand ecosystem, leading to an irreversible erosion of consumer trust (Calista et al. 2025).

Operating independently of capital or reputation barriers, BD tactically adopted scarcity signals to validate exclusivity. Management precisely designed this artificial scarcity, stating, *"We intentionally made this premium line limited... production is only 5.000 units. So if those 5.000 are sold out, we will not produce them again"* (BD, 2025). This act of supply restriction analytically validates Stock and Balachander's (2005) theory that artificial scarcity is a highly optimal quality communication tool for signaling a "hot product." Jang et al. (2015) and Gierl & Huettl (2010) strengthen this, agreeing that supply-based scarcity transforms products into status symbols, facilitating consumers' need for uniqueness. Furthermore, Tseng et al. (2021) confirmed that this limited-edition tactic works most optimally

in triggering purchase intentions when customer interaction is driven by emotional consumption motives at physical exhibitions. Nevertheless, classical arguments from Stock & Balachander (2005) limit the euphoria of this strategy by reminding that artificial scarcity is certain to fail if applied to mass commodity products. Recent empirical evidence strongly reinforces this limitation, proving that unjustified supply restrictions on everyday goods typically retard market adoption and actively decrease purchase intentions among general consumers (Mujianto, 2022; Wang et al. 2022; Pathak & Balakrishnan, 2025). However, within the highly concentrated and emotional atmosphere of SOI, this scarcity signal generated a profound market response. By openly capping production, BD successfully triggered an immediate fear of missing out (FOMO) among visitors, proving that supply restriction effectively translates digital hype into urgent, tangible offline transactions within niche segments.

Competitive Dynamics

To systematically map the action-reaction interactions within the physical arena, the NVivo matrix coding frequencies (previously outlined in Table 1) are visually translated into a competitive dynamics profile (see Figure 4). This visualization does not merely quantify the intensity of market maneuvers but actively annotates the specific asymmetric defense mechanisms deployed by each brand. As illustrated, while the aggressor relies on disruptive price cuts and preannouncements to monopolize market awareness, the defending incumbents deliberately bypass direct price retaliation, favoring structural, non-price isolations to protect their strategic positions.

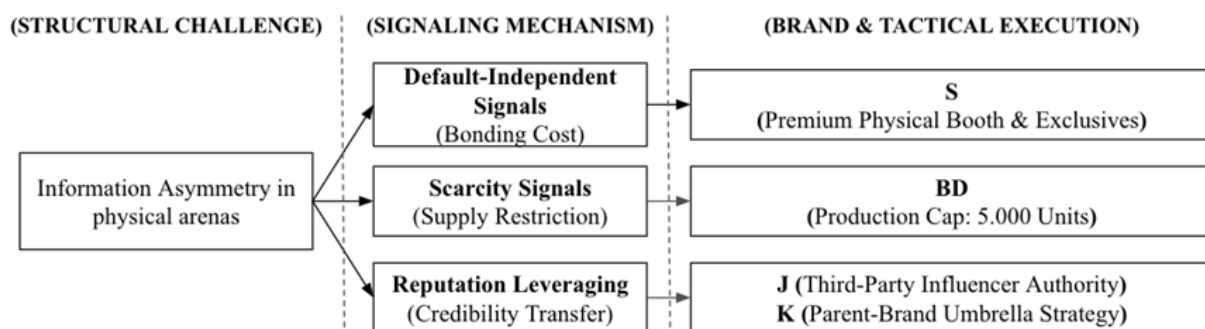


Figure 3. Typology of signaling mechanisms and tactical executions by local perfume brands at scent of Indonesia

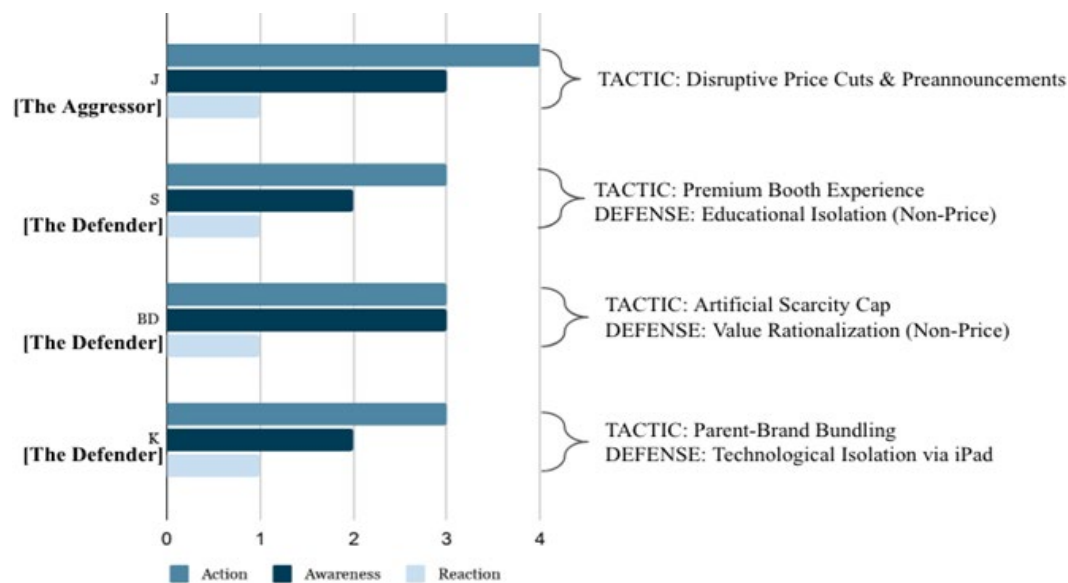


Figure 4. Competitive dynamics profile: aggressor tactics vs. asymmetric non-price defenses in SOI Vol 5.

Brand interactions within the SOI arena were dynamically characterized by J's aggressive market disruption maneuvers. Acting as the aggressor, management deliberately utilized product preannouncements to freeze visitor focus: "*Actually, we haven't released it yet, but we tried teasing the scent at SOI to make people more curious*" (J, 2025). This action was intensified through fast-paced "*gimmick games... a 5-second challenge*" triggering impulsive buying (J, 2025). Referring to Chen (1996), seizing early attack initiatives crucially forces competitors into uncontrollable reactive positions. Scholars validate this, proving that pre-release announcements successfully create entry barriers, monopolize attention, and trigger visitors to act as voluntary marketers accelerating penetration (Guntuka et al. 2024; Pathak & Balakrishnan, 2025). Nevertheless, critics warn that excessively frequent surprise attacks deplete financial resources and trigger operational inefficiencies (Yang et al. 2025). Furthermore, hasty premature launches risk supply chain failures that could destroy long-term brand credibility (Balzano & Giachetti, 2026; Guntuka et al. 2024).

Responding to this market aggression, other brands refused price reductions, opting instead for asymmetric educational isolation. S confronted the attack by deepening consumer interactions: "*We focus much more on education... and we also have special training for our Brand Ambassadors*" (S, 2025). Similarly, BD responded to cheap competitor threats by rationalizing product value, emphasizing their concoctions are "*more*

worth it compared to the cheap but small ones" (BD, 2025). Refusing price retaliation reflects Chen (1996) asymmetric competition concept, where market players realize that direct collisions rarely yield strategic advantages. This non-price approach effectively prevents consumer confusion while protecting product quality assurance from image degradation (Wan & Sam, 2024). Additionally, this defensive forbearance conserves resources and maintains brand coherence (Miller & Le Breton, 2025). Empirical evidence further shows that reacting vigorously to bottom-tier competitors often backfires, whereas ignoring their actions minimizes sales losses far more effectively (Balzano & Giachetti, 2026).

Escalating further, K responded to SOI's competitive dynamics by implementing technology-integrated isolation. Bypassing reactive price cuts, management designed a modern, interactive booth activation utilizing a program for "*determining the perfume... via an iPad*" (K, 2025). This experience-focused asymmetric response created a wide functional capability gap, effectively preventing lower-tier competitors from instant imitation. This differentiation escalation supports Tojiri's (2023) findings that revolutionizing customer experiences via cutting-edge technology locks in competitive advantage better than saturated price wars. K's dismissive attitude toward smaller rivals reaffirms Chen's (1996) postulate that market leaders bypass direct collisions. More importantly, amidst the rapid expansion of Indonesia's e-commerce landscape where price wars erode profitability, recent literature

confirms that market defenders must isolate themselves through non-price strategies, sensory experiences, and technological integration (Ndzabukelwako et al. 2024; Miradji et al. 2025). By utilizing interactive iPad activations, K shifts the competition to an experiential dimension unreachable by low-cost disruptors, proving that strategic victory relies on technological value creation rather than retaliatory pricing (Tojiri, 2023).

Managerial Implications

This study provides a functional framework for strategic development explicitly linked to the observed behaviors of four brands in high-velocity arenas. Practitioners must recognize that extreme strategic polarization is consistently supported by empirical evidence as the most secure defense against saturated markets. For example, J strictly pursues transaction volume via Cost Leadership, while S secures margins through Premium Differentiation. A hybrid or ambidextrous approach remains highly viable only under specific conditions in which companies possess massive economies of scale and an established legacy ecosystem, as demonstrated by K's Broad Differentiation. To translate digital reputation into tangible offline validity, brands need credible signaling mechanisms tailored to specific markets. BD achieves this through artificial scarcity, and S executes exclusive physical activation. Facing aggressive low-cost disruptors requires premium defenders to implement a strategic isolation. Empirical cases at SOI show that shifting competition into non-price dimensions generates a distinct, competitive advantage. Specifically, S applies intensive product education, and K integrates interactive technological experiences to immunize high-value segments from commoditization.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The emergence of Scent of Indonesia (SOI) has fundamentally altered the local perfume landscape by compelling industry players to transition from moderate digital approaches to rigorous strategic discipline in physical arenas. Empirical evidence from the four dominant brands demonstrates that market supremacy is exclusively achieved through a steadfast commitment to strategic trade-offs. J successfully captured transaction volume through aggressive cost leadership,

while S secured margin via premium differentiation. Furthermore, BD carved out a loyal segment as a niche specialist through artificial scarcity, and K executed broad differentiation driven by umbrella branding from its legacy products. Ultimately, this rigid adherence to a singular strategic focus effectively immunizes these brands against the strategic ambiguity trap often experienced by small enterprises. Moreover, the study concludes that signaling strategies in physical arenas require diverse high-cost mechanisms, ranging from physical bonding costs to reputation leveraging, to overcome information asymmetry and validate product quality. Finally, regarding competitive dynamics, the interaction is characterized by asymmetric action-reaction patterns, where incumbents deliberately avoid direct price retaliation against aggressors in favor of non-price defense mechanisms such as experience technology and value education.

Recommendations

Based on the preceding conclusions, this study proposes several strategic directives for local perfume industry practitioners. Managers must conduct a thorough audit of their brand positioning to minimize strategic ambiguity. Companies with limited capital must secure market visibility by committing to a distinct strategic pole, such as cost efficiency for volume or premium differentiation for margin. Conversely, established brands with vast resources can successfully execute hybrid broad differentiation strategies. Furthermore, brands entering the physical arena must support their digital reputation with tangible offline investments. Deploying credible costly signals, such as exclusive physical activations or controlled product scarcity, is a mandatory step to validate product quality and reduce consumer skepticism. Finally, when confronted by aggressive low-cost disruptors, market defenders must implement defensive isolation strategies. Escalating competition into experience-based or educational dimensions provides a far more sustainable defense than engaging in margin-destroying price wars.

Addressing the qualitative constraints of this research, a primary limitation is the restricted sample size, which involves only four local perfume brands. Therefore, future research should prioritize the quantitative validation of the proposed competitive advantage model using a significantly broader sample of enterprises across various time-bound industrial exhibitions. Scholars are encouraged to employ structural

equation modeling to measure the direct statistical impact of specific signaling mechanisms on financial performance and long-term customer retention. Conducting a longitudinal study to observe post-event strategic adaptations would provide valuable insights into the sustainability of these competitive dynamics over time. Expanding the research scope to incorporate international fragrance brands operating in Indonesia could offer a comprehensive comparative perspective on the strategic positioning of local and global brands. Finally, exploring the psychological impact of sensory marketing within confined booth environments could significantly enrich the academic understanding of impulsive buying behavior in physical retail settings.

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