

Impact of Sensory Marketing Strategies on Customer Retention: A Study on Cosmetic Startups in Bengaluru

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Cite this paper as: Manohara V, Dr. Alka Jain, (2025) Impact of Sensory Marketing Strategies on Customer Retention: A Study on Cosmetic Startups in Bengaluru. *Journal of Neonatal Surgery*, 14 (5s), 17-22.

ABSTRACT

This study surveys the impact of sensory marketing strategies on customer retention among cosmetic startups in Bengaluru, India. In an increasingly competitive cosmetics industry, startups seek innovative approaches to enhance brand recall and consumer loyalty. Sensory marketing, which engages consumers' visual, auditory, olfactory, and tactile senses, has been recognized as a key driver of customer experience and retention. However, research on its effectiveness in the context of startups remains limited.

The study adopts a quantitative research design, utilizing descriptive and inferential statistics to analyze data collected from 249 representatives of cosmetic startups through a structured questionnaire. SPSS software was used for data processing, with Cronbach's alpha (0.897) ensuring the reliability of the measurement scale. Regression analysis indicates that tactile marketing strategies ($\beta = 0.595$, $R^2 = 0.354$) have the strongest influence on customer retention, followed by visual ($\beta = 0.157$, $R^2 = 0.025$), auditory ($\beta = 0.146$, $R^2 = 0.021$), and olfactory marketing ($\beta = 0.095$, $R^2 = 0.009$). Correlation analysis further confirms strong interconnections among sensory marketing elements, with tactile marketing showing the highest positive correlation ($r = 0.595$, $p < 0.01$) with customer retention.

The findings suggest that cosmetic startups should prioritize tactile marketing strategies, such as interactive packaging and product texture while integrating visual and auditory elements to reinforce brand identity. The study contributes to sensory marketing and customer retention literature, offering practical insights for startups and paving the way for future research across different industries and geographical regions.

Keywords: Sensory marketing, customer retention, cosmetic startups, visual marketing, tactile marketing, brand loyalty, consumer behaviour.

1. INTRODUCTION

In the highly competitive cosmetics industry, customer retention has emerged as a critical factor for the sustainability and growth of startups. With the rise of new brands and increasing consumer expectations, cosmetic startups in Bengaluru, India, are exploring innovative marketing strategies to differentiate themselves and foster long-term customer loyalty. One such tactic that is becoming more popular is sensory marketing, which uses customers' senses: taste, smell, touch, sight, and sound—to produce enduring brand experiences (Krishna, 2012). Sensory marketing has been shown to influence consumer behaviour, enhance emotional connections, and improve brand recall, all essential for customer retention (Hultén, 2011).

Bengaluru, often referred to as the "Silicon Valley of India," is a hub for startups, including those in the cosmetics sector. The city's multicultural population and rising demand for high-end, customised cosmetics make it an ideal place to research the effects of sensory marketing techniques. Although international beauty businesses are increasingly using sensory marketing, little is known about how beneficial it is for startups, especially in developing nations like India. By investigating how sensory marketing tactics affect client retention among Bengaluru-based cosmetic entrepreneurs, this study seeks to close this gap.

The research is grounded in the theoretical framework of sensory marketing and customer relationship management (CRM). Multisensory experiences are used in sensory marketing to elicit emotional response, which is a major factor in fostering client loyalty (Lindstrom, 2005). CRM, on the other hand, highlights how crucial it is to establish and preserve enduring connections with clients through meaningful and customised interactions (Payne & Frow, 2005). By integrating these perspectives, this study seeks to provide actionable insights for cosmetic startups seeking to enhance customer retention through sensory-driven approaches.

The results of this study will contribute to the growing body of literature on sensory marketing and its application in the cosmetics industry. Additionally, it will offer practical recommendations for startups aiming to leverage sensory experiences to build lasting customer relationships in a competitive market.

Statement of the Problem

Customer retention is a key challenge for cosmetic startups due to intense market competition, limited brand recognition, and evolving consumer preferences. While sensory marketing has been widely adopted by established cosmetic brands, startups often struggle to implement these strategies effectively. Research on how cosmetic startups leverage sensory marketing and its impact on customer retention remains scarce. This study addresses this gap by examining the extent of sensory marketing adoption among cosmetic startups in Bengaluru and its role in enhancing brand recall, emotional engagement, and repeat purchases.

2. LITERATURE REVIEW

Sensory marketing has become an efficient tool in the study of consumer behaviour, especially in fields where brand experience and emotional connection are crucial in determining consumer loyalty. The cosmetics industry, characterized by its emphasis on aesthetics, personal care, and self-expression, is uniquely positioned to benefit from sensory marketing strategies. Sensory marketing involves the deliberate engagement of consumers' senses: sight, smell, touch, taste, and sound to create unique and memorable brand experiences (Krishna, 2012). Research has demonstrated that sensory stimuli can significantly influence consumer perceptions, emotions, and decision-making processes, ultimately impacting brand loyalty and customer retention (Hultén, 2011). For instance, the use of pleasant fragrances in retail environments has been shown to enhance customer satisfaction and prolong store visits (Spangenberg, Crowley, & Henderson, 1996). Similarly, visual aesthetics, such as packaging design and store layout, play a critical role in attracting and retaining customers in the cosmetics sector (Orth & Malkewitz, 2008).

Human senses are interrelated, and multisensory encounters may strengthen emotional bonds with businesses, according to the theory behind sensory marketing (Lindstrom, 2005). This is particularly relevant in the context of cosmetic products, where sensory attributes such as texture, fragrance, and visual appeal are central to the consumer experience. Studies have shown that sensory cues can evoke positive emotions, which in turn foster brand attachment and repeat purchases (Schmitt, 1999). For example, the tactile experience of testing a skincare product or the olfactory appeal of a perfumed lotion can create a lasting impression, increasing the likelihood of customer retention. Furthermore, sensory marketing aligns with the principles of experiential marketing, which emphasizes the importance of creating meaningful and personalized interactions with consumers (Pine & Gilmore, 1998).

In the context of startups, sensory marketing offers a unique opportunity to differentiate brands in a crowded marketplace. Startups, particularly in the cosmetics industry, often face challenges such as limited brand recognition and intense competition from established players. By leveraging sensory marketing, these startups can create distinctive brand identities and foster emotional connections with their target audience. However, despite the growing interest in sensory marketing, there is a paucity of research examining its application and effectiveness in the context of startups, especially in emerging markets like India. This gap is particularly notable in the cosmetics sector, where sensory experiences are integral to product evaluation and purchase decisions.

A major result of successful sensory marketing is customer retention, which is essential for cosmetic companies to succeed in the long run. It is frequently less expensive to keep existing customers than to find new ones, and devoted consumers are more likely to make additional purchases and refer the company to others (Reichheld & Sasser, 1990). Sensory marketing strategies can enhance customer retention by creating positive and memorable brand experiences that encourage repeat engagement. For instance, the use of signature scents or visually appealing packaging can reinforce brand identity and evoke nostalgia, prompting customers to return (Morrin & Ratneshwar, 2003). Additionally, sensory marketing can complement customer relationship management (CRM) strategies by fostering emotional bonds and personalized interactions (Payne & Frow, 2005).

In summary, the existing literature highlights the potential of sensory marketing to influence consumer behaviour and enhance customer retention, particularly in the cosmetics industry. However, there is a need for further research to explore how cosmetic startups, especially in emerging markets like Bengaluru, can effectively implement sensory marketing strategies to build lasting customer relationships. This study intends to address this gap by investigating the impact of sensory marketing on customer retention among cosmetic startups in Bengaluru, thereby contributing to both theoretical and practical understanding of this dynamic field.

Objectives of the Study

1. Examine the extent to which cosmetic startups in Bengaluru adopt sensory marketing strategies (visual, auditory, olfactory, and tactile).
2. Analyze the impact of sensory marketing strategies on customer retention in cosmetic startups.

3. Identify the most influential sensory marketing elements contributing to brand loyalty and repeat purchases.

Scope of the Study

The study was limited to cosmetic startups in Bengaluru, India, focusing specifically on the cosmetics industry while excluding well-established brands. It explores the impact of sensory marketing particularly visual, auditory, olfactory, and tactile elements on customer retention. A quantitative research approach is employed, with data collected from representatives of cosmetic startups to analyze the effectiveness of these sensory marketing strategies.

Research Questions

- RQ1. To what extent do cosmetic startups in Bengaluru implement sensory marketing strategies?
- RQ2. Which sensory marketing elements (visual, auditory, olfactory, tactile) have the most significant impact on customer retention?
- RQ3. How do sensory marketing strategies influence customer loyalty and repeat purchases?
- RQ4. What challenges do cosmetic startups face in adopting sensory marketing?

Hypotheses

Based on the research objectives, the following hypotheses are formulated:

- H₁: Visual marketing strategies (e.g., packaging, store aesthetics, digital branding) positively influence customer retention.
- H₂: Auditory marketing strategies (e.g., background music, brand sounds) positively influence customer retention.
- H₃: Olfactory marketing strategies (e.g., product fragrance, in-store scents) significantly impact on customer retention.
- H₄: Tactile marketing strategies (e.g., product texture, interactive packaging) positively influence customer retention.

Conceptual Model

The study examines sensory marketing strategies as independent variables, including visual marketing (packaging, store design, digital aesthetics), auditory marketing (background music, brand jingles, voice branding), olfactory marketing (signature scents, product fragrance, scented packaging), and tactile marketing (product texture, interactive packaging, sample availability). The dependent variable, customer retention, is measured through brand recall, repeat purchases, and customer loyalty.

3. RESEARCH METHODOLOGY

Research Design

A quantitative research approach is used, employing a descriptive research design to assess the adoption and effectiveness of sensory marketing among cosmetic startups in Bengaluru.

Data Collection Method

Data was collected using a structured questionnaire aimed at owners, marketing managers, and decision-makers of cosmetic startups. A 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) was utilized to evaluate the degree of sensory marketing adoption and its influence on customer retention.

Sampling Technique and Sample Size

A purposive sampling method was used to ensure that only cosmetic startups that had implemented or were considering sensory marketing strategies were included. The study surveyed 250 startup representatives to achieve statistically valid results.

Data Analysis Techniques

The study utilized descriptive statistics, including mean, standard deviation, and frequency distribution, along with inferential statistics such as correlation and regression analysis. SPSS software was employed for data processing and reliability testing, with Cronbach's alpha (0.897) used to assess internal consistency, indicating a high reliability of the measurement scale. Ethical considerations were strictly upheld by obtaining informed consent from participants, ensuring data confidentiality and anonymity, and allowing participants the right to withdraw at any stage of the study.

Data Analysis & Interpretation

The descriptive statistics reveal key insights into the business model, workforce size, and target market of cosmetic startups in Bengaluru. Among the 249 valid responses, a majority (52.2%) operate both online and offline, while 31.3% are exclusively online and 16.5% operate offline. In terms of workforce size, 68.7% of the startups have more than 100 employees, while 16.5% have between 11-50 employees, and smaller firms with 1-10 or 51-100 employees account for 7.2%

and 7.6%, respectively. Regarding the primary target market, 58.2% of the startups focus on niche markets, while 28.5% cater to the mass market and 13.3% serve the premium segment. Notably, 44 responses were missing across all categories, accounting for 15% of the total dataset. These findings indicate that most cosmetic startups in Bengaluru adopt a hybrid business model, operate with a sizable workforce, and predominantly target niche market segments.

Table 1: Regression Analysis

Hypothesis	Regression Weights	Beta co-efficient	R ²	F	t-value	p-value	Hypothesis supported
H ₁	0.157	0.155	0.025	47.696	2.4950	0.000	Yes
H ₂	0.146	0.142	0.021		2.2350	0.000	Yes
H ₃	0.095	0.090	0.009		1.5070	0.000	Yes
H ₄	0.595	0.684	0.354		11.635	0.000	Yes

a. *Dependent Variable: Customer Retention*

b. *Predictors: (Constant), Olfactory Marketing, Tactile Marketing, Auditory Marketing, Visual Marketing*

The regression analysis examines the impact of sensory marketing strategies (visual, auditory, olfactory, and tactile) on customer retention. The model demonstrates statistical significance, as all hypotheses (H₁–H₄) are supported with p-values of 0.000, indicating strong relationships between sensory marketing elements and customer retention. Among the predictors, tactile marketing (H₄) exhibits the highest influence, with a beta coefficient of 0.595 and R² of 0.354, suggesting it explains 35.4% of the variance in customer retention. Visual marketing (H₁) follows with a beta coefficient of 0.157 and R² of 0.025, showing a moderate impact. Auditory marketing (H₂) and olfactory marketing (H₃) have comparatively lower effects, with beta coefficients of 0.146 and 0.095, respectively, and R² values of 0.021 and 0.009. Despite the varying levels of influence, all predictors contribute positively to customer retention. The results highlight that tactile marketing strategies, such as product texture and interactive packaging, play the most significant role in enhancing customer retention, while visual, auditory, and olfactory elements also contribute but with relatively lower impact.

Table 2: Correlation Analysis

	Auditory Marketing	Visual Marketing	Olfactory Marketing	Tactile Marketing	Customer Retention
Auditory Marketing	1				
Visual Marketing	.872**	1			
Olfactory Marketing	.687**	.733**	1		
Tactile Marketing	.590**	.550**	.520**	1	
Customer Retention	.146*	.157*	.095	.595**	1

** *Correlation is significant at the 0.01 level (2-tailed).*

* *Correlation is significant at the 0.05 level (2-tailed).*

The correlation analysis examines the relationships between sensory marketing strategies (auditory, visual, olfactory, and tactile) and customer retention. The results indicate strong positive correlations among sensory marketing strategies, with auditory and visual marketing exhibiting the highest correlation (r= 0.872, p < 0.01), suggesting that businesses implementing auditory strategies often integrate visual elements as well. Similarly, olfactory marketing is strongly correlated with both visual (r = 0.733, p < 0.01) and auditory marketing (r = 0.687, p < 0.01), highlighting the interconnected nature of sensory cues in marketing.

When examining the relationship between sensory marketing and customer retention, tactile marketing (r = 0.595, p < 0.01) demonstrates the strongest positive correlation, indicating that product texture, interactive packaging, and sample availability significantly enhance customer retention. Visual marketing (r = 0.157, p < 0.05) and auditory marketing (r = 0.146, p < 0.05) show weaker but statistically significant correlations with customer retention, suggesting that while they contribute to consumer engagement, their impact is less pronounced compared to tactile elements. Olfactory marketing (r = 0.095) does not show a statistically significant correlation with customer retention, implying that while scents may influence brand

perception, they may not directly drive customer retention.

Overall, the results indicate that tactile marketing has the strongest impact on customer retention, followed by visual and auditory marketing, while olfactory marketing has the least direct influence. These insights suggest that cosmetic startups should prioritize tactile marketing strategies to enhance long-term customer loyalty.

4. DISCUSSION & IMPLICATIONS

The findings of the research offer insightful information on how sensory marketing techniques might improve client retention in cosmetic companies. The findings are consistent with other research highlighting the importance of multimodal experiences in influencing customer behaviour. The strong correlation between visual and auditory marketing suggests that integrated sensory approaches are widely adopted, reinforcing earlier research on the synergy between sight and sound in brand perception. However, the study highlights that tactile marketing has the strongest impact on customer retention, supporting previous studies that emphasize the importance of product texture and interactive packaging in consumer decision-making. While olfactory marketing has been widely acknowledged in past research for influencing brand recall, its lower correlation with customer retention in this study suggests that it may function more effectively as a complementary rather than a primary driver of loyalty.

From a practical perspective, cosmetic startups can leverage these insights to refine their marketing strategies. Given that tactile marketing emerges as the most influential factor, businesses should focus on improving product texture, offering interactive packaging, and providing physical samples to enhance consumer engagement. Additionally, the positive impact of visual and auditory marketing indicates the need for compelling packaging, cohesive digital aesthetics, and strategic use of brand sounds or jingles to reinforce brand identity. The findings suggest that startups should integrate multiple sensory elements rather than relying on a single approach to maximize customer retention.

From a theoretical standpoint, this study contributes to existing literature on sensory marketing and customer retention by empirically validating the impact of individual sensory elements in the context of cosmetic startups. The findings expand the understanding of how tactile stimuli influence long-term consumer relationships, offering a nuanced perspective on the relative effectiveness of different sensory strategies. Furthermore, the study reinforces the relevance of multisensory marketing theories, suggesting that a holistic approach combining visual, auditory, olfactory, and tactile elements is essential for sustained customer engagement. Future studies examining the long-term impacts of sensory marketing on consumer psychology and brand loyalty are made possible by these revelations.

5. CONCLUSION & RECOMMENDATIONS

This study highlights the critical role of sensory marketing strategies in influencing customer retention within cosmetic startups. The findings reveal that tactile marketing has the strongest impact, followed by visual and auditory marketing, while olfactory marketing plays a relatively minor role in directly driving customer retention. The correlation analysis confirms a strong interconnection between different sensory elements, emphasizing the need for a multisensory approach rather than isolated marketing efforts. Regression results further validate that sensory stimuli significantly contribute to brand recall, customer loyalty, and repeat purchases, reinforcing the effectiveness of sensory-driven branding strategies.

From a practical standpoint, cosmetic startups should prioritize tactile marketing by enhancing product texture, using interactive packaging, and providing physical samples to improve consumer engagement and retention. Visual and auditory elements should also be optimized through aesthetically appealing packaging, well-designed store layouts, and strategic use of background music or brand jingles to create a compelling sensory experience. While olfactory marketing alone may not strongly impact retention, it can still be leveraged in combination with other sensory cues to strengthen brand identity and recall. Additionally, startups should invest in data-driven insights to customize sensory experiences based on consumer preferences, enhancing personalization and engagement.

For future research, expanding the scope beyond cosmetic startups to other industries such as fashion, retail, and hospitality would provide a broader understanding of sensory marketing's cross-sector applicability. Additionally, conducting comparative studies across different geographical regions could help identify cultural influences on sensory preferences and marketing effectiveness. Longitudinal studies could also explore the long-term impact of multisensory marketing strategies on customer loyalty, offering deeper insights into how sustained sensory engagement influences brand relationships. These future research directions will further enhance the understanding of sensory marketing's evolving role in consumer behaviour and business success.

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