The Future of Fragrances: Capitalizing On Emerging Trends and Changing Preferences

Consumers are highly aware of the need to look and smell good in a society which is dominated by Visual Culture. Indeed, consumers tend to feel happier and more confident if they like the way they smell. The marketplace is becoming increasingly saturated with fragrance products, and the added pressure of a recession presents a challenge to industry players--that this report seeks to tackle.

The report covers France, Germany, Italy, Netherlands, Spain, Sweden, UK, US, Australia, Japan, South Korea, China, India, Brazil, Russia, UAE and Saudi Arabia.

Scope

- Detailed insights and analysis documenting the drivers and inhibitors within the fragrance market.
- Analysis documenting the relative importance consumers place on appearance and data sizing the fragrance market.
- Strategic conclusions combined with actionable recommendations for all industry players seeking to fully capitalize on this segment.

Research and analysis highlights

Consumers of both genders feel increasingly under pressure as a result of today's Visual Culture. These consumers believe that appearance can positively or negatively affect their social standing, their ability to form relationships and even their career success. Traditionally, fragrances (i.e. perfumes) have been more popular with women than men. However, men are becoming increasingly disposed to spending more time on their appearances and paying more attention to the products that they use. Capitalizing on this is a key opportunity for fragrance manufacturers going forwards.

Market saturation means that industry players are constantly striving for innovation. Unique aromas are being blended to provide consumers with new experiences, and concepts such as exclusivity and hedonism are being pushed to new levels. In addition,
the use of natural ingredients and proving ethical credentials are becoming key differentiators

**Key reasons to purchase this research**

- Consumer understanding: obtain a detailed understanding of consumer attitudes and behaviors towards fragrance product
- Market understanding: identify the key fragrance markets and product innovation trends in 17 countries across four territories
- Ideation: find inspiration for innovative formulations and positioning that takes advantage of consumers' desires for high quality prestige fragrances
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• THE FUTURE DECODED
  o INTRODUCTION: Fragrances are a major component of the overall personal care market
    ✚ This report is one in a series of five category focused reports outlining the future of personal care trends
    ✚ Fragrance preference induces a strong emotional attachment for consumers
    ✚ Consumers view their scent as an important aspect of their personal hygiene, therefore making fragrance usage one of the most significant parts of their daily personal care regimes
    ✚ The overall global fragrance market is subject to a number of drivers and inhibitors
  o TREND: ‘Visual Culture’ and an associated pre-occupation with appearance is the defining trend in the personal care space across product categories
    ✚ Image is important to consumers even if they do not significantly feel societal pressure to look good (at least consciously that is)
    ✚ There is scope for consumers to feel happier about their appearance, given the pressure to conform to demanding beauty ideals associated with contemporary society
    ✚ Key takeouts and implications: Visual Culture is the core macro-trend influencing personal care habits
  o TREND: Fragrance sales have been negatively impacted by the global economic crisis, but the future still holds promise
    ✚ Fragrances have not suffered as much as other personal care products in the recession, and have even thrived in some markets
    ✚ Key takeouts and implications: industry players in the fragrances space have faced inevitable recessionary pressures, but have been successful to a certain degree, particularly in emerging markets
  o TREND: Most consumers are spending longer on their beauty regimes
    ✚ Key takeouts and implications: the most significant growth in fragrance usage occasions going forward will occur in the high growth emerging markets
  o INSIGHT: Fragrances are used by a majority of consumers, with a wide range of purchase motivators contributing to product choice
    ✚ Using fragrances is something which a majority of consumers deem important to do on a daily basis
Sensory and value considerations are driving fragrance purchases in the majority of markets worldwide

Key takeouts and implications: consumers are motivated to purchase and wear fragrances for a number of reasons, including improving desirability, personal happiness and professional advancement

- **INSIGHT:** More importance is placed on branding than efficacy when choosing fragrances
  - Being both quality and brand conscious typically characterizes fragrance consumers, but there are notable variations by country and gender
  - Fragrance manufacturers need to recognize the ‘experience economy’
  - Key takeouts and implications: frequent fragrance users typically seek products that are both high quality and of a reputable brand, with the two rarely seen as being mutually exclusive

- **INSIGHT:** Fragrances, despite being associated with prestige and luxury, are not immune to consumers’ intensifying value-for-money considerations
  - Value-for-money considerations heavily influence fragrance choice
  - Key takeouts and implications: with value-for-money considerations influencing fragrance product choice just like other beauty categories, industry players can not simply rely on the allure of the brand image to generate appeal

- **INSIGHT:** Ethicality and the use of natural ingredients are both somewhat important to fragrance consumers, but are typically regarded as secondary considerations
  - Key takeouts and implications: as the marketplace becomes more saturated with fragrance products, being able to champion ingredient, ethical or environmental benefits will grow in importance

- **INSIGHT:** Consumers value customization benefits so their fragrances feel more personal
  - Key takeouts and implications: customized benefits enhance consumers’ perceptions that their fragrances match their personalities

- **INSIGHT:** Recent fragrance product marketing efforts have focused on appealing to the male demographic and embracing prestige
  - Key takeouts and implications: marketing in the fragrance category typically looks to embrace the prestigious nature of fragrances, but industry players should be wary of being too reliant on celebrities to create brand allure

- **INSIGHT:** More fragrances are incorporating active ingredients which provide consumers with additional benefits
Key takeouts and implications: the number of functional fragrance products is relatively low, but innovations will keep on occurring and igniting interest in the industry

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    ✏ There are several advantages to ensuring that consumers have access to a brand over the internet
  
  o ACTION: Use natural/organic ingredients and promote ethicality to appeal to consumers
    ✏ There are a multitude of reasons why natural and organic reasons can be beneficial to manufacturers
  
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- Fragrances are more brand driven than other major personal care categories, but not to the extent that industry players should be overly complacent about the possible emergence of private label.
- Sustainability and ethics will drive a higher number of commercial and consumer decisions, driving change across the value chain.
- For fragrance product choices, natural and ethical considerations are important in Italy, Russia and Spain, but the majority of other Europeans are less concerned than the global average.
- Brazilian consumers find it important to choose fragrances that are both natural and ethical, but this is far less of a consideration in the US.
- In the Asia Pacific region, Japanese consumers are particularly unconcerned with whether or not a fragrance product has ethical credentials and/or uses natural/organic ingredients.
- More than half of consumers in the Middle East believe it is important that fragrances are natural and manufactured in an environmentally-friendly way.
- Fragrances such as Baobab tout ethical credentials to appeal to the low, but significant proportion of consumers that take such issues into account when making purchase decisions.
- On a general level, Australians in particular are guided by the ideology of ‘buying local’.
- Customization benefits are likely to appeal to the high proportion of individualistic consumers who value the opportunity to be expressive and have products that better meet specific needs.
- Customization benefits are likely to appeal to the high proportion of individualistic global consumers who value the opportunity to be personally expressive and have products that better meet specific needs.
- Russians are the most interested in customization benefits in fragrances.
- Brazilians are more attracted to the idea of customization features for fragrances than Americans.
- In the Asia Pacific, the Japanese are the least pre-occupied by custom features.
- The percentage of Gulf consumers who find customization benefits important in their choice of fragrances is nearly twice the global average.
- Consumers can now use the internet to build fragrance profiles and receive recommendations based on the results.
- Companies have adopted masculine marketing approaches to make fragrances more appealing to males who view it as a feminine product.
- A product package that is interesting to touch may increase sales of the product even if the opportunity to touch does not provide additional product attribute information for the consumer.
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