

Fragrances industry adjusts to the fast pace of a fickle consumer market

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Fragrances have gone the way of the colour cosmetics sector, viewed in the same light as short-term fashion fads and increasingly influenced by them. It is this high churn rate that is fuelling celebrity scents and prompting perfumers to seek inspiration from trends beyond the beauty market.

Celebrity fragrances continue to thrive despite industry predictions of a backlash and the rise of artisanal fragrances, which are working to revive perfumery's status as an art form in the hope of bringing durability to an increasingly fickle market. Six celebrities have already announced they will introduce scents before the end of 2007 in the US alone. Gwen Stefani, Mariah Carey and Usher are all new names to the fragrances sector while Sarah Jessica Parker, Sean "Diddy" Combs and Paris Hilton are expanding their scent collections.

There will always be consumers that stay loyal to a single, signature scent, particularly among the older age groups, but for the majority, fragrance has become the accessory that completes an outfit and these consumers update their scent wardrobe almost as often as they update their 'look'.

For the manufacturers of celebrity scents, there is a recognition that fragrances do not need to last more than the two years that have become the industry average for new launches. They are catering to the fashion side of the sector, generating a buzz by creating the next must-have scent. By using prominent figures from the worlds of music, movies or fashion, they can instantly affiliate with a particular trend with a minimum of brand building and costly advertising.

And the strategy is working. Euromonitor International data shows fragrances put in a strong performance in 2006 for such a crowded and competitive sector, increasing by 6% in fixed exchange rate terms to US\$30.6 billion. The figure also caps off a three-year trend of growth acceleration fed by economic prosperity in the emerging markets, but also stronger demand in the maturing, developed countries. In Western Europe particularly there was a marked upturn in 2006, according to Euromonitor International, for which celebrity scents are largely credited. Tapping into outside trends

Celebrity branding, however, is not the only way for manufacturers to keep their fragrances aligned with fashion. Increasingly, for instance, the industry is using colour trends as inspiration for new scents. US-based Arylessence works with colour forecasters to create a palette that conveys an identified trend, which it then translates into notes and accords. The company, for example, was inspired by a palette including sugar coral and deep-water blue (based on the lifestyle trend Exotica, which epitomises freedom, escapism and adventure) to create fragrance combinations of green curry and mango, and Tahitian sugarcane and papaya.

Arylessence also illustrates how fragrance companies are increasingly tracking food fads as predictors of future scent trends. Other examples include Jo Malone's Pomegranate Noir, which rides on the present wave of popularity for super fruits, and Tartine Et Chocolat Gransenlon Perfume by Givenchy.

Limited editions are another way for fragrances to stay current and to cut across the constant hype in such a launch-heavy sector and stand out from the other new products coming onto the market. They often tap into a high-profile event of the moment to benefit from the publicity surrounding it, or mark the coming of a new season or holiday. Yves Saint Laurent originally launched In Love Again as a limited edition to celebrate 40 years in the fashion business and last year Thierry Mugler introduced a limited edition box set of fragrances linked with the film release of Patrick S  skind's novel *Perfume: The Story of a Murderer*.

In terms of future prospects, the outlook is rosy for fragrances, with Euromonitor International forecasting it to keep pace with the overall cosmetics and toiletries market at a steady 3% a year over 2006-2011. This is a more positive picture than was being painted this time last year and shows that the industry is adapting to a faster-paced environment in which brand loyalty is low. Diana Dodson, Cosmetics and Toiletries Senior Industry Analyst: diana.dodson@euromonitor.com

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