Euromonitor talks trends at Esomar Fragrance 2007

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Globalisation is providing new opportunities for innovation in the fragrances market according to Euromonitor's Senior Cosmetics and Toiletries Industry Analyst Diana Dodson. Speaking at Esomar Fragrance 2007, Dodson discussed the conflict between local scent preferences and the spread of international trends and how this was also a source of new product development within the US$30.5 billion global market.

Presenting on the first day of the two-day conference, held on November 15-16 in Paris, Dodson discussed the differences in fragrance taste and usage between country markets. Latin America, for example, is an important market for baby fragrances, with sales totalling US$165 million in Brazil alone in 2006. The region is also the only market where there is a marked preference for mass fragrances. They account for 85% of total fragrance sales in Latin America. This comes not only as a result of high import tariffs on foreign brands (which predominate in the premium segment) but also because of well-respected local players such as Natura and O BoticÃ¡rio, which offer reasonably priced scents that are light and fresh; an appealing combination in the region's hot and humid climate.

Another company that tailors its products to local tastes is Saudi's Arabian Oud. The firm's eponymous brand has become a top-15 player in the global fragrances market despite being sold in just two stores outside the Middle East and with sales of US$167 million in 2006 it has become the world's number one selling unisex scent.

The world is getting smaller however, and international fashion trends are spreading, creating greater homogenisation of demand. Dodson pointed to the rising demand for fragrances in Asia Pacific - in many Asia Pacific countries there is a traditional dislike of scented beauty products for their association with the masking of body odour - as evidence of this. Although Dodson stressed that international trends can often take on a local flavour, using the popularity of celebrity politician-branded scents in Russia as an example.Glocalisation and NPD

Despite the homogenisation of demand, Dodson said manufacturers are increasingly realising they do not have to convert new country markets to international trends. â€œThey can instead create brands tailored to a particular local market or ethnic group.â€• In autumn 2007 for example, Disney launched a Pirates of the Caribbean cologne in the US specifically targeting Hispanic boys aged 4-11. The reverse is also happening, according to Dodson, with manufacturers taking a trend from abroad and introducing it into another market to stimulate new demand. The introduction of baby fragrances by premium brands such as Bulgari and Burberry in countries where there is no traditional usage, such as the US and UK, is just one example of this trend.

Euromonitor's presentation led to a discussion of celebrity scents, which Unilever's David Cousino suggested were responsible for the dumbing down of the fragrances market. Dodson said it was in the industry's own interests to move towards brands that have narrower appeal but are of a higher value than the mass-produced, broad-appeal labels that predominate in the market today. She said a backlash against celebrity scents is inevitable in the longer term although she admits that the trend has already shown surprising longevity and is likely to remain as a market niche within the teen/tween segment.Â

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