

The Future of Transparency

Seeking a middle ground between the fragrance industry and NGOs, plus other highlights from the RIFM annual meeting

“Is there a middle ground for fragrances?” asked Mark Rossi, research director of Clean Production Action (CPA; www.cleanproduction.org). Rossi made his comments during the 45th annual meeting of the Research Institute for Fragrance Materials (RIFM; www.rifm.org) at the Highlawn Pavilion in West Orange, New Jersey, which addressed the issue of increasing transparency in the way products are conceived and executed cradle to cradle. Rossi’s talk reflected the fragrance industry’s wider effort to dialogue with nongovernmental organizations (NGO) such as CPA while also asserting its legitimate concerns surrounding confidential business information (CBI)—seen as a lynchpin in the sustainability and competitiveness of the industry. By day’s end it was clear that progress has been made, but crucial differences remain.

CPA, according to its mission, “designs and delivers strategic solutions for green chemicals, sustainable materials and environmentally preferable products.” To that end, the organization works with numerous industries—notably electronics—to effect “cleaner” production practices in order to achieve “the fundamental transformations necessary in our economy.”

Rossi’s perspective on how this transformation might be induced in the fragrance industry centered on a cooperative, rather than confrontational, approach. Among the key areas he identified was ingredient disclosure—the need, as he saw it, for consumers and other parties to have more information about products, right down to the ingredients. Although this topic can be discomfiting for the industry, Rossi underscored “an opportunity for dialogue.”

In the midst of his presentation, Rossi displayed an interesting graphic showing that among various consumer product facets of environmental concern worldwide—packaging, energy, waste, batteries, etc.—substances, including chemicals, is the most highly regulated category. In the area of ingredients, said Rossi, CPA has launched its Green Screen for Safer Chemicals (www.cleanproduction.org/Green-screen.php), which is “the first free, publicly accessible screening tool to promote the design, manufacture and use of safer chemicals.”



Ladd Smith, RIFM president.

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Consumer Loyalty and the Product Development Cycle

From beginning to end, according to Les Smith, vice president of research and development for Coty Inc., any major fragrance launch is likely to undergo dozens, if not hundreds, of modifications during its development process: "It's a very intense process." In connecting the dots between consumer and innovation, Smith's presentation focused on product development lifecycles, from manufacturer to retailer to consumer and back to the manufacturer.

While consumer goods companies focus on cost structure, regulatory compliance, stability, safety testing, etc., they also pursue technologies for special product effects, including film-forming processes and encapsulation solutions. Melding consumer understanding with innovation, Smith outlined some of the activities of the Coty Testing Institute (www.cotyinstitute.com), which facilitates panels around the world to "ensure that the best products possible are introduced to the market." Such scale is invaluable, said Smith, "because the claims that we support need to be global."

Beyond technical attributes, Smith discussed his organization's efforts in exploring the psychological aspects of fragrance, which have led to analytical tools that can help both creative and technical perfumers to create winning scents. In tandem, trained sensory testing panelists can assess specific product attributes, which he called "critical to the success of the products."

As hinted by its cyclical structure, the development process does not stop once a product reaches retail. Smith explained that Coty continually generates feedback and analysis, creating ongoing relationships with consumers and a more thorough picture of the marketplace, which he added, "generates ideas and stimulates innovation."

Consumer feedback is derived from the thousands of contacts the company receives from consumers each month, including interactions at retail or phone/electronic contacts with customer service. Smith concluded that not only does this feedback help increase brand loyalty and prevent future problems with products, but it also controls costs. By his estimation it is five times more expensive to gain a new consumer than it is to keep an existing one.



Les Smith (Coty).



Mark Rossi (Clean Production Action).

The interface is intended to serve as a "roadmap to green chemistry" for industry, resulting in the substitution of hazardous chemicals with "safer alternatives." To this end, CPA has set benchmark categories, grading from chemicals of "high concern" to those deemed "safer" and thus preferable. It was the concept of hazard, Rossi was told during the question and answer session, that the fragrance industry believes requires a closer, nuanced read.

"We define a chemical of high concern as a carcinogen, mutagen, reproductive toxicant, PBT [persistent, bioaccumulative and toxic], endocrine disruptor and neurotoxicant," said Rossi. "If you've got two chemicals and one chemical is inherently [more] hazardous than the other, then the less hazardous [option] is preferable." Of course there are price point considerations for ingredient substitutions, which are to some degree addressed in CPA's chemical evaluation decision logic. Rossi noted that the decision logic and the larger screening concept illustrated the NGO's interest in finding middle ground between NGOs and industry, in part by addressing inefficiencies and redundancies in regulatory frameworks. Despite industry's misgivings, Rossi added that this discussion must be framed in a wider cultural context that increasingly demands a greater level of transparency in business, environment, social issues, finances and beyond.

Beyond cultural trends, Rossi explained that companies his organization has worked with are concerned about confronting issues with ingredients in their products based on complaints—from NGOs such as the Breast Cancer Fund and the Natural Resources Defense Council, and consumers and retailers—after they reach the market. Substitutions after the fact would inevitably prove costly.

"There is a need to protect your brand," Rossi warned.

Seeking the “common” space among stakeholders led CPA to work toward a collaborative system that allowed groups to learn from one another while also making safer and more sustainable products. In setting up a workable chemicals policy, from Rossi’s point of view, it is crucial to get ahead of the marketplace and current regulations. From his perspective, the process should progress as follows:

- Identify what ingredients a product contains.
- Identify potential “issues” with any ingredients.
- Pursue a strategy for removal and replacement of “problematic” ingredients.

Disclosure of ingredients and determining how “problematic” should be defined has been a perennial point of contention between the fragrance industry and NGOs. When prompted by the RIFM audience, Rossi conceded that under a CPA-style system, some but not all companies would disclose all chemicals; there seemed to be some room for gradations of disclosure. Such concessions, he added, would likely come with better understanding of the industry’s supply chain throughout the product lifecycle—cradle to cradle—by NGOs and other stakeholders. From Rossi’s point of view, such a thorough understanding of products could allow for the identification and resolution of problems before they arise.

Rossi added that the industry is already seeing the effects of such supply chain examinations. Walmart’s recent efforts in sustainability, particularly surrounding products, represent a compromise between greater disclosure and CBI among manufacturers and retailers. Simultaneously, companies such as Seventh Generation are focused on achieving 100% transparency. Meanwhile, US state and federal legislation continues to push toward greater ingredient disclosure.

Here Rossi noted that the object cannot be the total elimination of hazard, but rather its minimization. At this point, the conversation among attendees and speaker became somewhat mired in differing views of hazard and its role in flagging materials for elimination. Explaining that both sides—NGOs and industry—will have to give some ground on certain points, Rossi wondered aloud if CBI should be attached to “chemicals of concern.” Audience members pushed back, noting that while Rossi struck a conciliatory tone, other NGOs have historically held full ingredient disclosure as the sole acceptable outcome. As his presence illustrated, not all NGOs hold the same position on CBI, making the future of transparency a challenging one.

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