

The BRIC Factor

How products, consumers and perfumers in developing markets will influence global brands

In 2011 Brazil overtook the United States as the world's top fine fragrance market, according to Euromonitor International.^a In 2010–2011, Brazilian fragrance sales totaled \$6 billion, compared to the United States' \$5.3 billion—a gain of 33% year-over-year, according to data gathered by the Brazilian Association of the Cosmetic, Toiletry & Fragrance Industry (ABIHPEC).^b Currently, according to Euromonitor, mass market sales account for 93% of Brazilian fragrance revenue, led by Natura and O Boticário brands. According to numbers presented by Sergio Gallucci, technology manager at Natura, during the Barcelona meeting of the International Federation of Essential Oil and Aroma Trades (IFEAT), Brazilians spend a bit more than \$30 dollars per person on fragrance each year.

Premium fragrances tend to not register significantly for Latin American consumers, explained Gallucci. In fact, 60–90% of top Latin American scents are mass, rather than premium. Masculine scents represent no more than 45% of any major Latin American market. The region's fragrance sales grew 115% between 2005 and 2010, representing 53% of total fragrance market growth for the period. Today, the region represents 25.8% of the global fragrance market, totaling \$10.27 billion.

In Brazil, demand for fragrance is not driven by income levels, noted Felix Mayr-Harting, Givaudan's global head of fine fragrance, in remarks delivered to the IFEAT delegates. Cultural factors and local realities, not income, rule behavior: hygiene, climate, and religious and cultural traditions. For these reasons, Mayr-Harting explained that it is crucial for the industry to understand and invest in developing markets. This will require companies to leverage the expertise of perfumers in developing markets such as Brazil in order to meet local tastes. He added that in the not too distant future Brazilian products will influence global brands, rather than merely taking cues from traditional markets: "Brazilian creativity has something to say beyond its own market; high quality companies and creation can spread beyond Latin America."

^a Some figures in this article are derived from: F Bonifacio, Brazil Now World's Top Market for Fragrances, *GCI* magazine, 179(6) (2011)

^b Global fragrance market value, 2010: \$39.7 billion



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Meanwhile, Mayr-Harting noted that it is important to understand the "culture of scent" in developing countries. For example, in China fragrance users are first-generation, with no passing on of tradition from mother to daughter. There is also widespread concern that fragrance is too obtrusive to other people, and so many consumers apply scent by spraying into the air and walking through the mist. For formulators, it is important to seek a sensory balance of density, temperature and sweetness.

The Asian market will grow based on a love of luxury, said Mayr-Harting. For the Chinese in particular, projecting status is crucial. And there is a high level of competition for consumers' discretionary spend. In Asia and beyond, fine fragrance is competing with tech gadgets. As a result, he concluded, it is necessary for brands and formulators to tailor product development to developing market tastes, particularly as young consumers easily lapse from fragrance use. Innovation, he said, can and will attract these young consumers.

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