

Rethinking Fragrance

How the industry can reinvigorate the fragrance market in an already cluttered landscape.

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For those of us who have been in the fine fragrance industry for 20 years and more, we must surely recognize and agree that the growth of our business has been a very exciting and prosperous journey. However, with growth there is also the question of what and when is the “tipping point” in a saturated market? There is a cost to all this growth, and it’s a challenge for all of us—finished goods houses, fragrance suppliers, raw material providers and even retailers—to consider.

More competition requires higher concentration and focus on the identity of brands in order to stand out amongst the rest. How and what do we need to do or change in order to continue to sustain our businesses and differentiate our brands from all others? Fragrances can no longer be marketed the same way they used to be. Years ago, one could say that a great advertising campaign with a sexy or romantic theme would easily lure the consumer to the counter to make a purchase. The cliché that “sex sells” is not necessarily the case anymore. One can see that advertising campaigns often look similar to one another, and brands that once had strong loyal followers now find that there are more and more attractive brands to consider. Going forward, the industry needs to begin to rethink, work smarter and be more innovative in its approach to fragrance concepts, fragrance development and communication to the consumer.

The Olfactive Landscape Then and Now

Michael Edwards, author of “Fragrances of the World” reference books, recorded only 85 fine fragrance introductions in 1989.^a In the 1990s, the industry experienced a large growth in women’s fragrance introductions, mostly concentrated within the fruity floral family.^b Meanwhile, fresh fougères were the “go-to” for men. Classics such as *Beautiful*, *Happy*, *Eternity* and *Romance* for women, and *Eternity* and *Cool Water* for men were introduced, and have maintained healthy shares for years. Why? They are expertly formulated, high-quality fragrances that connected emotionally to consumers and have maintained that connection over time.

From a historical perspective, there will always be certain fragrances that disrupt the current landscape and become the “new rave.” For the 1990s, the disruptive fragrances were *CK One*, *Angel* and *Cashmere Mist* for women, and *Aqua di Gio* and *Le Male* for men. All of these fragrances are still bestsellers

^awww.fragrancesoftheworld.com

^bEdwards’ classifications of scents have evolved over the years and currently comprise: floral, soft floral, floral oriental, soft oriental, oriental, woody oriental, woods, mossy woods, dry woods, aromatic fougère, citrus, water, green and fruity.

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today. Once the 2000s came about, new launches kept the momentum for growth. Fruity florals were still the dominant category for women, even though we saw a few notable newcomers in the floral oriental and chypre categories, with disruptor including *Narcisso Rodriguez* and *Coco Mademoiselle*. The same momentum continued for fresh fougères for men, with some growth in the woody category, including disruptors such as *Dior Pour Homme*, *Terre d’Hermès* and *Armani Code*.

There is always a need for disruptors to shake things up and bring uniqueness, signature and relevance to the marketplace, while inspiring others to follow, thereby expanding the olfactive range for consumers who were most likely very ready for something new. According to Edwards’ documentation of fragrance launches, it appears that even in the midst of the global recession there were 1,313 launches in 2010. His data, displayed in **T-1**, puts everything into perspective for how the industry’s fragrance launches have augmented over a period of time.

The Retail Landscape Then and Now

As fragrance launches increased over time, so too did the retailer landscape. By stepping back in time and moving forward, I hope to capture (broadly) that landscape, from when I started in the business to where it is today.

Growth Opportunities and Innovation in Fragrances

On June 10, as part of the 2014 World Perfumery Congress, Ruth Sutcliffe will take part in a panel discussion surrounding the changing dynamics of the fragrance industry.

For details on this and other panels, visit WPC.PerfumerFlavorist.com/classes/.

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I am sure that the reader has often heard that “lines of distribution and olfaction are overlapping” and “consumers are confused.” This is understandable because there was a period of time in which fine “perfume” would never have been found in mass drug stores. Fine fragrance was only sold in the department stores, while mass-marketed fragrances were only found in food, drug and some mid-tier department stores. When I lived in France in the late 1980s, there was also a clear division between distribution points.

At some point in time, mass retailers sought to create access for consumers to be able to purchase the classic fine fragrances such as *Shalimar* and *L’Air du Temps*. I recall that, when I was a young consumer, I had always looked at these two fragrances as aspirational, classic French brands that I expected to purchase only at the department store. That department store trip was a big deal. Once brands, such those mentioned above, entered the drugstore environment, marketers of mass market fragrances had a new dilemma: They were now competing against the “fine” French perfume houses. Brands in the United States, in particular, were pressured by retailers to introduce something new every six months in order to provide consumers with something novel—the quicker the fragrances came to market, the better.

Perhaps not coincidentally, what seemed to occur around this same time was the entry of new “masstige” fragrances, which were priced to fill in the gap between mass and prestige fragrance price points. This was perfect timing for companies to license celebrity fragrances, because finished goods houses could then offer consumers an aspirational fragrance “signed” and endorsed by a celebrity at price points often in between fine and mass pricing. Pop celebrities were very à la mode, and their fans went wild purchasing their scents. As can be seen from Edwards’ data presented in **T-1**, celebrity brands more than quadrupled between 2003 and 2013, with many of them coming from companies such as Elizabeth Arden and Coty. Elizabeth Arden, of course, owned the license for Elizabeth Taylor’s *White Diamonds*, which was the absolute queen of all celebrity fragrances, remaining #1 in the mass category for a very long time.

“Flankers” and “limited editions” arrived within approximately the same period of time as celebrity fragrances. Flankers, as many readers may know, is the term for a scent that does just that—it flanks a “pillar” fragrance. Flankers often have an olfactive link to the pillar scent, though some have a revolutionary olfactive twist with almost no connection to the pillar whatsoever. Limited editions, on the other hand, fill in gaps and are perfect brand enhancements for promotional events, seasonal offerings or special holidays. Flankers and limited editions come in a variety of themes such as spring, summer, sport, night, intense, black, light, *eaus*, aqua and fresh.

I believe that many consumers began to react negatively to the proliferation of launches into the marketplace because so many fragrances began to smell similar to one another and concepts were all too similar as well. The saturated market led to boredom and confusion for many consumers. Fragrance was no longer considered as aspirational and prestigious as in previous decades.

The need for uniqueness, signature and higher-quality “juice” provided a perfect entrée to the landscape for the ultra-prestige fragrance genres of “niche” and “artisanal” scents.

T-1. New fragrance launches, according to Michael Edwards’ “Fragrances of the World” (www.fragrancesoftheworld.com)

	1993	2003	2013
Total	132	581	1,432
Feminine	74	771	953
Masculine	46	149	286
Unisex	12	61	193
Limited editions	1	64	232
Flankers	14	95	229
Celebrity	6	11	53
Niche	24	128	395

Artisanal and niche fragrances are typically elegantly bottled, with price points often way above \$100, and always offered in limited distribution. They speak of rare and noble ingredients, are “signed” by master perfumers (as in the case of Frédéric Malle), are meticulously crafted and often tell stories that seduce the emotional chords of the consumer. They are the anti-mass and anti-mainstream.

Stores such as Barney’s and Bergdorf Goodman grew to be known for carrying these disruptive niche fragrances. Artists, designers and visionaries such as Serge Lutens and Frédéric Malle were the pioneers of this genre of scent. They were followed by other disruptive and unique brands such as Le Labo, which offered customized fragrances, and Francis Kurkdjian, who launched his own Maison Francis Kurkdjian brand.

Edwards’ data in **T-1** indicates that the niche category grew from 128 launches in 2003 to 395 in 2013. After a recent trip through the floors of Barneys and Bergdorfs, I believe that we will see many more niche launches in 2014. However, one must ask at some point in the near future, will niche remain niche, or will this category also become saturated?

Fragrance and Brand DNA

Just as each of us has our own uniqueness and identity, fragrance brands do as well. I have had fragrance development experience in what I believe to be almost all end-uses in the marketplace, from the most sophisticated fine fragrance brands that contain numerous raw materials to the most simplistic formulas that are incorporated into highly technical and challenging bases for toilet bowl cleaners and other functional care products, including air fresheners.

One story I like to tell is when I worked at IFF’s household products division in the 1990s. I was assigned to a project which required that I analyze the global toilet bowl cleaner market. Our global subsidiaries sent their markets’ top-selling toilet bowl cleaning products to our New Jersey office for review and olfactive evaluation. When the products arrived from all over the world—Southeast Asia, Europe, Latin America and South America—I had an entire conference room table full of product. The colors were varied: green, blue, yellow, white and pink. Segmenting the products from market to market, I started examining product names and manufacturers and smelling.

What I learned from this study was that fragrances went from very simple and “crude” to fine fragrance-oriented scents

inspired by the violet and rose aspect of *Paris*, and the powdery floralcy of a *Chanel No. 5*. Overall, I determined that the United Kingdom had the most sophisticated and best-smelling toilet bowl cleaners and fresheners I'd ever smelled. I can still recall the full-bodied multi-floral Tesco and Sainsbury fragrances that were very pretty, well-balanced floral bouquets with a distinct cosmetic aspect. The English garden theme was popular at that time, so multi-floral bouquets were highly favored in the U.K. markets. Germany seemed to like pines, Italy liked lavenders, Mexico leaned toward fruits like cherry, apple and lemon, and the United States was going through an explosion of various fruity floral green fragrances

Fast forwarding to today's U.S. toilet bowl cleaner market will show that the manufacturers are still dominated by three major global companies, colors have remained basic, and the products' messages are all about doing the job, but doing it better, while their scent themes have gone from pine to multi-coniferous blends and to aspirational names such as *Ocean Scent* (Lysol).

Air fresheners, on the other hand, have become extremely sophisticated, with fine fragrance-like themes with dual ingredients (à la Jo Malone) like jasmine and honeysuckle and destination themes that take the consumer to exotic places far away from home. The manufacturers and brands are almost the same, with the exception of P&G's mega success with the Febreze franchise, which surfaced (on the air freshener side) just a few years ago. We can now find the brand across various end uses, including laundry detergents. Febreze is probably one of the most significant disruptors in the household products area that I've seen since I started in this business. Although the concept itself is not new, Febreze took the odor neutralizer category into a much more elegant place and was made much more "consumer friendly" vs. the neutralizers that were introduced in the 1990s and marketed in a more industrial and functional way.

Each brand within the household products area has its own special identity and purpose that sets it apart from the rest. I have learned that culture, lifestyle changes and habits play a very important role in how household products have evolved and how they are now marketed and scented in the United States. I will make it a point to venture down the aisles of the Carrefour and Monoprix next time I am in France to see how household product concepts and themes have changed there as well. I assume they have changed, just not to the same degree as in the United States.

Through my experience, fine fragrance development and evaluation can be a much more tedious process, considering that licenses are often involved. More layers of involvement equals increased sensitivities and complexities. I often smell as many as 50 formulations a day, and quite often there could be one fragrance theme with several modifications off that theme. We in the fine fragrance category smell on multiple skin types and off of blotters to judge diffusivity, longevity, overall strength and balance, compared to temperature- and humidity-controlled air freshener booths, or specifically regulated guidelines for the various stages of the laundry process. The DNA of the celebrity or fashion brands is already established before the development process, but the concepts and the "stories" being told have to be communicated by the structure and the "feel" of the fragrance.

Even though it appears that celebrity fragrances are quite new to the industry, they are not. In the 1980s, Catherine Deneuve, Cher and Sofia Loren had their own perfumes, and, in 1991, Elizabeth Taylor's *White Diamonds* was launched, becoming the top-seller in mass market fragrances for more than a decade. Celebrities have their own specific consumer targets. All have diverse olfactive and cultural differences, but there is only one Jennifer Lopez, one Beyonce and one Britney Spears. The task for the perfumers and developers is to know and understand the celebrities' consumers and create fragrances that appeal to them.

I have worked with quite a few celebrities who have launched fragrances—Celine Dion, Beyonce, Halle Berry and Katy Perry, to name a few. When I meet with a celebrity for the first time, my task is to get to know them as a human being, not as the celebrity that I read about online or in publications. I always start by taking my client through exercises from which I discover and analyze their olfactive likes and dislikes. It is of utmost importance that I build trust and a good working relationship with the celebrities, because my overall goal is to be able to walk away from that meeting being able to communicate to perfumers an olfactive direction that will be in harmony with marketing's concept; the target consumers' tastes from one market to another across the globe; and, in the end, be a fragrance that my client will approve to go forward for launch.

Many of the celebrity fragrances have to exude sexiness, but the overall "feel" and sexiness can vary from one celebrity to the next. For example, fragrances created for Halle Berry and Beyonce must always be unmistakably sexy in their overall personality, but the sexiness is communicated in very different ways. On the other hand, a Celine Dion fragrance has to communicate romance and elegance because that is what she conveys to her audience through her musical talent. Furthermore, her target market is more mature than a Beyonce consumer, so all these details go into consideration when designing fragrances. And all of that has to be achieved within the development process before it goes to consumer research.

The same thought process is used for developing fragrances for fashion and lifestyle brands, as each brand has its own identity, and it is my responsibility to communicate the "feel" of that brand via scent. For example, the Guess brand is about a sexy, young and adventurous lifestyle. Jeans are its heritage, so fragrances have to communicate young, hip, sexy and cool. The Nautica brand is all about clothes that are classic, easy to wear and for that every day kind of guy. Its fragrances are clean, fresh, easy to wear and must always have an olfactive connection within the fragrance to water.

Fragrance brands outside the Coty portfolio that I feel communicate the essence, or the DNA, of that brand would be Jean-Claude Elena's exquisite creations for Hermès. His fragrances have been in perfect harmony with the Hermès brand, known for its distinguished heritage of elegant accessories and the highest quality of raw materials and workmanship. Elena's formulas are refined, often delicate and classic with the most superb high-quality raw materials within his formulations. On the other end of the spectrum would be Dolce and Gabbana, whose fashions are for the daring, fashion-forward, young and seductive woman, and their fragrances are always sexy, robust, multifaceted and with a decidedly European (Italian) edge.

Overall, the true challenge in fragrance development is the timing of multiple fragrance launches that occur every six months or so for new flankers or limited editions (I am often developing several fragrances at the same time). Much thought and strategy has to come into consideration in order to assure that the DNA of each brand stays intact, while still providing the consumer with an exciting new scent offering.

Challenges on the Perfumery Landscape

Perfumers have all the challenges I have, and many more. The industry is at a point at which regulatory councils restrict and eliminate ingredients that have been utilized in formulations for decades. Global climate change has affected some of perfumery's natural resources, which causes havoc in supply and demand for major ingredients such as rose, patchouli and sandalwood, which can be challenging and add even more pressure for marketing companies to maintain their margins. The chain reaction that takes place often results in even more stress to the perfumer and the fragrance suppliers because they have to reformulate for multiple reasons. This is life as we know it now, and it's not going to go back.

Perfumers, who are great time managers, and creatively and technically crafty, will wear the storm well. But the industry can't let them wear it by themselves. Marketers, fragrance developers, evaluators, sales staff and the perfumers should work smarter and closer together with good communication and cohesive partnerships in order to meet the challenges of the new industry landscape.

Most importantly, we should try and be more mindful of the time given to perfumers to create and make necessary iterations to their formulae before presenting candidates to us. "Burning out" is not healthy for anyone, and definitely not good for creativity and productivity. I once heard a perfumer say, "I feel like a PEZ dispenser." This feeling can't help the perfumer conceive art, as I believe fragrance is. For a perfumer to produce one formula after another with only a limited amount of time is a disappreciation to the art itself. The goal should not be about the number of formulae produced, but about the "one" that becomes the win. I fully believe that reaching the "one" requires time, a good thought process and often collaboration with another perfumer within the company in order to view the fragrance from a different perspective, and to take the fragrance to its final, fine-tuned stage.

Besides giving perfumers more time and thought to the creative process, it must be the responsibility of the fragrance supply houses to thoroughly understand the philosophy and DNA of the various brands they are accountable for. To those houses I say: Know your brands, understand and know their consumer, and be thorough in the evaluation of your formulae. Yes, blotter/paper evaluations are always a good start, but wearing the fragrance on skin is even more important. If you are working on a brand whose audience consists of African American, Hispanic, Asian and Caucasian populations, make sure you evaluate the fragrances on multiple types of skin.

Forward On We March

The economy, consumer and world markets have changed and evolved, and we need to accept the changes and challenges that

have come with it and take action. I often believe that we ignore cues that pop up, thinking that they may just be a passing fad or trend, but social media has taught us lessons that what may have appeared to be just a passing fad was really something that became a world-wide movement.

At the time when the industry talked about going "global," we believed that we could develop and market a fragrance that would automatically and easily expand to other markets around the globe. Now we know better, as we should have. Certain markets have particular cultural and lifestyle differences that need to be accepted, and their needs must be addressed. For instance, Japan has long been known for having a preference for light, fresh and airy florals. On the other hand, Brazil, which is the leading country for purchases of fragrance in the world, is split into several geographical regions with the two major regions having very different tastes. What they do have in common is a need for a sparkling fresh top notes, and a preference for creamy background notes. It is now well known that fragrances with high levels of alcohol are subjected to high taxes. Manufacturers either have to pay those high taxes or develop the fragrances accordingly. Composing fragrance for local markets may now be an exception to what was a rule.

I encourage the industry to look beyond the 1,500 or so traditional fragrance ingredients that a perfumer has in his/her palette to utilize for their creations. The following are some examples that I am particularly enamored by, and embrace. Givaudan and Firmenich have made great strides in utilizing sustainable and fairly traded raw materials in their formulas, which enhance and support various communities around the world and add a feeling of "goodness" to a fragrance story. IFF continues to explore and expand on its trademarked *Living Flower* and *Living Fruit* technology repertoire. All three fragrance giants strive to invest and invent new molecules for their captive palettes or the open market. Other suppliers, like Robertet, which I've always known for its high-quality natural raw materials, consistently invest in sourcing new ingredients, while Symrise has forged ahead to expand on its *Life Essentials* program, offering new, exciting ingredients to utilize in formulas like never before.

Innovations via delivery systems, raw materials, and new concepts are a "must have" in order to help support brand differentiation, and keep "new" truly new. I am also certain that there are untapped resources outside of our industry that we have yet to discover, which may be able to inject new ideas that could be healthy for growth. But we have to take the time to do this: Breathe, think, be strategic and then act.

We need to recapture consumers who have left us, and gain new ones who have not yet discovered us. We need them to fall in love, and stay in love with fragrance!

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