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for Pfizer, Mr. Kennedy has made significant contributions to such fragrance launches as Sweet Earth, Nuance, LeSport, Smitty, Mirage, Masumi, Wild Musk, Musk for Men, Night Musk, Sophia and Stetson.

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Aggressive New Product Introductions— A Necessity in a Mature Market

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As most of us are aware, all of the indicators over the last few years show that the fragrance market is rapidly approaching maturity if, in fact, it is not already there. These indicators not only point out the situation in the retail end of the business, but they also tell the story for the entire fragrance industry. Every segment of the fragrance industry today is confronted with a maturing market.

Obviously, we are not the first industry to experience such growth obstacles. The electronics industry, for instance, experienced growth in the

U.S. in the 60s and 70s; the sales of automobiles in this country in the 70s and early 80s not only flattened out but actually went into a very serious downslide.

One of the techniques that the automotive, electronics and other industries have used to combat market maturity has been to aggressively introduce new products at the very time of maturity. While this technique may appear to be very risky, it is almost a necessity to introduce new products during maturation of a market in order to regain the customer's attention and



stimulate new interest in the industry's products.

If you think about it I'm sure that you'll agree that there is probably no better way to get someone's attention than to hit them with something new and different just when they think that they have acquired the best of the best. Of course, you'll have to agree that market maturity results when you have successfully penetrated a market with sales of your best product, and you then allow too much time to elapse before again arousing the curiosity of your customer.

When the electronics industry realized that it had reached every potential stereo consumer in the country, its cognizance of market maturity resulted in the introduction of quadraphonic sound systems. Similarly, when every major company in the world stopped boasting about the capability of its oversized computers, due to market saturation, the aggressive marketing of microcircuitry resulted.

Quadraphonics may have never reached the acceptance level of stereo but, in addition to important contributions to new sound and recording techniques, it certainly helped to restore attention to the industry. Need I elaborate on what microcircuitry has done for the electronics market? With the evolution of the silicon chip and through the use of microcircuitry, that industry can now not only offer a computer that is a fraction of the size of the huge ones of years ago but can also manufacture a computer light enough for one to hand carry.

To further emphasize what can be achieved through aggressive new product marketing during hard times, let me turn your attention to the automobile industry. When it was confronted with skyrocketing gas prices and a maturing market for its product in the U.S., the auto industry disassembled all of the huge gas guzzling cars, which this country was always very proud of, and reassembled them into smaller more economical vehicles. They shocked what was, at the time, a rapidly expanding market for imported automobiles with an economical high quality U.S. made product that offered unbelievable gas mileage. Through aggressive new product marketing while faced with a maturing market for U.S. made automobiles, the industry regained the attention of its consumer, a consumer nearly lost to foreign car manufacturers.

Turning now to our industry's problem of market maturity, I would like to approach the subject of a maturing fragrance market by first segmenting the industry into three basic entities.

The creative segment, the essential oil segment, and the consumer product segment are the three basic components of the fragrance industry

as we know it today. Each makes a significant and important contribution towards delivering the finished consumer product.

I suggest that each segment of the fragrance industry today is faced with a maturing market for its own individual product. Therefore, while it is important that the entire fragrance industry unify to attack the maturing market problem, it is also equally important for each segment of the industry that makes a vital contribution to the finished consumer product to attack the problem of market maturity on an individual basis. Consequently, each segment of the industry immediately must adopt an aggressive attitude towards new product introductions.

Creative Segment

Let us first take the case of aggressive new product introductions for the creative segment, the very foundation of the fragrance industry. This segment encompasses the creation of the odors and scents with which we fill our bottles—that part of the completed consumer product that is its main selling point—the fragrance.

Therefore, in this era of market maturity, product saturation, and the challenge of creating products for new markets or new products for a maturing market, it is a necessity that perfumers become bolder and more courageous.

Perfumers must become flexible in their creative thinking and begin to approach each assignment from a new vantage point. Perhaps what is required is to think in terms of the very extreme or avant-garde, and then gradually work backward from that point. We've all seen accepted trends in many areas born out of something that started out as very radical. This same theory can be applied to all things requiring creative thinking.

By believing that avant-garde will sell, perfumers can erase the restrictions they place on themselves for fear of creating something so unique and distinct that it will never pass a panel test because no one can recognize the scent.

Perfumers must work a creation earnestly to ensure that the fragrance has strength, projection and lasting power. In addition, perfumers must believe that perfumes can exhibit dominant notes of high tech aromatics and still be saleable, and that a low to moderate priced perfume can be made to portray sophistication and a more upscale image projection. After all, we are selling fantasy in a bottle.

Right now distinctive, unusual creations are just what this industry hungers for. Perfumers have to become creatively bolder and begin ag-



gressively to sell their unique creations to their employers, their actual customers. Distinctive creations should be an ever-pressing challenge for every perfumer in this industry.

As the phrase often used in the sports world says, "Go for it." When the people who evaluate your concepts say, "Put something in that fragrance submission that is recognizable" or when they tell you that your creation is too far ahead of its time, then you will know that you are offering them the concepts which they can truly use for new product introductions.

Essential Oil Segment

The essential oil segment of this industry desperately needs real innovation from the creative perfumer, in order to offer new innovative product introductions to their customer, the consumer goods manufacturer. As the attitude toward bolder and more courageous creativity is adopted by perfumers, the identical attitude must begin to surface among the essential oil producers. It's just as important for this vital segment of the industry to become more courageous in the ingredients that it submits to its customers as it is for perfumers to become bolder in their creative efforts. The essential oil industry also has to become more aggressive in searching out new outlets and new markets for its contributions to the product that will ultimately reach the consumer.

For reasons of clarity and simplicity, I would like to describe the essential oil houses as somewhat of a microcosm of the fragrance industry. The essential oil segment also consists of three basic units: creative, marketing and sales. Your customers have become more demanding than ever before. One of the current demands being made by your customers is for fully developed marketable concepts—from fragrance through packaging through positioning; you may as well pull out all stops on innovation and creativity.

Your marketing people have to be as objective as possible in their acceptance of unique creations. By being objective, they can then become more innovative in the development of marketable presentations around avant-garde or distinctive perfumes. Some of these marketing concepts should be so innovative and futuristic that they almost dare your salespeople to have the courage to present them; the innovation should be at such a level that it challenges the far reaches of a customer's imagination.

Again, let me say to you what I have said to the perfumers, "Go for it." Be aggressive and convince your salespeople that your new products are indeed saleable. If your customer should request a new perfume or an open submission,

make certain that what you submit (if appropriate) includes something that you think smells like something they have never smelled before.

Conversely, the marketing group should honor any request for an unusual product from the sales force with all the enthusiasm that they can muster.

Salespeople should begin to concentrate more on seeking out new markets for the products of the essential oil segment. They should also identify a realistic level of courage in their customers and therefore challenge the customers' imaginations with innovative new products. It is of utmost importance that customers are inundated with as many new product ideas as possible during this time of market maturity. Essential oil salespeople must become more aggressive.

If I had to recommend a slogan for the marketing and salespeople of the essential oil companies, it would be something like, "Let's make products for a customer rather than a product for many customers."

Once we have the synergistic activity flowing through the microcircuits of the creative and essential oil segments of our industry, let's open the resistors and let the current flow into the segment that is probably faced with the highest risk taking situations of any area in this industry, the Consumer Product Segment.

Consumer Product Segment

The consumer product entities which make up this segment have the never-ending task of trying to satisfy and please the final consumer. For this is where the buck truly stops, sometimes swelling and sometimes shrinking. The risk takers of this segment of the fragrance industry are not only the large corporations, but also entities such as boutiques, designers, and celebrities. Responsible for the ultimate consumer product, they are constantly faced with the never-ending task of trying to satisfy the ultimate consumer. They attempt to achieve consumer satisfaction sometimes through trial and error, or by filling a specific demand or need that may exist at a given time, or by selecting for new product introductions those concepts, ideas or new products that ideally would have a high level of appeal to their target audience. Let's talk further about the selection of acceptable concepts.

Out of all the ideas and new concepts which are generated in this industry each year, can you imagine yourself having to decide which to launch as a new product introduction? Even when there is a receptive climate in the marketplace for new products, there is still a high risk factor in introducing something new. So,



what I'm suggesting here is that not only do we have to take a risk and quickly select which product as the most appropriate to use for the new product launch, but we also have to take an added risk and launch a new product into what appears to be a rapidly dissipating market. In the military, they would probably ask for volunteers for a mission like this. Regardless of the risks involved, the consumer product segment must have the courage, during this difficult times, to aggressively introduce new products into the marketplace with the confidence that one can only find on the face of a champion.

You must not fear failure! If your attempts begin to show signs of failing, you should regroup, take a good look at the situation and identify just what it is that's preventing your new product from selling like gangbusters. Review again all of the research that was conducted prior to your launch. Simply put, use all of the resources available to you and, with a positive attitude, thoroughly investigate an apparently failing situation before making any major decisions about its future.

Stay with your new products, support them and make sure that they are given every opportunity to succeed—as some companies have done in the treatment category, as some companies are doing

with environmental fragrance technology, as some companies are doing in the men's fragrance arena, as the U.S. auto industry is doing in the small car market and as some companies are doing in the electronics industry with VCR hardware. All new product launches will not be immediately encouraging, even in a mature market, although we have products like Giorgio, Stetson and Vanderbilt among others to flaunt as examples of instant successes. The luxury that consumer product companies once had of launching a fragrance a year with a fair amount of success has passed on. What we have now is a mature, saturated market that requires very aggressive new product introductions along with a return to the old "stick with it" attitude in order to correct the situation.

In our industry, I'm convinced that we have the talent, the resources and the intelligence needed to turn the situation around and remove the growth obstacles from our marketplace. So, I think that what we should do is take a deep breath and aggressively make new product introductions and "Go for it."

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