

Impact of Fragrance Changes on the Asian and Pacific Region

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The Asia Pacific region is probably the most economically and geographically diverse area of the world. It ranges from the Peoples Republic of China, a demographic giant which is now awakening, to Japan, an industrial and technological dynamo; as well as from the ASEAN group, now America's seventh largest trading partner, to the newly industrialized countries of South Korea, Taiwan and Hong Kong.

This background of economic diversity is combined with a colorful tapestry of vastly different cultures and lifestyles which exist between and even within individual nations. In fragrance terms, it is clear that each country within the region has its own interpretation of "freshness" and a different perception of the bolder notes we have come to associate with recent fine fragrance launches.

Market Research and Evaluation

So, as fragrance suppliers and users, how do we need to respond? We need to examine local fragrance preferences against the wider background of international fragrance trends, to develop our expertise in these diverse markets, to determine the image of "freshness" in Japan or that of "cosmetic" in Indonesia, and to widen our knowledge of preferred fragrances across the entire spectrum of personal and functional products.

To this end, in Quest International we have conducted extensive market research and consumer studies throughout Asia-Pacific in order to determine the level of fragrance awareness and

gain a greater understanding of various perfume/product combinations. Each market has its own special characteristics and reflects, to differing degrees, the influence of its neighbors and international trading partners. The influence of Japan is evident throughout the Asia-Pacific region, but the trends established in Paris and New York also have a noticeable impact.

In Europe and North America the fragrance industry is faced with a number of challenging opportunities.

- bold new notes in fine fragrance—Poison, Giorgio, Obsession;
- a rapidly expanding market for men's fragrance products—Hugo Boss, Ralph Lauren;
- advanced new product formulations—heavy duty liquid laundry detergents;
- increasing levels of fragrance sophistication fueled by consumer demands;
- Unscented and even fragrance-free products—Tide (USA).

All of these are symptoms of changes in lifestyle, changes which effect the future of today's modern society.

In Europe we are seeing,

- changing lifestyles,
- higher income levels,
- internationalization of fashion,
- changing role of women,
- development of the youth market, and
- booming markets for men's products.

Economic Growth

Sometimes the pace of change in the Western World seems incredibly slow when compared to that of Asia-Pacific. The fantastic economic growth rate of Japan in the 1950's and 60's has been emulated first by Taiwan and now Korea, with China poised to forge ahead in the 1990's and beyond. However, their GNP growth is slowing down due to slower growth in key export markets. Consequently, local manufacturers are looking for expansion in their domestic markets to maintain growth.

In most cases it is easy to see the influence of upmarket international brands on a region which is enjoying new found prosperity and growing consumer purchase power. Both Korea and Taiwan's GNP continues to enjoy double digit real growth, and after a temporary setback, China's economy is once again growing at 8% per annum.

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As GNP's increase, purchasing power and discretionary incomes rise, leading to a shift in consumer behavior. The percentage of income spent on basic products is reduced in favor of luxury items which are now more affordable. Booming economies lead to an increased ownership of consumer durables—washing machines and the like—with an obvious impact on functional household products such as laundry detergents.

Strengthening currencies in Asia/Pacific countries make international goods more affordable with European and American fashion brands (Lacoste, Levi's and Adidas) proving particularly popular with the growing youth market. There now is a willingness to spend more money on fragrance and beauty products. Perfume sales have increased modestly in the affluent industrialized countries of Asia-Pacific while continued financial pressures in the less rich markets of Indonesia and Philippines leave a large portion of the market untapped. Obviously, the opportunities for fragrances have changed dramatically in the past decade.

With increasing wealth, the ability to experiment increases and the level of foreign travel rises, bringing with it exposure to even more new

international influences. Traditional values increasingly weaken against the impact of international culture—a culture which is accelerated by the impact of the three T's: tourism, television and transportation.

Fine Fragrance Market

Japan, the most highly developed fragrance market in Asia-Pacific has seen the launch of Dior's Poison achieve a remarkable degree of success in a market noted more for its use of muted light floral fragrances rather than the powerful bold notes which have turned heads throughout Europe and North America. Success in a market where only a few years ago our market research established that almost 40% of the population was highly conformist, hesitating to accept new ideas and where a further 26% although willing to adapt to new ideas, were still very conservative. Today the success of Poison illustrates how Japan is changing.

Poison obviously enjoys the cachet of the Dior name and the special status which French perfumes still enjoy in Japan thanks in part to the traditional classics such as Eau de Givenchy and L'Air du Temps. Fine fragrance has become more affordable and hence available to a much wider market including the traditionally affluent Singapore and Hong Kong as well as the emerging markets of Korea, Taiwan and Thailand.

However, even with fine fragrance we need to understand that the consumer perception of fragrance is very different to that of the Western woman. To the Thais, Chanel No 5 may be as much revered for the rich warmth of its jasmine and rose heart as for its bold aldehydic top-notes. The Japanese almost certainly see Poison's fruity white floral notes as reminiscent of the osmanthus flower which is so popular in locally produced personal and functional products such as shampoos and air fresheners. Clearly even the most obvious fragrance “signatures” are open to interpretation.

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Fine fragrance classics have inspired many family types in a wide range of personal products. The "trickle-down" effect which has seen accents of some successful fine fragrances appear in personal and indeed functional household products has seen the exploitation of the aldehydic floral family with Chanal No 5 and L'Air du Temps inspiring many soap fragrances throughout Asia-Pacific as well as in Europe and North America.

More recently, Anais Anais has enjoyed success in its own right as well as lending its delicate white floral notes to a host of toiletries, from bath products to skin preparations. It is interesting to note that many of the high preference fragrance themes found in the various markets are often adjusted for local tastes by the incorporation of subdued fruity notes which despite their low level of inclusion are clearly perceptible to the consumer.

However fine fragrance's impact is still limited by its affordability. In the Philippines, for instance, low discretionary incomes mean that shampoos fulfill the role of fragrance carrier in a market which cannot afford the luxury of fine fragrance. However it would be naive if we assumed that the Filipinos consequently had a low appreciation of fragrance. For them, shampoo provides the overall body fragrance.

Our research showed that light floral fragrances were preferred and offered a "best fit" for the various attributes we identified. The consumer's recognition of fragrance as part of the overall brand proposition has led to product label claims with a heavy emphasis on the scent of the product. Let's consider the Kao Feathers range.

Each of these variants uses fragrance prominently on the pack labels with expressions such as:

- "with long-lasting fresh scent"
- "And it's fragrant too!"
- "With sweet floral scent"

conveying the whole product identity. In every case, fragrance is used to support the overall brand proposition.

Additional Fragrance Carriers

Colgate-Palmolive's relaunched black shampoo variant features a fragrance reminiscent of Giorgio and although many of the population almost certainly have never smelt Giorgio itself, it is clear that the Western style fragrance is perceived as sophisticated and luxurious.

In Thailand, perfumed body sprays play an important role as a fragrance carrier, possibly reflecting the relatively higher income levels which make this product form more widely af-

fordable than in the Philippines. Perhaps as a result of these higher income levels, Thailand has different marketing programs to the Philippines with manufacturers using distinct imagery and fragrances to distinguish their products. Contrast the different conceptual approach of Sun Silk. This Thai product utilizes blonde Western European models on pack labels as opposed to the dark-haired local model on the Filipino pack.

We can see a strong Japanese influence in Thailand and with it a preference for lighter, fresher fragrances in personal products compared to the stronger, more substantive notes found in the Philippines.

With fresh, natural notes immensely popular throughout the region there exists an interesting situation with the use of natural ingredients. In Europe and North America, natural ingredients added to personal products are in vogue, such as Wella's range with protein or with vitamins or Alberto's Natural Silk product. Similarly in Japan, skincare products with added natural extracts are perceived as being mild and caring.

Clearly there are many indigenous materials available (Vetyver, Sandalwood, and Mosses) and

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we must try to use them wherever possible. In the Philippines and Indonesia, however, our research indicated that natural/traditional products are sometimes perceived as having overtones of being old fashioned, cheap and "as used by country folk." To these people, products from large firms or imported brands confer reliable quality and sophistication and thanks to their distribution are generally widely available. In this respect, China has an interesting combination of locally produced brands which utilize ground pearls, ginseng and extracts of earthworms with their claimed medicinal qualities, and a range of international "natural" products manufactured by joint venture companies.

While China may have pre-empted the natural products phenomenon by hundreds of years, overall cosmetic developments are far behind those of Europe and North America. With demand far outstripping supply, Chinese women (and quite a number of men) are now demanding cosmetics and toiletries of good quality. Natu-

rally more people are beginning to see them as necessities, rather than luxuries.

Anxious to boost exports, the Chinese are encouraging foreign companies to invest in cooperative ventures which provide not only a foothold in a vast untapped market, but also a good production base for exporting goods. Such ventures, by their very nature, produce goods of international standards with international fragrances. Some manufacturers have successfully transferred many of their cosmetic brands with little or no adjustment for local fragrance preferences, and found them popular in a market which values many Western products.

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...”

Shiseido, on the other hand, has only participated in technology transfer deals to date which, while allowing it a foothold in the market, probably reflects a desire to wait to launch its quality, up-market products at a later date when more of the product/perfume mix may be optimized.

Men's Fragrance Market

The markets of Asia-Pacific have reflected many of the changing aspects of lifestyle which have such a significant impact on fragrance usage in Europe. Nowhere is the cultural interplay between East and West more clearly mirrored than Hong Kong where the spending power of the youth market has been exercised on a wide range of designer labels and designer fragrances. Names such as Giorgio Armani, Ralph Lauren and Pierre Cardin are seen all over; signs of a buoyant men's market not found elsewhere in the region. Japanese men only recently have shown a mellowing in their indifference to fragrance.

Surprisingly, Japanese cosmetic manufacturers are using skincare products including men's makeup products such as foundations, lipsticks and eye shadows (Kobayashi Kose's Damon line or Shiseido's Gear, for example) to develop the men's fragrance market. This is a complete reversal of the situation in Europe and North America where skincare line-extensions of prominent men's fragrances are only now beginning to enjoy some success. However it is noticeable that in

Japan, Western companies have followed their Japanese rivals' lead and we are seeing products such as Alberto VO5 for Men's "flashing skin lotion."

Personal Product Development

In terms of fragrance product development, Japan leads the Asia-Pacific countries and its strong local companies often leave little room for the internationally harmonized brands of the major multinationals. In cosmetics and toiletries, Shiseido dominates the market ahead of Kanebo, Kao and Pola in that order. Foreign multinationals are well down the list, though improving, with Max Factor and Avon leading the field.

The quality of Japanese skincare products is second to none, although fragrance levels are now lower than those found in the heavily perfumed skin creams now so popular in the Chinese market and once important in Japan as fragrance carriers. Fragrances reflect the fresh, floral themes with some subdued fruity notes adding a particularly Japanese touch. In the bath and shower products sector, there are a number of brands which utilize mint notes to convey freshness and coolness in a way which is quite alien to the European and North American markets except, of course, in dental products.

Shiseido's Rinpoo range of bath and shower products demonstrates the combination of local and international fragrance influences with a refreshing mint variant alongside an apple top-noted variant with subtle suggestions of Poison.

The leading international brand in the toiletries market must be Timotei which, thanks to the growth of the frequent wash phenomenon (67% of women now wash their hair everyday) has seen it displace Merit shampoo from its place as long time market leader. Some established shampoos seem to have been affected by Timotei's success. For example, Kao Essential Cuticle care, which once had a green apple fragrance, now has a herbal accent although less "pronounced" than that of Timotei.

Women's and Youth Market

The new habits and attitudes of the younger Japanese are contributing to the overall market for fragrance. Today's Japanese youth not only are more self-assertive, but also they are more interested in foreign products, and more international perhaps. Look at the acceptance of the hair styling products of L'Oreal and Wella. These young people have a higher fat and protein intake, and changing body chemistry due to dietary effects may see a greater interest in deodorants and the use of fragrances as a result. Moreover

since the number and status of women in the Japanese workplace is increasing as the role of women in society is rapidly changing, there is a greater awareness of European and American fashion and with it fragrance as a fashion accessory.

In both the women's and youth market sectors, self-purchase is increasing and fragrance purchases are reflecting more than ever before the likes of the individual, although the "wardrobe of fragrances" is still a long way off for the Japanese consumer.

Developing Competition

In the developing markets of South Korea and Taiwan, some US and European companies seem to be more successful than in Japan although they meet strong competition from Kao, Kanebo and Shiseido as they endeavor to expand their available markets.

The attractiveness of the Japanese companies is partly derived from their exposure to visitors in Japan—who could fail to be impressed by the image of the Shiseido or Pola beauty counters in Tokyo stores?—and partly from the overall influence of Japan throughout the region. They are assisted by the massive flow of people which now takes place within the Asia-Pacific region both in terms of tourism and the widespread phenomenon of migrant workers. Some 400,000 Filipinos and over 100,000 South Koreans leave their homeland every year to work in the labor-scarce markets of Japan, Singapore and Hong Kong. Many then return home with hard-earned wealth and new found tastes for international

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products which they had been exposed to while working abroad. Tourists from all over southeast Asia flock to Tokyo's department stores to purchase the quality skincare products which are either unavailable or prohibitively expensive in their home countries.

In Taiwan, Wella and Helene Curtis are among the many Western companies who have subsidiaries producing international brands modified for the local market to take into account the vagaries of a humid climate. In Singapore, Estee Lauder, Lancome, Clinique and Elizabeth Arden lead the field of cosmetic and toiletry companies but more

recently have come under attack from the greater activity of Kao, Kanebo, Pola and Shiseido.

The international initiatives have not been restricted to the fine fragrances and personal product portfolio. Functional products also have felt the impact of international trends. Indeed multi-nationals such as Procter & Gamble, Colgate-Palmolive, Unilever, Wella and Avon have been responsible for introducing many new product forms. The first brand on the market often sets the fragrance direction for future products, particularly in the area of functional products, where a fragrance comes to be associated with a particular cleaning function.

Laundry Additives

Procter & Gamble's Lemon-fresh Cheer was the first laundry powder to have a straight lemon fragrance on the Japanese market when it was launched in November 1987. This has been joined by Kao's second hyperconcentrate laundry powder, Bio New Beads which also has a fresh citrus lemon fragrance, although this may say more for the international appeal of lemon fragrances than for the impact of Lemon Cheer. However, even in functional products where the citrus theme is common, there are differing fragrance preferences in Asia-Pacific, Europe and North America.

To the Koreans and Taiwanese, citrus notes must be fresh and fruity rather than the harsher, more acidic notes that Europeans have come to associate with "squeaky clean" lemon-fresh fragrances. Citrus notes in Thailand, for instance, tend to reflect the sweetness of lime with "straight" lemon fragrances virtually non-existent. In Japan, on the other hand, citrus fragrances are more likely to have orange accents to impart sophistication. A minor difference, perhaps, but no less important than the subtle nuances which differentiate Chanel No 5 and L'Air du Temps.

In China, multi-purpose detergents are growing in popularity with many products formerly without fragrance now emerging with fresh lemon and light floral fragrances. Demand for fragrance in dishwashing detergents has started a trend toward diversification. Good residual fragrances are preferred for laundry detergents, although by far the majority of these products are still fragrance-free.

In Indonesia, the largest and most populous of the ASEAN countries, functional products predominantly use local fragrances or adaptations of previously successful fragrances from the region or overseas. Variable base quality is a major problem facing perfumers when developing new

fragrances which must perform well in a hostile environment which drives off volatile top-notes often before the product has reached the super-market shelves. Additional difficulties lie in the consumers' desire that a washing powder fragrance should be able to overcome the unpleasant smell of the running water often used for the final rinse of the laundry.

The ability to overcome environmental malodors is often cited by consumers when they are asked to identify the key attributes that a fragranced product should possess. Consequently fragrances which generally would be ruled out in European countries because they are felt to be too strong, may well be very successful in Indonesia.

In the Philippines many US detergents are available in the supermarkets or small family-run stores. American products imported for sale on American military bases make their way onto the local market and are seen as superior to the locally produced brands and obtain a higher price premium. Possibly as a reaction, locally produced brands often follow the fragrances of the international brands which themselves generally only have minor modifications made to the international fragrance of the product. For example, boosting certain fragrance notes to enhance product performance and substantivity in a more humid climate.

Throughout Asia-Pacific the major multinationals and larger local manufacturers like Pacific Chemical Co. in Singapore are starting to introduce liquid laundry detergents. These brands tend to use international fragrances that have been accepted by local consumers as the yardstick for future market developments. The importance of being first on the market with a new product form should never be underestimated. In the Philippines, detergent-based bars such as Superwheel and Ajax are enjoying healthy sales as consumers find them longer lasting and more effective than traditional hard household soaps.

Powders are still suffering as a result of the low ownership of washing machines. Obviously powders are unsuitable for washing in running water as still happens in Indonesia, Malaysia, the Philippines and, of course in China. However this may indeed change with hyperconcentrate powders now becoming available in China as well as dominating the Japanese market.

Interestingly, in all probability the still undeveloped laundry detergent market in China will not have to go through the same evolutionary process experienced in Europe and America. We may see only the latest and most successful products being introduced into this and similar markets.

Air Fresheners

Air fresheners and insecticide sprays are popular in many parts of the region; the Japanese market is by far the most advanced. In Japan, air fresheners must have natural sophisticated fragrances and come in attractive packaging to be accepted. This contrasts to the more humdrum role they have traditionally been accorded in Europe. This very different perception must account for the fact that the Japanese are willing to pay up to \$9 or \$10 for an air freshener product.

Our evaluation programs have developed fragrance profiles for the major brands available on the market and an interesting contrast exists between the UK market and Japan. In Japan, there is a predominance of fruity notes in the air freshener profiles compared to the UK.

Interestingly although our air freshener survey indicated that of the products available on the Japanese market, 8% had a predominant pine note, pine fragrances are generally unpopular in the region despite pine's growing levels of sophistication in product fragrances and their accepted freshness to the European housewife.

Elsewhere in Southeast Asia, S. C. Johnson's Glade air fresheners utilize the same fragrances

found in their product range around the world. Also from SCJ, the successful Toilet Duck cleaning product has arrived in Indonesia and Singapore.

Summary

As I have tried to demonstrate, Asia-Pacific is a highly dynamic and complex series of individual markets which often have little in common except their geographical location. The highly sophisticated Japanese market leads, but is rapidly being caught by the rest of the field. The largely untapped Chinese market offers new challenges to our creative talents. As economic wealth leads to experimentation, we are likely to see growing numbers of Western products appearing in the markets of Beijing, Shanghai and Guangzhou. Many of these products will set the standard for locally manufactured products to follow.

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