

Global Fragrances in Consumer Products: A Complicated Dilemma

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Many people in the perfume industry feel that the globalization of fragrances is the way of the future. I think not. Offering convenience and cost advantages is certainly a goal of the multi-national corporations. It also offers a useful marketing advantage for global suppliers in their efforts to minimize the competition. However, in my view, a global fragrance strategy for household and/or personal care products will compromise creativity and inhibit marketability.

What is a global fragrance? It is the use of one fragrance in a product available worldwide; the name of the product may differ but the basic functions remain constant. Allowing for adaptations for base variations and level adjustments, the overall fragrance impression is the same.

The World is Getting Smaller

The recent confrontation in the Middle East, energy and environmental concerns, instant satellite communications and the survival of our planet clearly demonstrate that ecological, strategic and commercial co-existence are interdependent.

In 1992, Western Europe will begin a series of commercial and political ventures with a federation of independent nations/states with common goals. In Eastern Europe, the emergence and economic reconstruction of formerly oppressed nations offer new marketing opportunities.

In 1997, Hong Kong, the major financial center of Asia, will officially become a part of the Republic of China. Since a major portion of China's revenue is dependent upon investment and trading on a free and open Hong Kong market, the impact of this fusion may not be as cataclysmic as was previously anticipated. The trade and market potential in this part of the world is enormous. Combined with the Soviet policy of perestroika, the world consumer base is dramatically increased.

While these developments suggest the world is getting smaller, consumer markets will still maintain their distinct and separate characteristics. As we view this worldwide perspective from the mundane level of fragrances, let us consider the myriad reasons why one fragrance in a worldwide consumer product is impractical.

Segmentation

United States marketing has mastered segmentation to such a degree that many products are introduced with four or more variations, each fulfilling the needs of a specific market niche. Others introduce one or two products initially and add line extensions later to broaden the appeal of the product by capitalizing on new trends, and to increase the shelf space of the line. The latter approach enables the marketer to maintain and further broaden their customer base. Salon Selectives is a successful example of the former strategy while Right Guard demonstrates the latter.

Many marketers have determined that fragrance appreciation differs not only on an economic and cultural level but also varies regionally and seasonally. For example, in the Air Care market specific fragrance types are preferred throughout the South (Pine, Honeysuckle) while others are seasonal successes. Florals do well worldwide although no specific floral or floral blend is universal. The powder types, usually among the best-selling line extensions, are not as popular in Asia. Lemon fragrances also have consistent success in the United States and Europe but do not fare as well in Asia. Those that do well in Asia are not the traditional lemon types associated with the United States.

Regional Fragrance Strategy

Most marketers want a signature fragrance. It is difficult to introduce a new or unique scent when entering a market in which the competition is dominant. The leader has

established a strong product loyalty and consumers are often reluctant to accept another competitive product. There are positive performance/attribute associations in the leading product's fragrance that are difficult to overcome. This is particularly apparent in smaller markets where one brand can dominate a category. A similar entry successfully marketed in one environment might require a new fragrance, perhaps more familiar, in order to succeed in this situation.

Timotei shampoo, a successful product in Europe and other parts of the world, has not done well in the United States. A typically "European" fragrance-type and vaguely defined positioning left the American consumer few reasons to purchase the product. A more market-reflective fragrance in conjunction with a marketing theme enhancing the product attributes would greatly assist in attaining the potential realized in other markets.

A similar situation arises when a new product entry erodes the market share of the established leader. Strategically, a "new and improved" fragrance introduction can help regain its position. The product is successful in too many markets to risk changing across the board, however, and in this case, it is wise to think globally but act regionally.

Some of the most renowned products in the world have had to respond to competition in this way. In 1987, Lever Brothers achieved a substantial share (8-10%) of the detergent market with Surf. An excellent market position supported by a good fragrance, a good package, and an expensive promotional campaign resulted in a very successful product. The market leader in this category, Tide, needed to respond in order to protect its market share. Its position as the market leader was never threatened but some share erosion did occur. The resulting successful introduction of Clothesline Fresh Tide reestablished its market share and it was subsequently expanded with line extensions such as Tide with Bleach and Tide Unscented.

Cultural Influences

The cultural differences between a homogeneous and a pluralistic society are reflected in many areas including personal hygiene, diet, leisure activities, fashion and fragrance. Fragrance preference and marketing techniques in various parts of the world are so divergent that marketers can be deceived by applying the successful techniques of one market to another with disappointing results.

The Procter & Gamble Company has had to tailor its strategies in Japan in order to succeed and advertising, packaging and fragrance were re-evaluated before any significant gains were made. Even today, there is strong consumer nationalism to buy Japanese products. There are some exceptions. The long-standing and successful Max Factor Company was a perfect addition to Procter & Gamble's global growth since Factor has, for decades, been one of the leading non-Japanese cosmetic companies in Japan.

Factor's presence in Japan began prior to World War II. Products were imported and distributed in a manner similar to that of Europe and the US. In 1954, Factor's success and

commitment to this market were manifested by building its own manufacturing facility. During that period it was less complicated for a foreign corporation to obtain permission to build and develop a business in Japan. Cosmetics and beauty care were luxury enterprises during this period which provided benefits to the psyche and the economy as well.

Factor established a foothold that has gone virtually unchallenged by foreign competition. The entire operation utilized Japanese personnel and ultimately established an entree into the innovative distribution system unique to Japan.

The cosmetic and fragrance market in Japan is estimated at \$9 billion, 85% of which is controlled by Japanese marketers. The remaining 15% is dominated by Max Factor. The relationship between Factor, its Japanese competitors and its distributors remains strong today. The resources now available to Factor will enhance its position while the good will, distribution access and four decades of experience will strengthen Procter & Gamble's position markedly. Outwardly the partnership appears synergistic but time will tell.

In Japan one of the leading dishwashing detergents is Mama Lemon (Lyon) which is an orange dominant fragrance. Since the Japanese lemon is more of an orange, consumer acceptance of the orange interpretation is understandable. What would this mean for Lemon Pledge, Lemon Joy, etc.? It merely illustrates another difficulty in trying to globalize fragrances.

There are similar problems in Europe although the differences are more regional: Northern vs. Southern and Eastern vs. Western Europe. Germany, Great Britain and Scandinavia might demonstrate similar fragrance tastes while France, Spain and Italy may require a different scent. Impulse Deo-Colognes have had moderate success in the US, while in Europe they are highly successful. The fragrances, however, vary in some cases, from country to country.

The impact of diet on fragrance preference requires some consideration. Extensive research in olfactory awareness has demonstrated a correlation between taste and odor perception. Is there a correlation between diet and odor preference? Does the spicy diet of the Middle East; the fish, starch, carbohydrate diet of the Far East; the meat, vegetable, starch diet of the US and Europe have any effect on odor preferences?

An individual who once worked in our industry was of the opinion that spicy fragrances did well in the Middle East because of the predilection for spicy foods. I do not think that is the point. It is the effect of the food, the digestion and the ultimate release into our systems which affect our body odor, our fragrance appreciation and fragrance performance on the skin.

In fact, different skin types alter fragrance perception. The physiological skin differences of genetics may be another segment of the market to be explored.

Psychographics

Psychographics is a relatively new term. Essentially it is the attitudinal barometer related to the consumer's lifestyle and mindset. What is the consumer thinking? Age is not a factor.

Socio-economics and cultural differences are a consideration, but mainly psychographics are ephemeral, unquantifiable, and ever-changing perceptions. Thinking young, having an active lifestyle, and eating healthier are all value indicators of the mindset. To be contemporary in thought, speech and action is also reflected in fragrance. A fresh, clean fragrance in 1989 may not be the same one today. Consumers of varying ages, say 18, 35 and 60, may all respond favorably to a fresh, clean, natural apple scent today; next year, apple may be too fruity, too sweet, too young, etc.

Some of the oldest and most successful consumer products in the world have found it difficult to utilize one fragrance. Such products as Dove (Lever) and Camay (Procter & Gamble) have different fragrances to satisfy particular markets. It is appropriate to capitalize on the potential of a brand name.

The fragrance, too, must be maximized in order to be consistent with the brand image for each market. Palmolive dishwashing detergent has the classic floral-spice fragrance long associated with the product and its "mildness" concept. It is also available in a lemon-lime scent. Both do well in the US. However, in Europe where there are distinct differences in tastes from country to country, the floral-spice scent does exceedingly well in France while the lemon-lime does not. The reverse prevails in Germany.

The Colgate Company has done well to maximize its product in both markets by adapting to the consumer in each market without jeopardizing the brand. While there are contradictory examples in which the same fragrance may perform well in different countries, it is essential that marketers keep an open mind regarding fragrance and its contribution to the success of a product.

Despite the cost savings and other advantages offered by the implementation of a global fragrance, the limitations it presents to marketing and creativity far outweigh the short-term benefits.

The agility to respond to the marketplace, to be regionally specific and contemporary in a competitive, fast-paced, global market offsets the short-term benefits by realizing the long-term goals.

The globalization of fragrances offers a philosophically sound and financially expedient means of furthering bottom line results. Practicality notwithstanding, the implementation of global fragrances is a complicated issue for which there is no single solution.

Reference

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