

### Mr. Porter

Our last speaker this morning is Robert Ruttenberg. Mr. Ruttenberg spent six years with Estee Lauder where he was director of marketing for the Aramis Division, director of Aramis international and general manager of the Azuree divi-

sion. From Estee Lauder he went to Revlon as senior director of the Charlie division. Mr. Ruttenberg is now executive vice president with Warner Lauren, Ltd. and is responsible for launching a line of Ralph Lauren fragrances for men and women.

## Changing Trends in the Marketing of Fragrances, Women's and Men's, in the United States

Robert Ruttenberg, Warner Lauren, Ltd.

When I discuss the changing trends in marketing in both men's and women's fragrances, my focus is the franchise end of the fragrance lines, primarily in department stores.

We as marketers have become more adept at encouraging what has always been there; that is the need for fragrance. Key changes in the marketing of fragrances, and in the acceptance of fragrances, have happened over the past five or six years. I think Avon and Jovan are both good examples of terrific approaches to marketing because they have always directed their sale to the individual self-purchase. By and large, companies have not done this. In the past six years, this self-purchase has helped create a 46% increase in the women's fragrance business. Somewhere between 88% and 92% of adult women today use fragrance on a regular basis. In 1970, the figure was 72%.

*Seventeen* published a study that indicated that in 1970 the average beginning age for wearing a fragrance was 14. Today, that age is 12. They have always been interested in the fragrances their mothers used. Now a number of companies have introduced light, citrus fragrances geared toward younger girls, bringing them into the market earlier.

Women are much more adventuresome in using fragrances. About 40% of adult women use as many as five fragrances regularly on a yearly basis. They are much more likely to experiment with fragrance today than they were in the past. In department store promotions every spring and every fall, there are new color statements, new fashion statements, and new fragrance statements. Women come up to the counter and ask, "What's new?" They have always had this in cosmetics, but they have not had it in fragrance. In the past several years, there have been so many new introductions of fragrance that people know now there is always something new, and they want to try it. The brand loyalties that existed before in fragrances among women do not exist today because there is so much ex-

citement in the whole fragrance category.

One of the key reasons that the women's fragrance business has grown so dramatically in the past several years is television. No longer are fragrance advertisers primarily going into *Glamour*, *Mademoiselle*, *Vogue*, *Seventeen*, and a small, select fashion group. They are reaching a much broader group by utilizing television. The use of television is not only geared to the Christmas selling season, but also to the first half of the year. More and more marketers spend their dollars over a longer period. They want to reach women twelve months out of the year. In 1970, women's fragrance sales over the first half of the year accounted for about 35%; the second half of the year, 65%, almost a two to one ratio. In 1976, women's fragrance sales increased from 35% to 44% in the first half and dropped from 65% to 56% in the second half. In a couple of years, we are probably going to see a pretty even mix between the first half and the second half.

Another recent change is the new direction for positioning and presenting fragrance. I think the attitudinal approach which everyone has heard of has really opened up the whole market. No longer is fragrance just opening a bottle of sex or fashion; rather, it represents a point of view that the woman can be comfortable with because it represents what she is to herself—a new self-identity. Revlon started the attitudinal approach with Charlie in 1973. Many marketers have picked up on this approach: Aviance, Nuance, Coty, Babe, Cie.

All of these trends have raised the women's fragrance market to, in my estimation, about a \$1.3 billion market in 1976.

Bristol Myers, a major packaged goods house, is testing impulse buying of fragrances in supermarkets in the Midwest. Cosmetics are sold in supermarkets on hangings on walls or on pegs so the purchaser can see through the products. No company has ever successfully sold fragrances in this way. If Bristol Myers is suc-

cessful (the products have been in test market for about two years), there will be a whole new channel of distribution for selling women's fragrances. I think the business could exceed \$2 billion by 1980.

The European fashion designer approach has always been there. Chanel, Cardin, Dior, Chloe, and the major European houses of Rochas and Guerlain all have had recent introductions. They have been stable and continue to grow.

I can not think of very many fragrances introduced in the past five years (and there have been many) that have not been successful.

It is very interesting to note that Revlon, traditionally a cosmetic house, introduced Charlie in 1973 and was very successful. Two years later, Revlon introduced a new fragrance called Jontue, which was also very, very successful. Revlon has had two major successes in fragrances in the past four years and probably did not have two major successes in the prior ten years.

Another new trend in women's fragrances is the American designer approach. American designers are introducing fragrances successfully: Halston, Diane Von Furstenberg, Blazer by Anne Klein, and Norell, which started it all about seven or eight years ago. A new Ralph Lauren fragrance and a new Calvin Klein fragrance are coming out next year. The American woman today is interested in what the American fashion statements are. The American designers are going after the business. If people today can not afford to buy the fashions of Halston or Ralph Lauren or Calvin Klein, but they like the fashion statement made, they can buy the fragrance and still be part of that fashion statement. The department stores have started to push the fashion-fragrance tie-in; the tie-in of Diane Von Furstenberg clothing with her fragrance has helped build total store awareness.

Currently, American personalities are also being associated with fragrances in order to build that fragrance's image. Margot Hemingway with Babe; Candice Bergen with Cie; and Lauren Hutten, who has a very traditional look, with the fragrances of Ultima. The American influence is becoming a much more dominant factor in the fragrance industry.

The following table compares the growth rate of the women's fragrance business to the cosmetics and treatment business.

FRAGRANCE MARKET

|           |                |
|-----------|----------------|
| 1965-1970 | 8% - 9%        |
| 1970-1975 | 12% - 14%      |
| 1975-1980 | est. 15% - 18% |

COSMETICS AND TREATMENT MARKET

|           |         |
|-----------|---------|
| 1965-1970 | 6%      |
| 1970-1975 | 7%      |
| 1975-1980 | est. 5% |

Examination of total shares of department store sales, which I think is important, further illustrates this comparison. In 1950, fragrances ac-

counted for 18% of the total department store sales; cosmetics, 82%. In 1970, twenty years later, fragrances accounted for 25% and cosmetics 75%. But for 1980, a number of retailers estimate that one out of every three sales will be in the fragrance area—35% fragrance and 65% cosmetics. From one out of five to one out of three is a healthy increase.

A growing method of presenting cosmetics and fragrances is via department store mail. In my estimation, there are between 400 and 500 million pieces of paper mailed via department store mailings or via direct mail in the course of a year. In 1969-70, a fragrance marketer could get into those mailing cycles easily. Now a marketer must request a mailing cycle a year in advance.

The retailers have obviously seen this tremendous growth and have reacted. One sees evidence of it on Fifth Avenue. Bonwit Teller, Altman's, and Lord & Taylor have redone their fragrance departments. Macy's, which has an excellent cosmetic department, allots excellent spaces to cosmetics, men's toiletries and fragrances, and women's fragrances. Marshall Field has been traditionally, and still is, the symbol of perfume counters in the United States (they had a perfume bar before anybody). Now they have perfume bars as well as individual fragrance counters at separate locations competing with the cosmetic space to help build a significant business.

The men's fragrance business is totally different from the women's. The men's business, in my estimation, is about a \$700 million market, growing at a rate of roughly 20%, which is a faster rate than the women's. But research studies I have seen show that only 40% of all adult men wear fragrance on a daily basis. There is a huge market out there still to be tapped. There are a lot more men's fragrance companies than women's, making a lot more fragrance introductions. I have counted 275 companies in the pages of *Beauty Fashion*, half of which I have never heard of. Part of the reason is that few manufacturers have made a major commitment to spend money in the men's fragrance business. Obviously, Estee Lauder is one that has, starting with a particular style for Aramis, sticking with it, and now having the dominant place in the men's fragrance business.

Younger men wear colognes; older men wear aftershave. The younger men are more sophisticated, more fashion conscious, or, perhaps, just more likely to feel that wearing a fragrance, as such, is acceptable. While the men's fragrance acceptability is much better than it was six or seven years ago, there is still a long way to go. This acceptability must be won. An excellent method, as some women's fragrance marketers have found, is television.

There is a great opportunity for additional dollar growth in men's treatment products, but not, I think, for some time. When only 40% of men wear fragrance, it seems that there is going to be

a very small market interested in buying treatment products. In 1970, 75% of all the men's business was in aftershaves, colognes, and sets. In 1976, the percentage had not changed. The other 25% was, by and large, in soaps and deodorants. So, while some men's companies have gone after the treatment business, I think it is diluting our effort. We should be concentrating on building the men's fragrance business so that there is greater acceptability and usage.

I was involved in a two-way panel study at a prior company designed to determine what men really want from a fragrance. The attitude seemed to be: "I really want to wear a fragrance, but I don't want to walk into a room and have people notice; I want to be laid back, to feel comfortable when I wear it." I think that men really do want recognition when they wear a fragrance. They particularly want women to comment favorably. The result is more interest in a particular fragrance, and therefore, a strong brand loyalty. He is not going to experiment; he is not at that stage yet.

Women are still the initial purchasers of fragrances for men. Aramis was originally displayed at the Lauder cosmetics counter. Braggi, by Revlon, has not had great success at the men's bar. Now, after eight years, it has been moved to the Ultima counter to reach women. Once the man is used to wearing the fragrance, he will go to the men's bar to repurchase. Macy's has more space allocated to men's fragrances than any other store I have seen, and 60% of the purchases of men's fragrances in Macy's are by women. To attest to this is the success of a men's fragrance introduced by Halston last year. Halston is not a major name in men's fashions, but he was very successful with his fragrance introduction. I think this was because women know who Halston is and buy his fragrance for men for the same reasons they buy his women's fragrance for themselves.

In the late sixties, there was a trend to separate men's fragrances from women's fragrances. Now, when a man wants to purchase a fragrance for himself, he can go to the men's bar. More men and less women are using the men's bars. As designer fragrances move into department stores, the separation should go further to separate the European and American designer fragrances, helping to extend the fragrance business further.

One question I am often asked as a marketer, and I certainly don't have an answer for it, is "How do we get away from gift-with-purchase and purchase-with-purchase?" I have rarely seen a major success built in men's or women's fragrances without heavy promotional support. Perhaps television is part of the answer. What the fragrance industry needs is stronger consumer acceptance, which can be generated by television. The use of television as a vehicle to build stronger consumer acceptance will become much more meaningful in the next five years. The next five years will be much more interesting than the last thirty years.

**Mr. Porter**

We are very pleased to have Dr. William Masters and Virginia Johnson Masters as our luncheon speakers today. Masters and Johnson, who have gained national renown through their work in the field of sexual response and reproduction, are codirectors of The Reproductive

Biology Research Foundation. To list their many accomplishments and publications would be a speech in itself and I'm sure you would rather listen to them than to me. I will, however, mention three of the books that they have authored: *Human Sexual Response*, *Human Sexual Inadequacy*, and, most recently, *The Pleasure Bond*.

## Science, sex, and fragrance

**Dr. William Masters  
and Virginia Johnson Masters,  
Reproductive Biology Research Foundation**

**Johnson**

We thank the program committee which, in my husband's opinion, paid us the ultimate compliment by referring to us only as "Masters and Johnson" in that familiar manner of referring to someone who has become a household word. For some reason, we find that to be rather reassuring and comfortable.

Our title evolved as the result of a conversation I had about a year ago during a large dinner party of people from the cosmetic industry. This discussion took place with a man who shares responsibility for the destiny of a cosmetic house famed for its fragrances. Although Dr. Masters and I usually appear socially and professionally as a team, on this particular occasion I attended by myself without the accustomed backup we tend to provide for one another. During the conversation I found myself wishing for the "backup."

The setting was large, social, and very gracious but there were the expected professional overtones. As our table talk progressed this man abruptly said, "I'm afraid that any scientific research, especially that which tries to identify natural human attractants, will simply open up a can of worms for the fragrance industry." He made the statement so casually, so matter-of-factly, that I was more surprised than angry. The Reproductive Biology Research Foundation, after all, is committed to various investigations which relate to the potential existence of human attractants. As you might imagine, as soon as I returned to St. Louis I shared this surprising

comment with my partner and other members of our Foundation staff. Most of us felt that his opinion had to be given consideration because of his obvious importance in the fragrance field. Unfortunately the man's further comments that evening provided us with little amplification of his opinion about basic research, so we were left to speculate.

He could have been expressing his own subliminal fear that a natural biochemically-based signal system does indeed exist within the human system and that science just might identify it and upset all the popular concepts of human attraction currently used in creating and marketing fragrances. (At this point I hasten to say that, so far, we do not know if there is a natural human attractant, or what or where it is if it does exist.) So what, if, in the normal course of social change and the inevitable search for knowledge and understanding which it brings, someone does discover that a natural human attractant exists? Might it simply provide another creative inspiration to the fragrance industry rather than a "can of worms"?

Thus, our first speculative conclusion was that the man's position must be blindly defensive. He doesn't like change.

The second speculation led us to assume that he is also unaware that one of the great values of scientific research lies in the unexpected by-products that inevitably develop in the course of pursuing a particular scientific goal. Even negative findings tell us something, especially in a field of investigation where so little is known. Just learning that a natural system of attraction