

FRAGRANCE FUTURE IN THE 21st CENTURY

Presented

by

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As the 21st Century begins, old concepts of geographic barriers are quickly evaporating. The gradual globalization of the economy combined with the rapid development of the Internet as communication medium have served to bring disparate areas of the globe in contact with one another in a very tangible way. For many companies, participation in a global marketplace is no longer an ideal – IT IS A NECESSITY.

What used to be a local style, colour, or scent now rapidly becomes a global phenomenon. Conversely, the increasing fragmentation of groups, brought about by the Information Age, is reducing the influence of the “mainstream,” making it harder and harder to identify single overarching trends. For the personal-care industry, a vigilant awareness of global trends will be the most important element of future success.

Growth. Growth. We need more growth. The fragrance industry is becoming alarmed. Alarm is a relatively new philosophy.

Up to this point, growth has come fairly easily. We have convinced a consumer that he or she needs a lot more than one perfume or aftershave to be socially acceptable. We have convinced people that Vanilla is not just for ice cream. We have sold the idea that all flowers and fruits were put on earth for use in a bath product. These things having been accomplished, where do we go from here?

One proposed solution includes a massive attempt to scour the Earth for fragrance ingredients that have never been used before, in the hope that sales will rebound on the basis of redolent flower, a pungent resin, or an odoriferous herb heretofore unknown.

Perfumers have always decried the lack of ingredients Nature has provided, declaring Mother Nature has selfishly limited her creativity with her lack of aromatic foresight. For this reason, we have to turn to chemicals that help fill in for Mother’s inadequacy. The problem with these chemicals is not that they don’t smell good; it is that we can’t market them directly to consumers.

Tahitian Lotus Blossom sounds better than Methyl Benzoate, although I am convinced that a campaign romancing chemical notes could help reverse this impression. Of course, all this implies that new fragrance notes will indeed sell more perfumes.

Even the most Pollyanna-ish perfumer would have to admit that, industry growth has to come from new concepts - more than new accords.

For example, look what happened when we promoted the idea that fragrances are good for you. Aromatherapy has been a bountiful boon to the business.

Aromatherapy, as interpreted by mass-marketers, has great impact on our psyches, making us feel calmer, cheerier, or more inspired. Unfortunately, there is a limit to most of our emotional ranges (mine is more limited than most), and until it can be proven that aromas can cancel the effects of the flu, so will aromatherapy have its growth limitations.

On the other hand, for every aromatherapy success, there is a parallel disappointment. Pheromones, for example, another promising source of exploitation, never really took hold. It was not just that human beings aren't fish or moths; it was just very difficult to find product forms that fit. Think about it. You could put a stress-reducing aroma therapeutic fragrance in sprays, candles, jelly jars, or pillowcases. While pheromones may have added a hint of sex to a perfume or cologne, "New Apple Scented Glade with Pheromones" had a limited audience at best.

So where is growth going to come from?

If ever, there is a time to be a trend watcher, it is now. No matter where you look, change is sending shock waves around the world.

How well we understand and react is, I believe, going to be the key to our industry's growth.

According to a recent published report the two age groups will show the most significant growth by the year 2015: men and women 20 to 24 and those over 65.

The "age of reinvention" of people creating and constantly changing their identities, "will make market research increasingly difficult...but at the same time, is going to present many great new marketing opportunities. Most important to the fragrance industry though, will be the emergence of a global middle class of unprecedented size: 2 to 2.5 billion in the next 10-15 years.

The growing middle class is going to be the "seeds of the next luxury market ... an opportunity to begin to create the foundation of the marketing of luxury goods and services, including fragrances. This group will move to luxury levels faster than any previous middle class ever did."

With the increasing concern of fitness and living well by people of all ages, the opportunities for increased fragrance use will be limitless.

As Taste for Comfort Rises, So do Corporations Profits, predict a new consumer attitude that is based on the affluence of the upper income population – which is increasing as we speak, as is the desire for products and services which deliver a whole new range of pleasures for the home, office, and personal use.

What an opportunity for the fragrance industry – but none of us can forget, originality, quality and values are still the driving forces.

When it comes to the youth market, it "More Hip, Higher Hop." Young people want more taste and sensations in their favourite sodas, energy-spiked drinks. Descriptive words like "powerful," "Feel

the Rush,” “Unleash it,” and “A Carbonated Slap in the Face,” is what leading cola companies are promising. What will our fragrance do to excite the young? Better watch what’s going on in the soft drink industry. Marketing these drinks with a built-in “buzz” has lessons for us, too. Isn’t it time to promote “smart scents?”

If we need more proof, a Wall Street Journal article confirmed that consumers are resisting acquiring more “stuff” and opting instead for products and services that provide exciting experiences at home, work and on vacation. Consumers are plowing more of their income into goods and services that they think will help them stay healthy and happy. They are into “educational toys, computer and home entertainment centers.” What more, “Spending on alternative medicine has surged 69 percent since 1989.”

Isn’t this the moment to take a good hard look at the research results reported in the science of Aroma-Chology being spearheaded the Olfactory Research Fund?

Fragrance has got to be positioned to play a much more diverse role in the emerging, self-aware society, if our industry is to grow and prosper. Smart scents are definitely in our future.

When it comes to shopping, a report made at the National Retail Federation indicated that 60 percent of the people shop less to create more leisure time.

How will we provide the environment that makes shopping for fragrance fun?

The public is fascinated by fragrance and wants to learn a lot more about it, which makes it crystal clear that we have to rethink how fragrance is presented to them all year long. Customer wants Entertainment in whatever he does, whether Buying or Consuming. Entertainment thus has become additional criteria for deciding What to Buy and Where to Buy.

It’s just a beginning of new freedoms: health, from poverty and misery. May be even, more slowly, from tyrannies.” Although the “business is tremendously healthy if you take into account all forms of fragrance products. The prestige end of the business should better change, and change quickly and dramatically.” The point that the inefficiency of allocating most resources to creating a value based on price has resulted in limited price elasticity. One thing we have completely forgotten is that we’ve got to focus not so much on the product, but on the consumer.

The two challenges before the industry today is; One - to be more innovative by creating new molecules, new scents, virtual smells and aromatherapy and Two – to emphasize the importance of Service. And at the end of the day, that’s what it’s all about. People still need the contact.

Finally, a bit of advice from The Rejuvenating Power of the (Business) Makeover, “wake-up, revisit your core values, study the market, rethink assumptions, inspect the competition, shore up strategies, revamp products, and ditch the deadwood. Weigh the risks and start fresh – that’s the only way we will satisfy the appetite of the fickle new market.”

Before handing over to the next speaker, I would like to use this platform to tell my colleagues running domestic companies, Not to worry. Identify your weaknesses and try to improve on the same. Being a domestic company we have many advantages, cash on them.

Update yourself with the latest technologies and knowledge. Make yourself aware of International Legislation and adhere strictly to IFRA/IOFI guidelines. Make your presence felt Internationally by

your active participation with all the Regulatory Bodies. This will be our key to success. If we are at par with any Global Company, I don't see any problem, why we will be left out of the Race. We do stand a fair chance of working with any Global Company. It's just a matter of time. If we are well informed and updated, we will definitely be heard and will be given a chance to work with them.

Also I would like to give a message to our Global Customer, not to close doors for domestic companies. Please be aware, you may be losing something at the end of the day. As a FMCG company, you should give fair trial to all, who are well capable to deliver success.