



PERFUME MARKET
ASIA-PACIFIC, FRANCE, GERMANY, GCC, UK, USA



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Comparative Study

- Market Readiness and Potential

Overall Fragrances Market

- The global Fragrance and Perfumes market is expected to grow over the next five years, driven primarily by growth expected in the underpenetrated emerging markets such as Asia Pacific.
- Although Europe, the US and Latin America are considered the major fragrance markets, the growth emanating from the developing regions including Asia-Pacific and Latin America is expected to be very strong in the coming years.
- Fragrances market in Asia-pacific is expected to grow at a CAGR of 6.9% during 2014-2019 and represent 23% of the global fragrances market by 2019

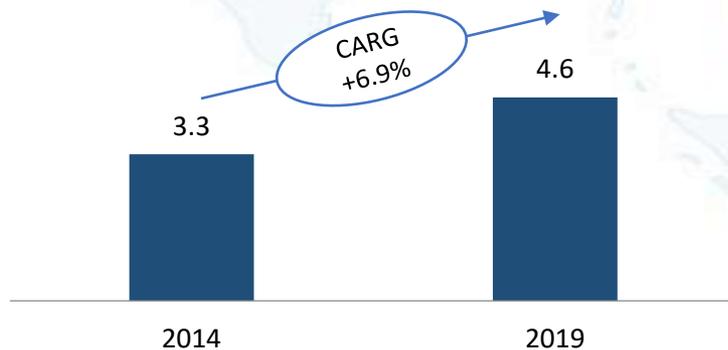
India - the Most Potential Market

- The Indian fragrance market has grown at a CAGR of 32.2% during the last five years and expected to grow at a CAGR of 11.9% during the next five years
- The rise in personal care, brand awareness, increasing disposable income, growing demand in middle class people and affordable price range are driving the expansion of the region's fragrance market

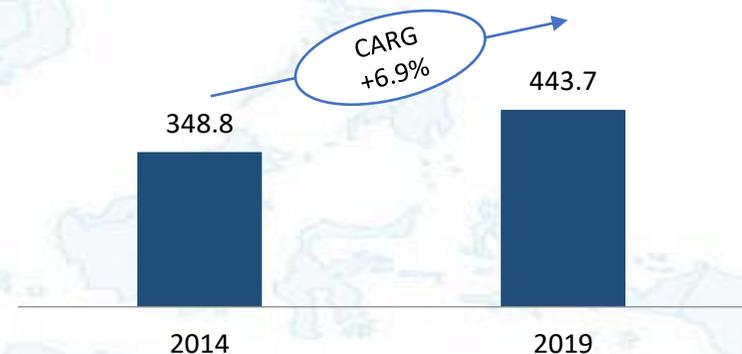
Rising Demand for Mass Men's Fragrances

- Mass men's fragrances that includes the celebrity brands are rising in demand in the Asia-Pacific region.
- Total mass men's fragrances market was \$348.8 million in 2014, and expected to reach \$443.7 million by 2-17
- India, China, Vietnam and South Korea are some of the rapidly growing Asia-Pacific market for mass fragrances

Fragrances Market Sales



Mass Men's Fragrances Market (\$ million)



Competition – Fragrances and Celebrity Perfumes

China: The fragrance market in China is dominated by international brands. The first was Christian Dior, which was already established long ago in China. This brand was later joined by Chanel and Elizabeth Arden.

- ✓ Chinese do not like strong odors, brands must have a scent that is light and unobtrusive to have any chance of success in China

South Korea: LG Household & Health Care Ltd's value share declined to 7% in 2015, though the company sustained its leadership in fragrances during the year. The player has a stronger portfolio in mass fragrances through brands such as The Face Shop and Vonin

India: Bulgari Parfums was the largest player within fragrances in India in 2015, recording a retail value share of 6%. The top two offerings from the company, Bvlgari Aqva Pour Homme and Bvlgari Aqva, each recorded a retail value share of 2% in 2015, with the company tapping into its global image to drive sales.

Vietnam: Coty Inc continued to stand in the leading position, accounting for a 15% share of retail value sales in 2015.

Top Players

COTY

BVLGARI
PARFUMS


CHANEL

AVON



Celebrities with Perfumes by their names

- The trend of celebrity perfumes started long back in India. Zeenat Aman, apparently, was the first Indian actor to have a perfume named Zeenat after her
- The launch of Dhoni's perfume makes the Team India captain the first-ever Indian sportsman to have his own line of fragrances
- **Amitabh Bachchan**
- **Shah Rukh Khan**
- **Arjun Rampal**
- **Shilpa Shetty**
- **MS Dhoni**
- **Elizabeth Taylor**
- **Justin Bieber**
- **Jenna Jameson**
- **Kim Kardashian**
- **Paris Hilton**

Key Market Drivers

- Rising economies
- Increasing middle class and rising disposable income
- Rising mass fragrances demand

Challenges

- Lack of acceptance in countries such as China and Japan

Market Overview

- According to TechNavio, French fragrance market revenue and volume will grow at a CAGR of 1.47% and 0.62% respectively, over the period 2013-2018
- Fragrances make up the largest segment of the prestige beauty market in France; The other segments being make up and skincare. In 2013 the French fragrance market was worth approximately 1.91 billion euros, which was lower than the previous year 2012 was 1.95 billion euros.
- In 2015, sales of prestigious brands dropped by 0.9%, according to The NDP Group. Despite a difficult environment for retail sales in France, the selective perfumery channel maintained a turnover of 2.9 billion euros.
- According to French Federation of Selective Perfumery, retailers' private brands recorded higher sales, as well as skincare and makeup products, thus allowing overall sales in the prestige perfumery channel to remain stable in 2015.
- In 2015, women's fragrances have collapsed with a decrease of 2.8%, in value. In this segment, only gift packs grew (+4 7%). On the other hand, sales of men's fragrances remained almost stable (-0.6%)
- Sales of high-end niche fragrances by independent brands or of the private collections of the main selective brands continue to grow strongly. However, their small market share - which is estimated between 2 and 5% - does not allow this segment to substantially impact the trend.

Men's Mass Fragrance 2007-2017 (Mil. USD)



Key Findings – Fragrance Target Segments

Men

- Volume and value for men's fragrances significantly lower than both sector levels and female fragrances; with a volume CAGR of 1.1% and value CAGR at just 0.3%, from 2012 to 2017

Unisex

- The value growth is projected to be lower still, at 0.2%, from 2012 to 2017

Key Findings

- Fragrances is a fragmented category, with more than 40 players operating in the mass and premium segments.
- Premium players dominate, led by Parfums Christian Dior, Chanel and Guerlain. These three players offer several premium fragrances for men and women, some of which ranked amongst the 10 best-sellers in 2015, such as J'adore, La Petite Robe Noire and Coco Mademoiselle.
- Leading players in premium fragrances regularly invest in advertising and promotion to maintain consumers' interest and to compete for sales.
- During the period 2014-2015, Givenchy parfume and eau de toilette were the leading brands in women's segment. In 2014, an estimated 725 thousand people used Givenchy Very irrésistible. Ranked second and third were Givenchy Ange ou démon and Givenchy Organza.

Top Men's Brands

- **Fcuk Connect Men Eau De Toilette Spray**
- **Fcuk Friction Men Eau De Toilette Spray**
- **Blue Jeans**
- **Xs by Paco Rabanne**
- **Ungaro Iii by Emanuel Ungaro**
- **Chris Adams**
- **Bentley**
- **Mauboussin**
- **Eau Sauvage**
- **Pacifica**

Top Players



COTY



ESTÉE LAUDER

L'ORÉAL
PARIS

L V M H

FRAGRANCES & COSMETICS

Key Market Drivers

- Developing economy
- Women's are mostly responsible for market growth

Key Challenge

- Users are mostly inclined towards premium fragrances
- Lack of acceptance of celebrity perfumes

Market Overview

- German fragrances market is expected to grow at a CAGR of 1% during 2012-2017 to reach EUR 2.1 billion by the end of 2017.
- It is expected that the living standards of German consumers will start to slowly decrease in response to the economic crisis, which will limit the growth rate of fragrances to a certain extent in constant value terms. However, the demand for mass fragrances are expected to grow
- Health & Beauty Stores account for the majority of Fragrances sales in Germany
- While Female Fragrances dominate the landscape in value terms, **Male Fragrances will witness the highest growth during the forecast period.**

Celebrity Perfume Outlook

- Germany has slowly moved towards mass fragrance segment in the last five years. With this, the demand for celebrity perfumes are expected to rise in the country

Fragrances Market 2012 & 2017 (EUR billion)



Consumer Profile

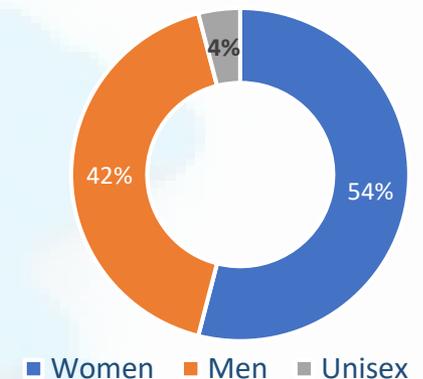
- Germany's Fragrance market is led by Older and financially Better Off consumers
- Tweens & Early Teens and Older Consumers have the highest consumption frequency in the German Fragrance market
- Fragrances market driven by Gender-oriented and Indulgent products
- Fun & Enjoyment and Quality are driving Fragrance consumption

Mass Fragrances Segment Size (\$ million)

Categories	2013	2014	2017
Mass Men's Fragrances	496.1	506.6	511.6

Fragrance Market – Share by Target Segments

- **Men:** Demand for men fragrances are increasing at a higher rate as compared to women's segment. It represents approximately 42% of the value market
- **Women:** This segment holds the highest share in the market, however, going at a slower pace as compared to the other two segments
- **Unisex:** Unisex segment represents approximately 4% of the market



Competition and Key Players

- German fragrances market is competitive and has number of local and international players. However, most of the premium brands are from international markets
- **Coty** maintained its leading position within fragrances with a value share of 20% in 2015. Its strongest value sales drivers were innovative and successful brands like Calvin Klein, Chloé, Roberto Cavalli, Jil Sander and Joop!
- Some of the other top companies in the market are Avon Products, Estee Lauder, Bulgari Perfumes, Chanel and Elizabeth Arden

Top Players

COTY

BVLGARI
PARFUMS


CHANEL

AVON

Key Market Drivers

- Increasing demand for men and unisex perfumes
- Growing popularity of premium products and the positive impact of new fragrances.

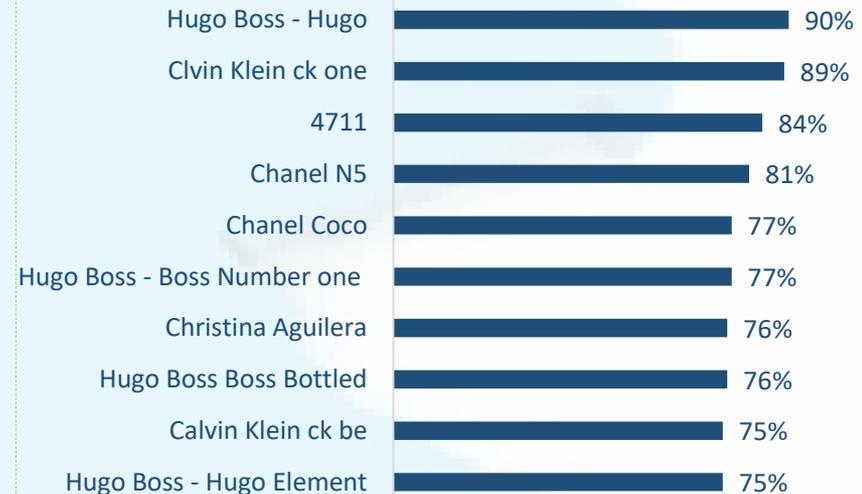
Key Challenge

- Growth might be limited by the continuously increasing competition within fragrances and from product launches in other categories such as scented deodorants, body washes and lotions

Brand Awareness

- The following statistic illustrates the awareness levels in Germany regarding fragrances in 2015
- According to Statista top five brands in terms of awareness top five brands are Hugo Boss – Hugo, Calvin Klein CK One, 4711, Chanel N°5, and Chanel Coco.

Top 10 Brands in terms of Awareness



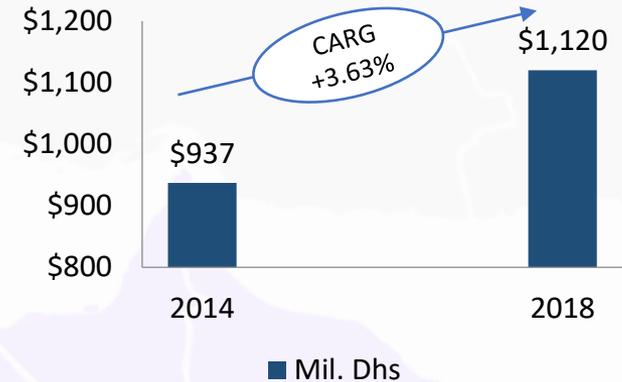
Key Packaging Types

- Glass packaging is the dominant Fragrances packaging material
- The demand for classic and exclusive scents is growing in the German market, keeping demand for Glass Bottles high
- The majority of Fragrances are packaged in Paper & Board outers. As most of the Fragrances have Glass Bottle primary packaging, outers also act as added protection against damage.

Market Overview

- According to Alpen Capital, GCC has a whole is set to see an increase in the number of wealthy residents. the number of ultra-high-networth individuals (defined as people with more than \$30 million in assets) in the GCC is forecast to rise from 7052 in 2013 to 9498 in 2023, while the number of centamillionaires (that is, people worth over \$100 million) is set to rise from 1500 to 2044 and the number of billionaires in the GCC is to rise from 108 to 146 over the same period.
- Saudi Arabia and UAE are the two leading regional markets in GCC, with fragrance sales in Saudi valued at \$1.4 billion in 2014 – 31% of the Kingdom's total beauty and personal care market (\$4.4 billion) for the year. This is set to grow 9.4% annually to reach \$2 billion by 2018.

UAE Market Share



UAE

- In 2014, the UAE fragrance market was Dhs 937 million, which is expected to reach Dhs 1.12 billion by 2017
- According to Euro Monitor, UAE consumers spent \$401 million on fragrances in 2014 – a 28% of the country's total beauty and wellness market for the year (\$1.4 billion), and growing 5% annually to reach \$485.5 million by 2018
- Prestige niche fragrances are becoming increasingly sought after by men, mass brands continue to be strong in the GCC region

UAE

- Fragrance sales in Saudi Arabia declined in 2015
- But despite this, the market continues to be attractive for both local and foreign players. Fragrance sales were estimated to have reached \$1.7 billion in 2015, and Saudi Arabia is by far the largest perfume market in the Middle East, outstripping the UAE, whose sales came in at \$423 million
- According to Euromonitor, key players in the oriental fragrance segment include local player Arabian Oud, which grew its market share in Saudi Arabia from 28% in 2014 to 35% in 2015

Qatar

- Qatar population is spending on beauty and fragrance products. As increasing number of women in the country had supported the growth of the fragrance market because of rising product knowledge
- The fragrance segment had increased from 50.7% in 2010 to 54% in 2015 due to the surge in demand for perfumery by all sections of the society reflecting the inclination of Arab population for scents

Bahrain

- In 2014, the fragrance and cosmetics market touched \$29.9 million

Key Findings

- Niche fragrances are driving new trends in fragrance tastes among men in the in the GCC region. In 2013, Tom Ford released Sahara Noir, a unisex frankincense-based fragrance, specifically designed for the GCC and whole Middle-East as well.
- Western niche brands like Creed, Diptyque and Jo Malone have opened stores in key retail hubs such as the UAE's Dubai Mall, alongside local players such as Amouage from Oman.
- French niche fragrance house Maison Francis Kurkdijan is present, either through distributors or with its own-branded stores, in Saudi Arabia, Kuwait, Qatar and UAE
- Kilian - acquired by US-based Estée Lauder Companies - has opened a boutique in Doha, Qatar
- Men's in GCC region men's are exclusively Consumer confidence and exposure through social media will drive growth further
- The people from the region have used **Oud, a perfume resin from the Agarwood tree**, as well as sandalwood, amber, musk and roses for over two thousand years. And these are still the dominant ingredients in local perfumes.
- Realizing the demand of more traditional fragrances, **international brands have launched collections that cater to this segment and they are now competing with number of Oud-inspired fragrances**. But despite this shift in focus on big perfume brands introducing Oud-based and more traditional fragrances for the GCC region, , **the discerning customers from the region still prefer authentic Oud and bukhoor**

Key Market Drivers

- Despite declining sales of beauty products on a whole, especially in UAE, men's fragrance market is experiencing growth
- International player are coming into GCC region to capture niche segment
- Tourism will lead growth in fragrance industry , especially GCC region, continue to holiday in the UAE specially
- Consumer confidence and exposure through social media will drive growth further

Key Challenge

- Global celebrity fragrance designers are seeing an uptick among male consumers who are used to purchasing traditional fragrances

Leading
Men's
Brands

Market Overview

- In 2015 fragrances increased by a timid 1% in current value terms, supported by growth in the premium segment; especially premium men's fragrances.
- Celebrity perfumes are part of mass fragrances, where men's mass fragrances market size has dropped by 5.4% in 2015
- Mass women's fragrances declined by 4% in current value terms. This was due to a shift from mass to premium fragrances, as the period of economic recession was coming to an end.
- Premium fragrance market of men's is expected to reach \$637.7 million in 2017 and women's to reach 1.23 billion
- Apart from a few exceptions, such as Cheryl StormFlower, the Nicky Minaj launch and Beyoncé's good performance, most mass brands saw a sales decline in 2015.
- In 2015, export of perfumes was £548.2 million which was 12.7% less compare to previous year 2014, £627.6 million.
- In 2015, Germany was the largest trading partner had 34.5% market share, £189.3 million.
- Mass male fragrances market is declining, which in turn shows the slowing demand for celebrity brands

Key Findings – Fragrance Target Segments

Segments	£000s Dec-14	£000s Dec-15	% Change
Fine Female Fragrance	906,684	889,407	-1.9
Fine Male Fragrance	514,378	493,857	-4.0
Mass Female Fragrance	98,208	93,547	-4.7
Mass Male Fragrance	78,287	74,034	-5.4
Fine Unisex Fragrance	33,620	31,498	-6.3
Mass Unisex Fragrance	3,315	3,478	4.9
Total	1,634,492	1,585,821	-3.0

Target Segment Market



Key Findings

- Coty UK remained the leading company in fragrances in 2015, with a 13% share of value sales, reaching £214 million. The company maintained its leading position through offering both mass and premium products in both men's and women's fragrances.
- Coty was particularly successful with the launch of Marc Jacobs Daisy Dream in 2014 and Marc Jacobs Decadence in 2015. Both of those fragrances are in the top 10 best-sellers in premium women's fragrances.
- In mass women's fragrances Kylie Minogue is still Coty's range which is seeing the best performance.
- In men's fragrances, Coty's best-selling fragrances include Eternity for Men and Joop! pour Homme in the premium segment and adidas and David Beckham in the mass segment.
- UK sales during 2015 grew 5% , boosted by successful launches such as Dior Sauvage, whose ad campaign stars the inimitable Johnny Depp.

Leading Celebrity Men's Brands



Other Popular Celebrity Brands

- | | | |
|--------------------|----------------------|-------------------|
| • Elizabeth Taylor | • Kate Moss | • Gwyneth Paltrow |
| • Jessica Parker | • Liz Earle | • Jane Birkin |
| • Jennifer Lopez | • Christina Aguilera | • Kim Kardashian |
| • Madonna | • Britney Spears | • Natalie Portman |
| • Lady Gaga | • Tilda Swinton | |
| • Julia Roberts | • Celine Dion | |

Key Market Drivers

- Companies are focusing to implement new strategies by spending over advertisement
- Overall men's fragrance market share is improving

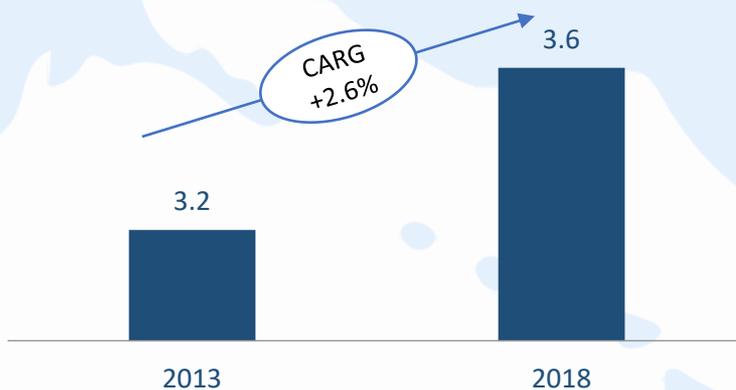
Key Challenge

- Mass male segments market size dropped during the period 2014-2015
- Only 5% of UK consumers have purchased a fragrance because it was endorsed by a celebrity

Overall Fragrances Market

- US is the second largest fragrances market in the world. Fragrances market in the country is expected to reach \$3.6 billion by 2018, increasing at a CAGR of 2.6% from 2013 till 2018
- The ongoing economic recovery and plummeting fuel prices enabled consumers to increase their spending on fragrances in the recent years. Many of these consumers sought out niche luxury scents, with this serving to drive value sales growth.
- Fragrance sales are expected to grow slowly but steadily over the forecast period.
- Premium niche fragrance brands will continue to capture consumer attention and drive growth over the forecast period.

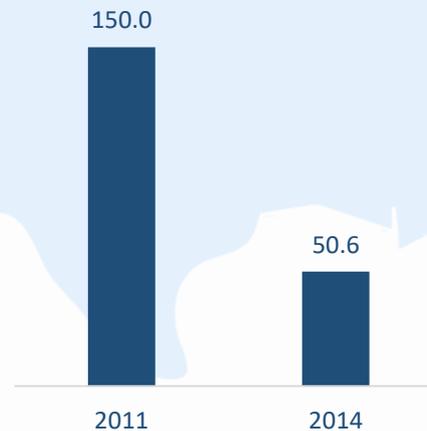
Fragrances Market Sales



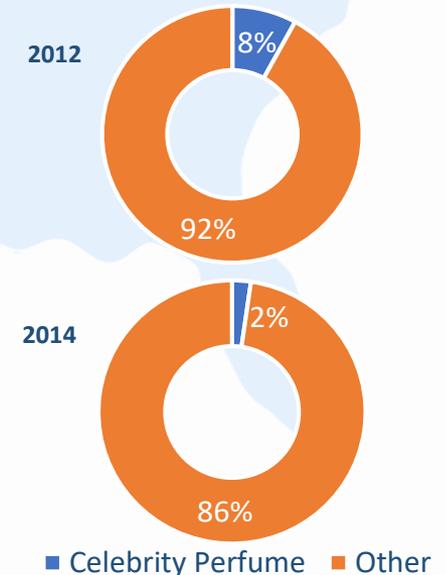
Celebrity Perfume Trends

- Since the mid-to-late 2000's celebrity scents have been in decline in US.
- **In 2011, celebrity fragrances generated \$150 million in annual sales. By 2014, the category declined by two-thirds, plummeting to about \$50.6 million and accounting for less than 2% of the \$3 billion market**
- Although there were a few notable celebrity fragrance launches— Parlux successfully introduced Rihanna's RiRi last summer and Ariana Grande's fragrance, Ari, was among the top prestige launches of 2015 ringing up an impressive \$13.5 million. **Today's consumers are no longer interested in buying into someone else's brand. They want a scent that is uniquely their own and one-in-five consumers are willing to pay more for it.**

Celebrity Fragrances Sales (\$ million)



Change in the Value Share

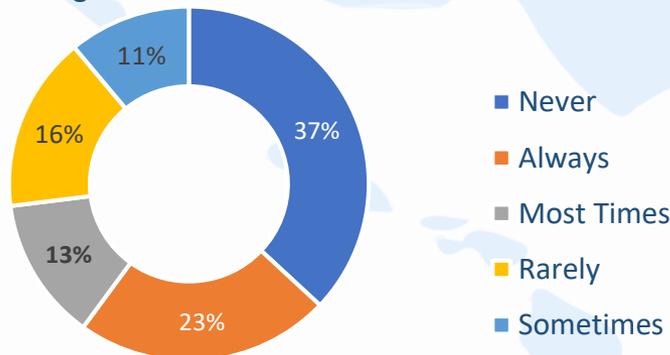


Competition – Fragrances and Celebrity Scents

- US Fragrances market is highly competitive and has many US-based as well as international players
- L'Oréal USA Inc assumed category leadership from Coty Inc in 2015, commanding a value share of 13%.
- In celebrity segment Elizabeth Arden, Coty, is the market leader.
- Elizabeth Arden sells fragrances from Justin Bieber and Taylor Swift and has reported a slump in perfume sales on its celebrity brands in 2015
- Top celebrity brands sold in US are **Elizabeth Taylor, Jennifer Lopez, Justin Bieber, Beyoncé Knowles, Rihanna and Taylor Swift**
- **Most of the celebrity perfumes are for women. Opportunities primarily lies on the men's' segment**

Opportunity Lies in Men's Segment

- The 2013 Men's FragranceTrack study by The NPD Group, Inc. indicates that 63% of adult males ages 18-64 wear fragrance at least occasionally, with 23% indicating they use it all of the time
- 40% of men who wear a scent have just one bottle at home that they use. Conversely, nearly 40 percent of males ages 18 – 64 never use fragrance.



Target Segment Behavior

- Scent behaviours are changing in the United States. Colognes and other lighter-concentration fragrances are growing in popularity among women, **while eau de parfum (EDP) and other high-concentration scents are gaining ground among men**
- Men's EDP sales for the 12 months ending February 2015 totalled \$51 million in sales, while women's prestige cologne totalled \$69.6 million in sales

Fragrance Types – Dollar Sales Growth

Target Group	Categories	% Change 2013	% Change 2014	% Change 2015
Men's	Eau de parfum	+27%	+47%	+30%
	Cologne	-6%	+8%	+5%
	Perfume	+63%	+10%	+4%

Top Celebrity Brands

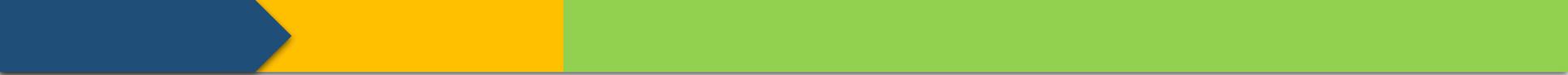
- Elizabeth Taylor
- Jennifer Lopez
- Justin Bieber
- Beyonce Knowles
- Rihanna
- Taylor Swift
- Mariah Carey
- Sean John Combs
- Paris Hilton
- Britney Spears

Country	Growth – Man’s Mass Fragrances Market	Growth – Celebrity Fragrances	Existing Completion	Future Growth Prospect –Men’s Celebrity Perfume	Recommendation
UNITED STATES					
FRANCE					
GERMANY					
UK					
ASIA-PACIFIC					
GCC					

Growth
 Decline
 Flat
 High Competition
 Moderate Competition
 Low Competition
 Potential Market to Enter
 Low Market Potential

Country	Top Selling Male Perfume Brands	Average Price
France	Chanel No. 5	\$80-\$100
	Hugo Boss Hugo	\$65-\$140
	Jean Paul Gaultier Le Male	\$35-\$65
	EAU SAUVAGE PARFUM	\$70-\$105
	Azzaro pour Homme	\$30-\$60
Germany	Clavin Klein CK One	\$30-\$80
	4711	\$20-\$40
	The One Men Eau de Parfum – Dolce & Gabbana	\$65-\$110
	Hugo Boss Bottled	\$45-\$105
	Joop Homme	\$35-\$70
US	Acqua Di Gio By Giorgio Armani	\$35-\$60
	Bleu De Chanel	\$110-\$130
	Gucci Guilty Black	\$38-\$47
	Nautica Blue	\$9-\$34
	MONTBLANC Legend	\$50-\$85

Country	Top Selling Male Perfume Brands	Average Price
UK	Calvin Klein Eternity	\$30-\$70
	Davidoff Cool Water	\$30-\$100
	Gucci Rush	\$40-\$60
	Ralph Lauren Romance	\$110-\$170
	Chanel No. 5	\$80-\$100
Asia-Pacific	Giorgio Armani Acqua Di Gio	\$80-\$90
	Ralph Lauren Polo Red Intense	\$85-\$100
	Christian Dior Dior Homme Intense	\$120-\$140
	Acqua Di Gio Essenza By Giorgio Armani	\$100-\$110
	Hugo Boss Hugo Deep Red Eau De Parfum	\$50-\$55
GCC	Al Haramain Ehsas	\$150-\$200
	Roja Perfum -Amber Oud	\$370-\$570
	Creed Royal Oud	\$200-\$250



Thank You