

FRAGRANCE AND PERSONAL CARE

Physical retail to continue global perfumes' market domination: report

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Image courtesy of LVMH

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The global perfume market is estimated to reach a value of \$39.67 billion by the end of this year, according to a new report by Future Market Insights.

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Expected to continue its upward growth trajectory well into the next decade, the global perfume market is expected to have a compound annual growth rate of 5.9 percent between 2016 and 2026. Future Market Insights' "Perfumes Market: Global Industry Analysis and Opportunity Assessment, 2016-2026" delves into increasing demand of fragrances, product type, various price points and retail distribution, insights that can assist personal care brands develop and fine-tune international strategy.

"The perfumes industry has experienced significant product innovations over the last few years," said **Future Market Insights** in its report. "The use of natural and renewable ingredients is getting good traction. Apart from traditional perfume packaging methods, perfumes are now available in the form of travel sprays and rollerballs, which is expected to boost the global perfumes market growth over the forecast period.

"The global perfumes market is estimated to be valued at \$39.67 billion by 2016 end and is expected to register a CAGR of 5.9 percent over the forecast period (2016-2026)," the report said. "Increasing usage of perfumes among the young population, increasing online retail penetration, product push strategy by key global players, availability of perfumes in different price ranges, and increasing consumer spending on personal and beauty care products are major factors expected to drive the growth of the global perfumes market over the forecast period."

Future Market Insights looked at Estee Lauder Companies Inc., LVMH, Coty Inc., L'Oreal International, Elizabeth Arden Inc., Shiseido Co. Ltd., Puig, Perfumania Holdings Inc., Avon Products Inc. and Hermes for its global perfumes market assessment report. A full research methodology can be found [here](#).

Scents and sensibility

Per Future Market Insights' report fragrance demand has been bolstered by the millennial consumer segment. The interest in fragrances is likely to maintain the category's performance going forward into the forecast period.

In addition to a spike in interest from millennials, the fragrance category has benefited from an increasing online retail strategy and product pushes from key players such as Estee Lauder Cos., LVMH, Coty, Inc. and others.

Consumer behavior has also added to the global perfumes market's demand surge. Today's consumer is willing to spend on and has a strong affinity for luxury grooming products.



Les Parfumes Louis Vuitton

The pricing structure of the market, which is dependent on juice type, such as Eau de Parfum and Eau Fraiche, has also worked to strengthen the category by offering a variation for each consumer budget.

Fragrances are categorized by the high-end Eau de Parfum down the spectrum to Eau de Toilette, Eau de Cologne and Eau Fraiche, at the low-end. Per FMI's report, Eau Fraiche fragrances are expected to see a CAGR of 7.9 percent in the next decade, while Eau de Cologne is said to see a CAGR of 7 percent during the forecast period.

By demographics, the market is segmented by men's perfume, women's perfume and unisex perfume. The latter market segment is projected to significantly grow in CAGR value.

Chanel, for example, who offers iconic women's perfumes and a number of colognes for men, recently launched Boy, a unisex fragrance. Inspired by brand founder Gabrielle "Coco" Chanel's lover Boy Capel, Boy Chanel is part of Chanel's Les Exclusifs de Chanel fragrance series. Boy Chanel is described as a fresh aromatic scent with notes of lavender, Grasse geranium, sandalwood, heliotrope and musk, ideal for either gender ([see story](#)).



Chanel's unisex Boy Chanel fragrance

As is to be expected, the female fragrance segment leads the category. FMI predicts the women's perfume segment to see year-over-year growth ranging from 4 percent to 5.2 percent over 2015 to 2026.

Consumers are now also more aware of the juice formulas used by leading perfume houses. With many traditional

ingredients unavailable due to restrictions on use or weighty source costs, FMI divides fragrance makers by natural or synthetic ingredients.

Niche and high-end perfumers who fall into the natural segment are expected to see a year-over-year growth of 5.5 percent to 6.5 percent between 2016 and 2026. This is linked to consumers' concerns over harmful chemicals, and has resulted in some perfumers swapping out their synthetic ingredients for those that are naturally derived.

Delving into how fragrances are purchased, FMI found that online retail is the most attractive selling method in terms of CAGR for the next 10 years. But, due to the intimate and olfactory nature of fragrance marketing, the physical retail space remains an important player, with a market share of 80.5 percent by the end of 2016.



Ralph Lauren Collection display in-store

Perfuming the region

FMI segmented the fragrance market into seven key regions: North America, Latin America, Western Europe, Eastern Europe, Asia Pacific Excluding Japan (APEJ), Japan and Middle East & Africa.

Per its research, FMI estimates that Western Europe will dominate the global perfumes market and will account for the majority of revenue share by the end of 2016. As a whole, Europe and North American are said to account for more than 50.8 percent of revenue share of the perfumes market by 2016's end.

Due to the recent expansion into emerging markets by leading perfumers, Asia Pacific Excluding Japan is estimated to see a CAGR of 10.2 percent. The Middle East & Africa and Latin American markets follow due to high perfume consumption per capita.

France's Fragrance Du Bois, for example, is responding to consumers' demand for natural oud perfumes by expanding its retail footprint.

Fragrance Du Bois currently operates storefronts in Singapore, Kuala Lumpur, Bangkok and the House of Jovoy in Paris. At the end of September, the perfumer opened seven new boutique locations to become more accessible for consumers interested in its products.



Fragrance Du Bois storefront

In Europe, Fragrance Du Bois expanded its retail footprint to include shops in Geneva, Milan and Marbella, Spain. The perfumer also opened in Doha, Qatar and Hong Kong. Additional outposts to open in the coming months include Zurich, Riyadh, Jeddah, Muscat, Oman, Dubai, United Arab Emirates, Los Angeles and New York ([see story](#)).

"The Middle East and Africa, Latin America, and Eastern Europe perfume markets are projected to expand significantly in terms of value and volume," Future Market Insights said in its report. "Major players manufacturing perfumes are strategically investing in expansion in the Middle East and Africa and Latin America regions, where

the per capita perfume consumption is high."

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