

FRAGRANCE AND PERSONAL CARE

Fragrance shoppers skew towards premium buys: report

April 29, 2019



The ninth fragrance for Louis Vuitton. Image credit: Louis Vuitton

By BRIELLE JAEKEL

The majority of global beauty and personal care spending resides within mass price levels, but when it comes to fragrances, premium and luxury products are the dominant force.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

About 58 percent of fragrance spend goes to premium price tiers, while only 14 percent of hair care goes to premium products, says the Global Beauty report by UBS. However, for all personal care and beauty, 65 percent of global spend lies within mass price tiers.

"We have analyzed consumers' purchasing behaviors," said Pinar Ergun, CFA and analyst at UBS. "Prior experience with a brand and the 'brand name' are among the top three influencers of purchasing decisions (promotions is the third).

"However, the importance of 'brand name' has reduced over the last two iterations of the survey (particularly in DMs)," he said.

Beauty habits

For makeup and skincare, premium brands see 39 percent and 36 percent of global sales, respectively.

North America has the highest percentages of premium spend at 48 percent, followed by Australia at 43 percent and Western Europe at 40 percent.

As part of the report, a survey revealed that in-store advertising and promotions help consumers discover new brands more than any other method, followed by television advertisements and word of mouth.

Prior experience with the brand is the top influencer for consumer decisions on what product to buy, with 74 percent of survey takers agreeing with this statement. Promotions, brand name and word of mouth follow, at 51 percent, 43 percent and 37 percent, respectively.



Sephora store in Munich. Image credit: LVMH, image by Simon Thon

While previously, it was thought that brand name had the biggest pull, it is now personal experiences with particular brands that drive consumers' decisions.

In terms of social media, since a surge in 2017 its influence has remained largely the same.

Social media influences fragrances the most out of any other beauty categories, with 18 percent of consumers saying it impacts their purchasing decisions, followed by makeup with 17 percent.

When it comes to reasoning for brand choice in skincare, unsurprisingly the brand's products' effectiveness is the top influencer for purchase, closely followed by the value per cost.

This remains mostly the same when broken up into age groups, except for those 55 or older, who look for product value more so than effectiveness.

For makeup, hair care and fragrance, most consumers are interested in whether a product meets their needs. However, for hair care, the product's value is very close, with both percentages in the high 80 percentages.



L'Oreal's Style My Hair app powered by ModiFace. Image credit: L'Oreal

When it comes to switching brands, makeup sees more consumers willing to experiment, with 60 percent of survey takers saying they purchase new brands some of the time, compared to 55 percent of consumers for skincare and hair care. Only 48 percent of fragrance customers try new brands some of the time.

The top reason for switching brands is that consumers enjoy trying new things.

Additional insight

One of the main factors affecting beauty consumers' purchase decisions is diversity, with new research finding the majority of buyers prefer advertising that features models of varying ethnicities and body types.

According to a study by Yotpo, beauty shoppers' values drive their choices, as they desire brands that are eco-friendly and inclusive. As consumers seek relatability and authenticity, peer recommendations and consumer-produced content are also becoming more important than brand marketing at prompting sales ([see story](#)).

While a significant portion of the customer journey in the beauty category has migrated to digital channels, the bricks-and-mortar environment remains key for both exploration and conversion, with 65 percent of discovery happening in store.

According to a survey conducted by Accenture for Facebook, younger shoppers between the ages of 18 and 34 are the most apt to have found a new beauty product online, with almost half of these respondents saying they have discovered makeup via mobile. As beauty brands seek to make it easier for consumers to try out and find cosmetics and skincare virtually, an approach that blends channels allows marketers to reach shoppers across their purchase path ([see story](#)).

"We think brands must innovate to succeed: the desire to 'try new things' is the number one reason consumers identified for switching brands," Mr. Ergun said. "The influence of a brand name alone is diminishing."

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.