

Market analysis: fragrance

Business



A) Market analysis: Fragrance 1) The fragrance market The fragrance market is the major part of the care market.

During the 90's, this market has known a considerable growth. Currently, it might be entering a maturity phase. The perfume market is highly competitive and there are a lot of fragrance houses which are competing for sales. The total global market is over 25 billion Dollars. Many great fashion designers have entered the market of fragrance (Chanel, Lanvin, Givenchy, Yves Saint? Laurent, Balenciaga ...).

After that, the speakers of the cosmetic market launched their own perfumes (Yves Saint Laurent, Estee Lauder) and finally, the family brands made their entry on the market (L'Oreal, Procter & Gamble, Unilever...). These brands have a relatively different strategy from the other. They launch some new products quite frequently in order to pushed women to often switch perfume. A lot of brands try to enter this market every year (around 300) but most of the famous fragrance houses are on this market for many years. During this time, they developed their name, brand image, by making huge investments and careful brand positioning and promotion. For example, a company like Chanel is now considered as an exclusive, luxurious and sophisticated quality brand.

At the geographical level, the new areas of consumption are Asia except Japan, Eastern Europe and the Latin America; those cause the growth of the market. The mature markets, on the other hand, are Eastern Europe, America of North and Japan, and the growth is relatively weak on these markets. As a conclusion we can say that this market came to maturity and

is seeking innovations. These innovations can come from the brands but also from the way products are distributed.) The French fragrance market The total French perfume market represented 1.

85 billion euro in 2010. It represents 65% of the beauty market (perfumes, care, and make-up). The good 2010 performance come as well from the women alcohols (+2, 5%) as from the men alcohols (+3, 6%). The growth for women's perfumes comes almost from the small bottles (44ml and less) while the bigger bottles stimulate the growth for men's perfumes. The sells for perfumes boxes (coffrets) have also risen, in particular on December (43% of the turnover).

Globally, the launch of new products in 2010 were less performing than in 2009 even if certain news have known a good success like for example Lady Million de P. Rabanne or Bleu de Chanel. Source: The NPD Group / panel Beauty Trends 3) The LVMH Group First, Louis Vuitton is a famous brand which takes part of a group called LVMH (Louis Vuitton Moët Hennessy). This group is a world leader in luxury and possesses a unique portfolio of over 60 prestigious brands.

The group is active in five different sectors: * Wines & Spirits * Fashion & Leather Goods * Perfumes & Cosmetics * Watches & Jewelry Selective retailing 3. 1) The “ Perfumes & Cosmetics” sector | The sector that will interest us in this case is of course the “ Perfumes & Cosmetics” sector. LVMH is a major player in the perfumes, make-up and skincare sector; it relies primarily on a portfolio of brands representing French companies with an international presence: * Christian Dior * Guerlain * Givenchy * Kenzo The

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group also supports the development of other high-potential brands like “Benefit” and “Fresh”, two growing American brands; Acqua di Parma,... 2 new perfumes have also recently entered the business group: Fendi and Pucci 4) Brands in presence) Inside the LVMH group: a. Christian Dior – 5 perfumes: i. Chiffre d'affaires 2009 Christian Dior parfum: 825 359 239 € Innovation – The House ii.

Sexy – Make-Up iii. Beauty Skincar iv. Dream – Fragrance b. Guerlain Chiffre d'affaires 2009 Guerlain : Perfumers since 1828. Few houses can boast such exceptional longevity.

The remarkable adventure of Guerlain could be summed up in a few words: transform the art of beauty into a veritable art of refined living, embrace modernity with creativity. c. Givenchy In 2009 Givenchy has known an 18% growth of its activity to 319 million of euros. Chiffre d'affaires 2009 Givenchy : 319 000 000 € . Kenzo 2) Outside the LVMH group: e.

Chanel f. Armani g. Guccih. Versace i. Prada 5) Consumer behavior 2.

2. The consumers. The Cosmopolitan fragrance study 2006 gave us some statistics about fragrance female consumers. 2. 2.

1. Age: On average, a woman starts wearing perfume at the age of 12. We can identify two big age categories of women: – Women under 25: These women become more sophisticated in their taste in personal care and want a fragrance that makes them feel attractive and is noticed by others. They are the heaviest fragrances users and are using them more frequently than any

other group. They are also more likely to feel stylish, sophisticated, fun or unique while wearing a fragrance.

Moreover, they explore different scents and brands. Finally, citrus scented fragrances appeal more to women under 18 years old while flowery or fruity scented fragrances appeal more to women under 25 years old. However, even if these women are using fragrances, they are buying less of it than the other age groups. – Women between 25 and 49: These women are more likely to wear a perfume to feel “ sexy” and to switch fragrances within their collection once a week or more. They know the type of scent they want but not the brand.

Indeed, musky scented fragrances appeal more to women between 35 and 49. Moreover, these women wear different forms of fragrance from their favorite brand. 2. 2. 2. Number of fragrances: – 26% of women own 3 to 4 fragrances, – 19% own 5 to 6 fragrances, – 18% own 1 or 2 fragrances – 15% own more than 10 fragrances.

2. 2. 3. Reason for wearing a fragrance: – 82% of women wear fragrance for themselves – 11% for their boyfriend or someone significant for them.

Graph? Cf travail marieMoreover, 71% of women change fragrance when their mood changes, 54% for a special occasion, 28% for a change in season, 16% according to a recommendation of their boyfriend, 15% for no reason, 11% according to recommendations from friends and family and 10% because another fragrance becomes popular. 2.

2. 4. Duration of a fragrance: On average, women wear their favorite fragrance for 3 years. There is a great balance between brand loyalty and <https://assignbuster.com/market-analysis-fragrance-analysis-paper-samples/>

new brands experimentation. Indeed, the best established fragrances don't need a lot of promotion, because consumers are very loyal to their favorite fragrance.

Paradoxically some consumers jump with speed to the latest new designer perfume. When something is new, this kind of consumers must have it, and it is the same for fragrances. But this kind of fragrances has a shelf life of only three years because this kind of consumers is always seeking novelty. 2. 2.

5. Criteria to choose a fragrance: – 93% of the women are looking for a long lasting scent, – 76% want to feel attractive, – 68% seek a scent that people comment on, – 51 % want a scent that changes their mood. 6) Evolution in terms of distribution in the whole fragrance and cosmetics industry Today, more and more fragrances companies choose a retail distribution strategy and sell their products in exclusive shops, spas, on internet... But selective distribution is still the most used channel. As selling fragrances needs an attractive sales place in order to seduce the customer it's quite normal that selective distribution is still on top. Distributors like Sephora or Marionnaud have 58% of their turnover made by fragrances.

1) Evolution in terms of distribution for LVMH Active in Europe, North America, Asia and the Middle East, LVMH companies work in two areas: Travel retail They sell their products to international travellers by using a special distribution channel for those customers. Duty Free Shoppers (DFS) and Miami Cruiseline Services are leaders of their markets segments in that business. Selective distribution Companies like Sephora (the most innovative company is the field of beauty), La Samaritaine, Le Bon Marche (original

department store in Paris). The selective retailing activities are made for development on a global scale. This selective retailing helps the luxury image of the brands. LVMH group's main markets:

Regions	Number of shops	Percentage
Europe (except France)	391	26%
North America	346	23%
France	272	18%
Asia (except Japan)	256	17%
Japan	214	14%
Other	47	3%
Total	1526	100%

2) Evolution in terms of advertising.

There is a huge competition on the market of fragrances, Companies needs to invest a lot in advertising campaign. The most used media are magazines and television. The actual trend is to use big coverage media instead of proximity media. So the use of television but also of internet is increasing and advertising in magazine tends to decrease.