Givaudan

Fragrance Insights for Developing Markets


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Like the customers we serve Givaudan is fascinated by the rapid changes in developing markets and their effect on the use of fragranced products in Africa, Asia, Latin America, Eastern Europe and the Middle East. Markets here continue to display significant dynamics despite the current turbulent economic climate worldwide.

As the supplier of 27%* of the fragrance market in these regions we are already well represented and connected to the people living in parts of the world that, up until now, have not benefited from the vast ranges of prestige, personal and homecare products that are available in the West. Marketing in these countries has been a challenge not undertaken lightly by many international brands but as the technologies that connect communities and societies become more sophisticated, demand is rising. Those best placed will prosper in these markets.

With the foresight that is expected from the industry's leading fragrance supplier, Givaudan has been investing in developing markets for some time. Our presence in Mexico, Brazil, China, India, Indonesia and Russia is unrivalled and our investment continues. Our experts are on the ground to observe what people like, how they use products and how global brands connect with local cultures that often strongly influence preference for one fragrance above another.

We can see which product areas have most potential within a market and which will struggle to succeed. We spoke to more than 140,000** people in Asia, 35,000** in Latin America and 80,000** in Eastern Europe during 2008 to find out.

To increase our focus we recently restructured our organisation, splitting the existing Europe, Africa and Middle East region into two free-standing units. The new WEE (Western & Eastern Europe) team will represent both the developed and developing markets of Europe, while the CAMEA region will focus on Africa, the Middle East, Russia, CI S and Pakistan. This strategic business unit covers all disciplines in our industry - sales, marketing, fragrance creation and production and joins our dedicated teams in Latin America and Asia Pacific to complete our portfolio of expertise in developing markets.

Our Consumer Market Research (CMR) team brings information about fragrance use worldwide to the fingertips of our fragrance development teams, wherever they are based, to enable them to work with our customers anywhere in the world. One of our largest CMR teams is in Asia Pacific as we value the experience of our own market experts right there on the ground. As a result, our consumer understanding is stimulating olfactive thinking for developing markets. With it we are able to explore the richness that the diversity of different cultures brings to a brand, to understand the emotional context of a particular ingredient in a specific market and to inspire appropriate fragrance creation for successful brands worldwide.

* Givaudan research 2008
** Estimated figures based on participants' responses to qualitative and quantitive research carried out in 2008

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A Worldwide Force

Givaudan has over 8,500 employees in 46 Countries in key locations across five regions. Our marketing teams are present to watch consumers in Asia Pacific, Latin America, Africa & Middle East as well as Europe and the USA. This presence ensures that Givaudan is well placed to carry its ability to create fragrances with consumer appeal into the developing new markets for fragranced products.

Local presence and global connection is behind Givaudan's current 27% share of the available fragrance market in Central Asia, Africa and Middle East. And as these markets evolve, Givaudan is ready to meet their changing needs and drive market growth. The recent division of the Europe, Africa and Middle East regional team to create dedicated teams for Western & Eastern Europe and Central Asia, Middle East & Africa is evidence of our focus.

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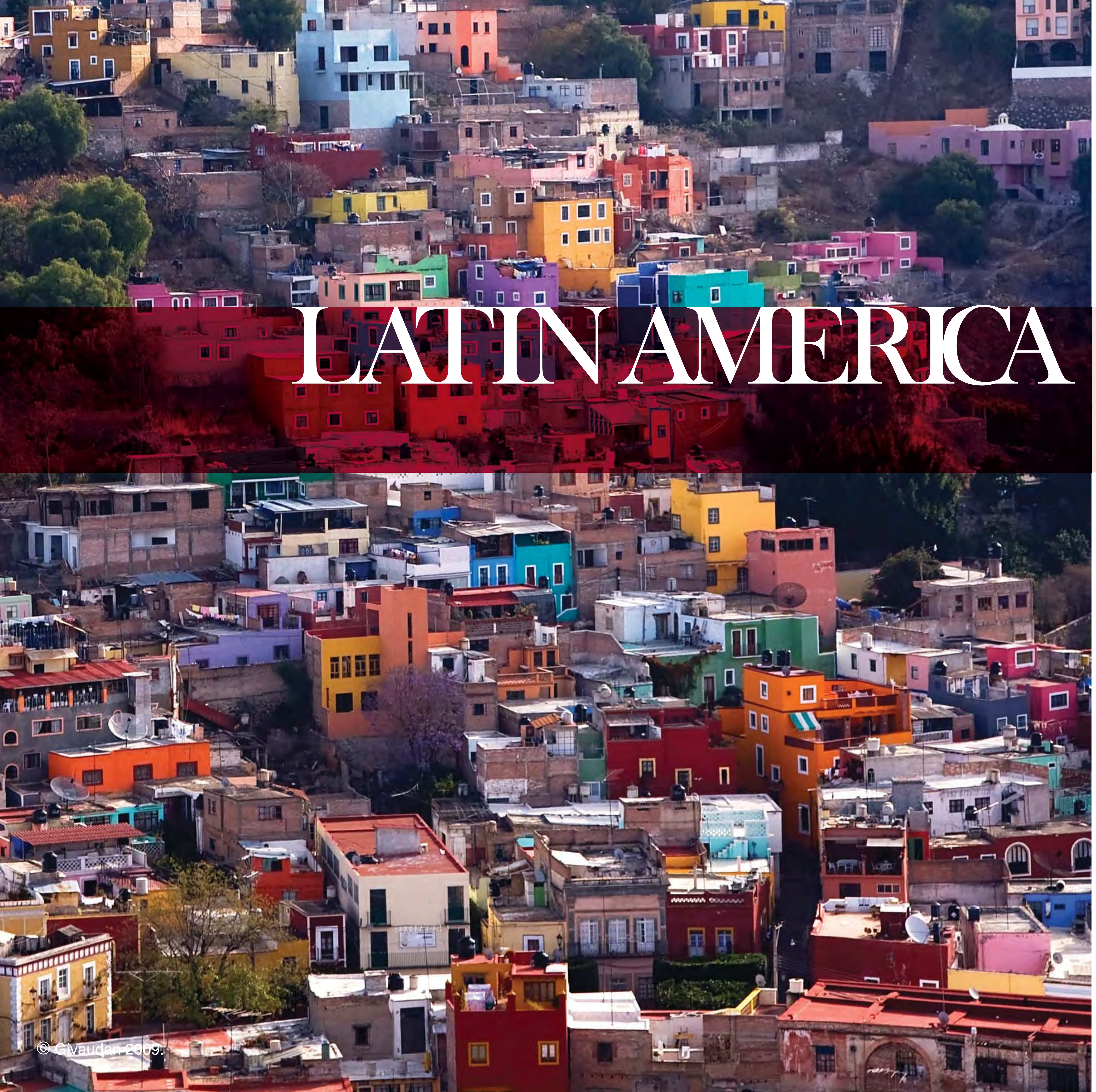

Givaudan

Scent seeking culture

Brazil and Mexico are the two fastest growing economies in Latin America, accounting for 70% of the region's $3.3 trillion gross domestic product.

Brazil

Brazil: emerging as a major player on the world stage

Brazil has been enjoying its largest investment boom in history. In 2007, a four-year plan was launched to spend $300 billion to modernise its road network, power plants and ports. Money is being ploughed into irrigating Brazil's dry-lands and paving highways all over the country. Meanwhile, a boom in bio-fuels and deep-water oils is providing energy independence, helping to shift Brazil's economy into overdrive.

Yet Brazil is a country of stark contrasts. The reality is that the richest 10% of Brazilians take 50% of the nation's income, while the poorest 10% barely scrape 1%.

People: a melting pot of different racial types

The Brazilian population has virtually doubled from the 90 million inhabitants recorded in the 1970s.

A key characteristic of the Brazilian population is racial mixing and genetically most Brazilians have some degree of European, African and American Indian ancestry. This mix has created a nation with every conceivable skin tone, hair type and body shape. (That's why Brazil has the 3rd biggest market in hair care globally, the biggest toilet soap market in the world and is estimated to become the biggest fragrance market globally by 2012).

Beauty product manufacturers must cater to them all, creating a rich and diverse market for cosmetics and toiletries.

Exports of Brazilian beauty products have been rising in the last few years. In 2006, Brazilian companies exported $484 million of cosmetics, toiletries and fragrances, a rise of 152% since 2001. The main export market is South America, accounting for 61% of Brazil's beauty product exports.

Shopping: door to door

Brazil's huge expanse means that shopping can be difficult. Door-to-door retailers Natura and Avon have been able to reach the most remote areas, selling their own brand of cosmetics, toiletries and fragrances.

Natura has a network of 718,000 sales representatives in Latin America selling a massive range of Natura products within the different social classes. Its strong social network and Brazilian innate "connectivity" makes it a brand well rooted in the beauty rituals of Brazilians. One of its most popular fragrances is Natura Kaiak eau de toilette, which has a fougere note that both men and women love to wear.

Household products are also frequently sold door to door by small vans. The vendor sells liquid unbranded detergents, fabric conditioners and all-purpose cleaners in plastic bottles brought along by the purchasers. This system may appear basic, but customers are given a choice of fragrance, such as the Lavender/ Babies/ Fennel "Erva Doce" variant which are familiar notes and well liked by Brazilians.

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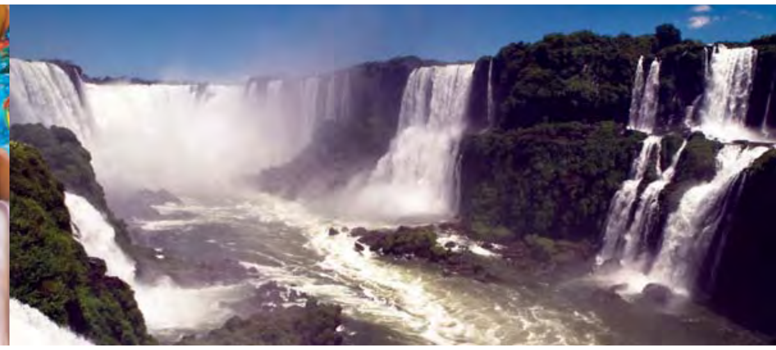
BRAZIL
People and products



Product preferences

Brazilians have a longtime devotion to the body beautiful and are prepared to spend lavishly on hair, body and fragrance products to achieve their ideal.

Whilst the worldwide economy has slowed, cosmetic and toiletry sales in Brazil appear to be immune. Brazil is now in third position in the global market in total value terms. (source: Euromonitor). It has the highest average per capita spend compared to other Latin America countries and is projected to show sizeable increases.

Haircare

Brazilian women devote much attention to their hair, which many grow long and glossy. Conscious that frequent washing may strip the hair of its natural oils, they often use a post shampoo as well as a treatment conditioner. Large sizes of conditioner are popular with those who have a very dry and kinky hair type.

Floral, fruity notes in haircare are widely liked by Brazilians and feature in all popular brands.

Toilet soap

Most Brazilians use soap to wash with as it is cheap and convenient to use. Soap is also highly regarded as a gift item. Although it is a mature market, it remains active and dynamic in terms of new range and variant launches.

Local brands, such as Francis and Albany compete with Unilever and Colgate Palmolive.

Natura's natural toilet soap range is growing rapidly and the company expanded production with a new soap factory in Belém, north-east Brazil. Palm oil is the base used in Natura's soaps, which also feature extracts from native Brazilian seeds and fruits, including maracuja, cupuaçu, murumuru, andiroba, buruti and others. From an olfactory point of view, Natura's toilet soaps have an interesting and wide scope and use a higher fragrance dosage than the market average.

Amazonian ingredients are an important trend, not just among local brands. Colgate Palmolive has launched Palmolive limited editions with typical Amazonian ingredients.

Brazilian consumers favour rich, sensuous notes over fresh functional ones. Generally, the olfactory trend has evolved from classical floral, floral aldehydic, floral chypre, floral fougere, fougere and aromatic fragrances towards more fruity floral, floral fruity, "new" freshness and even edible notes.

Chocolate is a strong trend that is spreading among local soap brands and other categories such as haircare. A key launch is Seda's "intense" chocolate variant.

Erva Doce is a surprising olfactory imprint. It is an anisic herb that is often drunk as an infusion and alternative to tea. It is widely used in personal wash products and was first pioneered by Natura's Erva Doce liquid hand soap.

Household products

There is a big social divide when it comes to household cleaning products. Well-off Brazilians take little interest in laundry and home cleaning as they tend to have an army of staff to take care of the household.

The low to mid income consumers look after their own households and take pride in cleanliness. Laundry is soaked in the "tanquinho" - a kind of simplified machine without the spinning cycle - then rinsed in a bucket, then washed in a washing machine.

Laundry brands can be a status symbol and women will use several brands for different usage occasions. Premium priced Comfort may be used for special clothes, Baby Soft local brands for everyday use and coconut bar soap for scrubbing. However, most women prefer coconut bar soap to be unscented.

Some laundry detergents double up as a cleanser for work surfaces. Multi-purpose laundry and household cleansers present a good marketing opportunity.

Most women dry their washing outside and highly rate the smell of air-dried laundry, especially when they take it off the line and during ironing.

Lavender is part of the olfactory imprint in Brazil and can be traced back to old iconic products like "Seiva de Alfazema". Lavender is known as Alfazema and its retro image has never stopped being fashionable.

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BRAZIL
People and products

Marketing Analysis

Haircare takes precedence

According to Euromonitor, 27% of Brazil's C&T spend goes on haircare (compared to 20% of global C&T spend).

Brazilian women regard their hair as their crowning glory and the way their hair looks is vital to their self esteem. Cleanliness, softness and shine are attributes that Brazilian women look for when buying shampoo. However, gaining brand loyalty may be tricky to achieve Some women believe they should change their shampoo brand every so often as their hair gets used to a product and it becomes less effective.

The most popular shampoo brands tend to have a floral/ fruity fragrance.

Soap: a fragrance experience

Brazilians rate perfume as the most important attribute when they consider buying soap.

Soap users think that it is important that the fragrance lingers on the skin after taking a shower. Two out of three soap users also use a body lotion and one in five use a deodorant.

Although consumers use a variety of personal care products with different smells, many want their soap to leave a long-lasting fragrance.

Fine fragrances

Euromonitor, figures show 17% of Brazil's C&T spend goes on fragrances, compared to the global average of 11%.

Just 6% of Brazilian fragrance spend goes on premium fragrances - far below the global average of 58%.
This is partly due to the high import taxes for premium products as well as the rising sophistication and quality of local brands.

Givaudan's Trend Setter 2007 Brazil fragrance study identified that female respondents' firm favourite was a floral fruity that respondents found sophisticated, fresh and remarkable.

The floral fruity trend is a key characteristic, not only in Brazil, but across Latin America with the same preferences expressed by women in Argentina, Brazil, Colombia and Mexico.

Brazilian male fragrance preferences veered towards modern fresh scents. Top of the list was a fragrance described by respondents as modern, fresh and remarkable that respondents thought it would also work as a unisex fragrance.

Heavier scents are less popular with Brazilian men with woody spicy overtones being considered old fashioned, feminine and even nauseating.

Brazilian fragrance preferences

According to Givaudan's Brazilian Fine Fragrance Market Analysis (September 2008) most of the top 20 women's fragrances were in the freshness area, with citrus, lavender and fresh florals being most popular.

By volume, floral fragrances accounted for 36% of the top 20 brands, lavender took 28.5%, citrus 16.4% and orientals 8.7%.

By value, florals were still in pole position at 54%, while orientals increased in importance to 18%.

The top men's fragrances by volume were predominantly fresh fougeres (57%) and citrus (10%).

By value fougere was even more popular at 66.8%. Woody notes were also well liked at 17.8%, and are becoming more popular within the prestige sector.

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MEXICO
People and products

Mexico

Mexico is emerging as a world power and is currently the 12th largest economy by GDP. It is the 5th largest country in the Americas and the 3rd most highly populated with 105 million people.

The Aztecs and Mayans selected Mexico as the best place to establish their empires and develop their culture and science. The country remains a rich blend of contrasts. Its Latin identity has a noticeable American influence that exposes Mexican consumers to an unlimited number of international products.

Mexico has a strong youth culture, 65% of the Mexican population are 30 years or younger with more than 24% of the population being under 24. Mexico therefore offers many opportunities to launch innovative products in all personal and homecare categories.

Mexican cuisine, full of intense flavours and colours, illustrates the spirit of its people. It came as no surprise to Givaudan that the Indian cultural background of this country translates into a market of "Scent-Seekers" who are highly driven by intense colour, flavour and scent.

Marketing Analysis

The high altitude and low humidity of large areas of the country affect the behaviour of fragrances in Mexico. This, together with the "Scent-Seeker" profile of the Mexican consumer, makes this market very particular and demanding when it comes to fragrance performance.

Fine fragrance

Approximately two-thirds of fine fragrance sales in Mexico are delivered through the door-to-door channel. The Givaudan Trend Setter programme shows preferred olfactive directions in Mexico are similar to other Latin American countries and in line with Europe and American tastes. In general florals, floral fruity and floral green fragrances are most popular with women while woody aromatic scents are considered elegant, modern and fresh by their masculine counterparts. Fougere notes combined with aromatic, citrus and fruity notes are also very well accepted.

Fabric care – softeners rule

For the Mexican consumer the use of fabric softener is a must, resulting in one of the largest businesses in fabric care worldwide. The widely enthusiastic fragrance culture welcomes new technologies that deliver increased perfume performance and has embraced fragrance encapsulation and single rinse formats that simultaneously save water and drive fragrance onto cloth.

Perfume is a key sales driver here and dosage is commonly three times higher than in other countries.

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Long-lasting fragrance and freshness are very important as consumers expect to be able to smell the fragrance several days after washing.

Fruity floral notes supported by woody backgrounds are the most popular long-term demand but tastes are evolving for more sensual and sophisticated fragrances which are often reflected in the line extensions and seen in new launches.

Haircare and personal wash fragrance moments

Shampooing is part of the beauty routine for Mexican women and fragrance is an important part of the ritual for both body and hair. They like to smell the perfume from the products on their skin and dried hair after use.

In recent research studies of shampoo fragrance preference, Givaudan found consumers favouring sparkling freshness or floral fruity notes to sensuality.

Herbal Essences Citrus Explosion is typical of the type of fragrance Mexican consumers like in shampoo – its clean, feminine long lasting smell has natural ingredients and leaves hair feeling and smelling healthy. Fruity notes offer modernity and have been a recent olfactive trend. Caprice Manzana is a best seller with a fruity green apple fragrance that is influencing many new products.

Soap bars still dominate the personal wash segment, though demand for liquid soap for hands and shower gels is growing. Olfactively and conceptually Mexico follows the US with fresher more diffusive fragrances than in other Latin American countries which generally prefer more cosmetic notes.

Household perfume clean

In the home fragrance is a signal of a job well done and powerful, long lasting fragrances with clean connotations are expected all across this category. Pine, lavender oil and marine scents are all popular traditional notes with modern floral and fruity directions, soft rosy baby smell and seasonal Christmas apple-cinnamon being seen in the more innovative launches. Local brands are as important in this category as the international players. Given the affordable prices and powerful fragrances most consumers use the multi-purpose cleaners as an airfreshener. Air care is, as yet, a small market in Mexico.


CHINA

Ambitious, increasingly affluent and brand aware

Contrast

At present there are still two Chinas: the glittering cities of Beijing, Shanghai, Hong Kong, and Guangzhou and the, mainly inland, rural China that remains largely untouched by the manic modernisation happening a few hundred miles to the south and east.

The population profile of China is distinctly different to Western societies. The birth rate is low as a result of the one-child policy and the population pyramid tends to be more diamond shaped than triangular with few elderly people, masses of middle-aged people and relatively small numbers of children and babies. A large working population supporting few dependants is currently driving economic growth but within 20 years will create a correspondingly large ageing population. When this stage is reached, China will become a more “normal” economy.

Despite the evident celebration of consumerism, most Chinese people are frugal and have a strong saving ethic. Consumption accounts for only 40% GDP (compared with 65% in the UK), saving for old age is important and large investments such as property are often paid for in cash rather than by mortgages.

Approximately 400 million people make up a new middle class which own flats and cars. Women have always had an important role in Chinese society since Chinese liberation and they, like men, regard luxury as an indulgence and show off their acquisitions as success symbols.

Fine fragrance, personal and homecare products are enjoying growth as a result of rising levels of disposable income from these emerging and aspirational middle-income groups. There is even rising demand from the lower income consumers, who are increasingly exposed to cosmetics and toiletry products as retailers expand across China.

CHINA People and Products

Becoming more aspirational

The demand for fragrance in China is growing at a fast rate. There is little fragrance culture in China, a land where natural scents are honoured but perfume rarely used. But change on all fronts is happening rapidly and fine fragrance has joined the ranks of other prestige products as a status symbol.

Fragrance gift giving is a relatively novel concept that is growing among both men and women. The Chinese may lack fragrance awareness, but they are extremely aware of brands and it is brands that are driving sales. White collar female workers are the main purchasers of both men's and women's prestige fragrance.

There are regional differences due to levels of economic development: in southern China, consumers are more experimental with fragrance as a result of greater exposure to scent and higher awareness of brands, while in the north, people prefer more functional fragrances.

Fine fragrance

According to our recent fine fragrance study of five major cities, use of fine fragrance remains low, but the products depict the luxury lifestyle to which many aspire in a society where material possessions are valued. This is particularly true of young consumers living in Shanghai and Beijing. They wear fine fragrance as a display of success and as a status symbol. The logo is key and the brand's popularity drives purchase, rather than its inherent image. The most popular brands are Dior and Chanel followed by Lancome and Adidas.

As a rule, women are embracing fragrance more than men however men too are using fine fragrance, though they tend to buy less than 2 bottles per year. Women aged 20-24 are most likely to own fine fragrance and more of it. Fine fragrance "addicts" wear fragrance 5 times a week, using it as part of their grooming ritual.

For these women wearing fine fragrance factors high in their need for approval and belonging to a peer group. Popular brands fulfill this need.

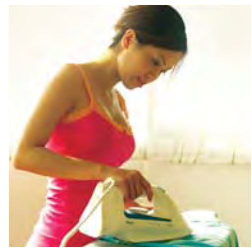
Lighter, unobtrusive fragrances are preferred. Their concern is that fragrance may be too intrusive, except when at work, on formal occasions or in the presence of western clients.

The preference for light, modern and elegant fragrances has led to women wearing men's and men wearing women's fragrances. Elizabeth Arden's Green Tea is widely accepted as a unisex fragrance.

In our fine fragrance tracking study with blind scent evaluations, floral and citrus families of fragrances were well accepted. All were liked because they are fresh, natural and considered to be pleasantly sweet. More complex fragrances were less well liked and tended to be seen as chemical, harsh, heady or too sweet.

The results in a second blind evaluation tracking study result were consistent - light fragrances were the preference. Interestingly, Chanel No 5 did not score highly despite being a top seller, proving the importance of the brand.

Having fewer preconceptions leaves Chinese consumers open to considering some fragrance options that more sophisticated fragrance cultures would reject. Many well liked fine fragrance profiles for example are seen as being suitable for use in household and personal care products. Cool Water for Her is a good example.



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CHINA People and Products

In the home

While the more affluent live in bright, spacious, well-ventilated, modern high-rise flats, many poorer people in China live in dilapidated, run-down houses with shared facilities and sanitation. Cleanliness is the main concern of the less affluent while in the cities people worry about pollution and seek a "room with a sunshine smell" or "well circulated fresh air".

Morning fresh air, sunshine and a garden smell are popular scents in the home but recent media scare stories have made people a little wary of fragranced products. There is a lack of regulation of counterfeit or imitation products containing harmful substances. As a result many people prefer household products with a natural, clean and airy smell. Florida Water is a trusted traditional product with a long heritage in China. It is mostly used in summer for its cooling and insect-repellent properties and is perceived as harmless and natural.

Strong fragrances are seen as harsh, chemical, and harmful except in functional products where a disinfecting, hygienic smell is the most basic requirement and even chemical smelling ones are tolerated for the sake of cleanliness.

Floor cleaning is a priority as most people walk barefoot indoors and germs are believed to be spread through feet. Bare feet also feel uncomfortable when there is dirt on the floor. Most people mop the floor daily and do not yet expect to use fragrance products. Clean is important and through cleanliness they want the smell of fresh, well circulated air, which is seen as better for health.

Air care

The air care market is still immature and aspirational. Where used, aerosols and gels are the preferred format. Popular brands are Glade, Sawaday and Farcent though brand loyalty is low as Chinese consumers like to sample new products, of which there are many.

The higher up the social and income scale people are the more they use pot pourri and scented candles. Their preferred fragrances are simple, unobtrusive, and fresh - like the smell of well circulated fresh air, water, sunshine or natural plants. Aloe vera and chamomile are especially liked by health-conscious shoppers.

House-proud fragrance lovers in Chengdu or Shenyang will invest in quality products that reflect Western tastes and they expect the scent of their air freshener to match or blend in with the décor.

Shanghai and Shenyang are where most concerned and health conscious shoppers live (22.7%). These more mature consumers live in larger households and want a clean home, free from germs. Air fresheners must be family and environmentally friendly and have a clean, refreshing, yet understated fragrance.

Laundry care

Traditional hand washing of clothes is still predominant - though the use of washing machines is increasing with affluence - and clothes are hung outside or in a room to dry. Powder detergent is the main product used with laundry soap commonly used for washing delicate items or to pre-wash heavy stains. In rural communities laundry soap remains the main product used. However, a study by Givaudan found that some Chinese consumers regularly dilute heavy-duty detergent powder before use to diffuse the perfume and avoid clogging the machine or leaving residue on clothes.

Just as washing habits are slowly changing, so are fragrance tastes. Before washing machines became common, detergents were from local manufacturers with basic lemon or jasmine scents used to cover the base odour of the soap. Today, Chinese consumers tend to attach more importance to the fragrance as a key reason for choosing a detergent or fabric softener, though not yet to pay more for. It is seen as making the chore more pleasant. In summer, some consumers even add Florida Water to laundry water to clean & refresh bamboo mats and towels. Fruity, floral and fresh fragrances such as citronella are inspiring smells for laundry soap, while single floral scents such as jasmine are becoming old fashioned.

CHINA People and Products

The fresh smell of sun-dried laundry is one of the most preferred smells in China ("Sunshine freshness") due to the engrained habit of drying laundry outside as soon as the weather is good enough. Sunlight is considered a germ-killer and the smell of sun-dried laundry is perceived as the ultimate fresh, clean experience. Killing germs is especially important - sanitisers are often added to laundry in Guangzhou and Shanghai.

Fabric softener is widely, but not frequently, used on all laundry in the big cities. Sweet fruity smells with sparkling freshness are popular with consumers preferring subtle, mild and natural perfumes. With little fragrance history the Chinese relate to simple and discreet perfumes and an approach of "natural, memory smell" is important. The ubiquitous lavender, so strongly associated with medicinal and therapeutic benefit in the West is still something of a "fantasy" smell to many Chinese people.

Urban middle class

The growing Chinese economy has lifted hundreds of millions of people out of poverty.

Over the next 20 years, more people will migrate to China's bigger cities for higher paid jobs.

Companies now recognise the emergence of the urban middle class who are an important market for mass goods and services.

The urban middle class will be made up of young people aged between 25 and 44, who are expected to migrate into service and knowledge industries.

Their spending power will make China one of the largest consumer markets in the world.

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INDIA All eyes on India's thriving economy

With a population of 1.13 billion India is the world's second most populous country behind China. Decades of socialism resulted in slow economic growth for many years following independence in 1947 and lack of investment in infrastructure remains a concern and possible limiting factor to India's development today.

Economic liberalisation came in 1991 and since 2002 economic growth here has only been surpassed by China among the world's largest economies. This change is affecting Indians up and down the income pyramid, from the poorest rural farmer to the wealthiest IT entrepreneur. Management consultants predict that in two decades India will surpass Germany as the world's fifth largest consumer market.

Emergence of the middle classes

Historically the vast majority of people in India have been poor, earning less than 90,000 Indian rupees a year (equivalent to about a dollar per person per day.) Since 1985, an effective anti-poverty programme has moved 103 million people out of desperate poverty. The middle class now numbers some 50 million people and is anticipated to have expanded dramatically to 583 million people by 2025 – a number that will equate to some 41% of the population.

This strong, upwardly mobile, middle class has spending power as, while their incomes would place them below the poverty line in the US or Europe, goods are much cheaper in India. They enjoy a lifestyle that most of the world would recognise as middle class, typically owning a television, fridge, mobile phone and perhaps a scooter or car. More products are now accessible to Indian consumers and India is currently experiencing a retail boom that is attracting an influx of luxury brands as the wealthiest people are incredibly label conscious and are buying Christian Dior, Louis Vuitton and Tommy Hilfiger.

The infiltration of Western lifestyles has boosted awareness of personal and home care products. Price remains a key determinate and market growth is eroded by both discounting and aggressive promotional activities that are used to build market share. Small packaged items, such as sachets, are a means of penetrating the suburban and rural market, making hair care and oral care products accessible to low-income families.

Hot product trends

- Move from traditional to contemporary and upscaling to "masstige" products.
- Growth in men's products, including deodorants, hair gels and skincare.
- Emerging consumer interest in anti-ageing products.
- Preference for ayurvedic and natural products.

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INDIA People and Products



Beauty is entrenched in Indian culture, revered in religion and enhanced by tradition. In Hindu culture, a woman's hair is believed to have great power of attraction and is considered an integral part of her beauty. Indian women traditionally wore their glossy hair seductively long but over time this has changed. Women these days prefer wearing their hair shoulder-length or just longer. Desire for long hair has been replaced by devotion to healthy hair.

The importance of hair is seen in the elaborate haircare ritual that consists of a weekly oil bath when the hair is oiled, combed and plaited before being washed. Natural ingredients are often used to enhance the hair: henna (to colour), egg, curd (for dandruff) and in the South "fenugreek/methi", sesame, hibiscus and gooseberry for shine, in the North and West, tea, lemon, hibiscus. The natural odour of these ingredients cues the benefits of the products. In the southern part of India women adorn their hair with jasmine flowers that radiate a heady perfume.

Shampoo: fast-growing, low penetration

One in every two Indian consumers still use ordinary toilet soaps to wash their hair as shampoo is more expensive. Between 60-70% of total shampoo sales are through sachets sales, with the percentage even higher in rural areas. Hair conditioner remains a little known concept in these communities. Making products available in small, low-price sizes has increased the use of shampoo and there is now a plethora of product choices.

In urban areas most people now wash their hair more than twice a week and use of conditioner is growing. Shampoo bottle sizes are typically small, with 100ml most commonly purchased for the whole family. This lasts around 20 days as usage frequency is still low and, as many Indian women believe that shampoos are harsh on the hair, they use only a small amount for each wash.

Givaudan's research shows that fragrance adds to the experience of hair washing by making it relaxing and refreshing, as well as creating fragrant-smelling hair that has high social recognition in India. Most consumers feel that shampoo fragrance is at its best immediately after washing, whilst the hair is drying naturally and lasts for at least a day, or until the time that the oil is applied to the hair.

Hair oil: a deeply entrenched tradition

Hair oil is traditionally believed to provide nourishment and strength to the hair, while promoting fast growth and reducing hair loss. The majority of women in India use hair oil. Fragranced hair oils are particularly popular in the northern regions, though the most traditional users shun unfamiliar ingredients that might interfere with the product's effectiveness.

Givaudan's research shows that younger women are less enthusiastic about using hair oil, because of its greasiness and the fact that it makes hair more difficult to style. Older women regard hair oil as a must and feel unkempt without it.

Fine fragrance

The fine fragrance market remains niche in India due to the entrenched use of *Attars*.

The market for fine fragrance is growing however, with female oriented products accounting for 69% of the total value of fragrances sales in India. There are far more brands available for women than for men in both the mass and premium sectors. Innovative marketing strategies encourage more and more women to start using fragrances at the youngest age possible.

In a study of two cities Givaudan found that Indian consumers prefer fragrances in the oriental family which are seen as being fresh, natural, soft/caring and sporty, as well as light/mild and pleasantly sweet. Least liked in the study were white floral and gourmand fragrances.

Fragrance for low-cost beauty soaps

Brand loyalty in the soap market is high. One in two people consider the smell to be the most important factor (even more than price) when choosing a beauty soap, though the fragrances with most appeal are those that are the least extreme. They look for a pleasant and lasting fragrance that will leave skin feeling fresh, soft, smooth and clean. Given the frequent use of soap to wash hair, it is not surprising that fragrance preferences for toilet soap and shampoo are similar, though fruity and herbal are slightly more popular for shampoo fragrances.

In a 2007 survey of consumers in six Indian cities - Delhi, Lucknow, Bhopal, Mumbai, Hyderabad and Chennai, Givaudan found that fresh and natural are appealing fragrance descriptors, but in this huge country there is much local variation. Dehli consumers favour a light fruity fragrance for soap, while at the opposite end of the country, those in Chennai seek hygienic reassurance through herbal astringency.

Indian attars

Attars are derived from plant extracts and have a range of rich scents. Although most are simply individual oils, others may be composed of careful blends of various oils, resins and concentrates (two or more) and placed in a natural base oil that can be applied to the skin or dropped into baths.

RUSSIA

Givaudan

Glamour and luxury thrive in cold climate

Change explosion

This vast country spans 11 time zones and is home to 141 million people. Euromonitor shows Russia at the top of its forecast growth tables. It is the fastest developing country in the BRIC group (Brazil, Russia, India, China) and is rapidly catching up with Western markets.

The vibrancy of the rapidly-increasing middle class of "New Russians" can be felt everywhere, from the shopping malls to the changing Moscow skyline, but the contrast between rich and poor is stark. Despite being home to 87 billionaires (source: Forbes World Billionaires list), 22% of the population lives below the poverty line (source: RosBusiness Consulting 2008). Mercedes, BMWs and Hummers are a common sight on Moscow's boulevards, but so too are the rickety trams, "mashrutkas" and domestically made Ladas and Volgas.

The largest threat to growth is Russia's dramatic population decline. High mortality and low birth rates mean that the population is dropping by around 700,000 a year and in Moscow the average age continues to rise. In 2004, there were twice as many people over the age of 55 as under the age of 14.

Whether in Moscow or Vladivostok, Russian women adore luxury and revel in the newly open markets. The limited choice of local product or black-market brands from the Soviet era is over. Since 2000 these manufacturers have faced increasing competition from international companies. Fragrance is widely available through perfumery chains such as Arbat Prestizh, L'Etoile and Ile de Beauté and is being embraced by the "New Russians". It is an accessible status symbol and indulgence that Russian women relate to as an expression of fashion awareness and affluence.

Status-affirming brands such as Chanel, Dior and Yves St Laurent are the most desired, with high-end European and American niche brands growing in popularity as they become more familiar. International prestige brands, especially French, represent quality and are saved for special occasions. The great cities of Moscow and St Petersburg generate most prestige beauty sales, while most people living in the provinces use mass-market brands.

Dramatic change

Since 1991, there has been an explosion of Western-style retailing, services, architecture and lifestyles in Russia. Released from central control, retailing has moved from roadside kiosks or open-air markets to mega-malls and single branded beauty stores. Douglas, Sephora, L'Etoile and Arbat Prestige are all present and pharmacies are devoting more space to beauty products. Yves Rocher is the strongest of the vertical retailers, with over 150 stores nationwide, including 40 in Moscow and 11 in St. Petersburg.

RUSSIA People and Products

Big beauty spenders

Whereas the nouveau riche once went for blinding bling, dressing from head to toe in one label, logos are becoming less apparent in Russia. The consumer base here is more sophisticated than in other developing markets and players must focus on driving value rather than volume sales.

Value, according to the increasingly affluent Russian consumer, is disassociated from price: "New Russians" have money and a strong affinity for beauty products and fragrance. Russians spend 20% of their total beauty budget on fragrances, compared to the global average of 11%. According to Euromonitor, 93% of Russian women wear lipstick and 92% wear fragrance.

Russian women boast one of the highest spends on beauty products in the world as a proportion of their income. Data "Starya Krepost" (2007-2008) found that 97% of women aged 16-55 use make-up regularly. Their beauty regimes are among the most elaborate in the world and can include from three to six steps per day. They want the newest brands, love limited editions and exclusivity. Value is tied up with being all of these with the most elusive brands being most highly valued. There is high awareness of the latest trends and of new brands that are on the cusp of emerging.

The Russian fragrance consumer

There are 5 types of fragrance consumer in Russia:

- The New Generation
- Miss Classical
- The Power Woman
- The Affluent
- The Intellectual

Each uses fragrance and beauty products as sensory cue, whether it is to keep a husband and retain affluence, to exude confidence, to sooth or pamper oneself, to be feminine or to softly seduce. Each relates strongly to fragranced products as a means of communicating wealth, culture and sophistication.

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There are 10 million more women than men in Russia, so competition to find a husband is high. This is still a traditional society so being married is the "Cinderella" dream and grooming to seduce is a high priority for many women. They invest in regular manicures, high heels and accessories. They have a key role in society, which harks back to the communist era. They work hard and are looking not only for sexiness but to show themselves as the owners of their world. Younger women strive for a good education, independence and a career.

As in other regions, it is the younger generation that is most heavily influenced by Western advertising campaigns and aspires to popular brands as a status symbol while more mature consumers believe natural ingredients are healthier.

The Russian typology

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Fine fragrance:

Russian consumers love a fresh top note, opulent floral heart and soft seductive base. Their olfactive preferences fall into three distinct categories:

- Freshness, denoted by sparkling citrus, marine or clean musk
- Soft sweetness in the form of a soothing sweet floral rose or violet
- Muguet and oriental, which, although less popular than freshness or sweetness in Russia, are seen as quite intimate and sexy.

Haircare

The haircare ritual in Russia consists of washing hair two or three times a week with the majority tending to shampoo hair twice, using a large quantity of product each time (20g x 2). Only half regularly use conditioners. Conditioning masks are used periodically, and leave-on or 2-in-1 products are equally popular. Hair is left to dry naturally.

The international brands dominate the market but beyond this there are many local brands, often formulated using traditional Russian ingredients, recipes and plants. Kalina, the once State-owned "perfumer", still perpetuates this tradition, with reminiscences of country life and herbs, fruits and plants grown at the Datcha.

Fragrances for haircare products in Russia have to be powerful, with a recognisable character. The smell of the product (called "aroma") is a key purchasing consideration for Russian consumers who tend to smell the shampoo in store.

Fruity fragrances are well liked. Red fruits, such as cherry, wild berries and strawberry, are popular as they are reminiscent of forest fruits bottled for winter consumption. Citrus fruits, in particular orange, pink grapefruit and mandarin, are also well liked and express the preference for freshness.

Chamomile is a favourite ingredient found in a very wide range of different product categories including paper and detergents. It is frequently used in hair rinses and often found in local hair brands. Meanwhile herbs are interpreted in a natural, but complex way often combined with fruits or aromatic green florals to create freshness. They can also convey masculine touches. Aloe Vera appears in a fresh green watery interpretation.

With a preference for sweet odour characters it is no surprise that honey scents are widely found. Local brands 100 Recipes and Grandmother Agaphiya explore single-note honey types while more complex mixtures of the theme are found in Palmolive Aroma shower. Local brands also explore creamy milk scents in a very gourmand way as a very simple musky vanilla.

Lavender does not appear in a literal way, but is present in the familiar, more complex, floral fragrances of Palmolive shampoo and Timotei shower gel.

Shampoo fragrance

Fragrances for shampoo must have an identifiable signature that can be understood immediately. The most preferred are impactful, fruity and fruity florals with a hook.

- Fruity, sweet smells of lollipop, grass, herbs
- Exotic fruity scents of lemonade, citrus, bergamot
- Floral fruity mixtures and creamy, sweet smells

Source: Givaudan home visits Moscow and Samsara 2007

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