2024 China Perfume & Fragrance WHITE PAPER

Blossoms Bloom, Fragrance Lasts

Eternal

颖通集团
微信公众号：EternalChina1

企业网址 http://www.eternal.cn

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China Perfume and Fragrance White Paper

Contents

Preface

In today's turbulent global stage, we've entered a phase of economic slowdown. Despite global uncertainties, China, with its strong domestic market, innovation-driven strategy, and solid policy support, sails steadily through the complex international economic landscape.

In early 2024, the consumer market is exhibiting notable positive shifts. The emergence of ice and snow tourism alongside island getaways not only underscores Chinese consumers' aspiration for high-quality living and unique experiences but also reflects their ongoing pursuit of a better lifestyle. This evolving consumer trend presents fresh opportunities and challenges for market participants.

Entering 2024, market participants are paying more attention to the trend of China's consumer market with more keen insight, and we are beginning to realize that the changes on the consumption side are "diversified", which requires us to interpret and respond to from different angles. Timely capture of the changes in consumer demand, quickly optimization of products and services, precise targeting of core demographics, sound grasps of the market trend, and taking full advantage of brand characteristic value and cultural connotation are necessary in order to create of a resonant brand, thus helping to release the consumption potential, stimulate the market dynamism, and promote sustainable economic growth.

2024 marks the fifth consecutive year of the release of China Perfume Industry White Paper. Through our relentless efforts, we aim to demonstrate advancing innovation spirit, understand contemporary sentiments, cultivate the Chinese market, and pioneer blue ocean opportunities with our partners. As a pivotal link in the industry, Eternal provides in-depth market strategy and trend analysis through its unique white paper perspective, which is based on first-hand information and data on China's consumer trends, as well as a wide range of real consumer research results, in order to help market participants leading growth, innovation and steady progress in a complex and evolving market environment.

1. With China's economic trends and policy directions, consumer confidence is recovering gradually, driving increased demand for perfumes known for their emotional, cultural, aesthetic values, etc. Consumers are now pursuing "borderless experiences."
2. The competitive perfume market requires brands to precisely target and effectively communicate with consumers across diverse needs from newcomers to seasoned users, to build a comprehensive fragrance matrix.
3. The growth rate of the perfume market has slowed down, but the prospect is still optimistic. Strategies such as multi-channel integration and online live streaming are promoting development. Leading companies' financial reports reflect improving business trends, while the enthusiasm for overseas capital remains strong.
4. Products need to carry more added value as consumers' demand of emotional value is shifting from seeking singular "emotional healing" to a more diversified range of emotional values such as "emotional release" and "emotional expression," fostering symbiotic and inclusive needs.
5. Perfume's value varies across different experiential levels: light experiences relies on packaging and e-commerce operation; moderate experiences need integration of artistic aesthetics; and profound experiences require combination with travel and cultural elements, altogether enriching emotional connections.

“The power of beauty is indispensable. Even with inflation, consumers are not cutting back on beauty investments. Since the pandemic, perfume use has risen and search interest has increased.

Consumers are now returning to physical stores as they are also concerned with sustainability and health beside experience, quality and values. They expect brands to be genuine and authentic.”

—— Lana Glazman, VP, Global Consumer Insight, DSM-Firmenich

“In China, the fragrance market is embracing the values of artistry, high quality and craftsmanship. The conception of perfume is expanding together both as a form of art and as a product for daily use, connecting individual feelings and well-being to self-expression and communication.”

—— Ambra Martone，Vice President - ICR Industrie Cosmetiche Riunite

“Our clients are our ambassadors, and so we recognise the importance of investing time into understanding the nuances of the Chinese customer. ”

—— Roja Dove, Founder of ROJA

“As a perfumer, I have witnessed how fragrance captures the spirit of the times, connecting personal emotions with cultural atmospheres. Fragrance is not just a consumer product but a carrier of culture and emotion. Let's work together to shape the future of Eastern scents.”

—— Steve Guo, perfumer at DSM-Firmenich

Part 1

New Consumer Trends in China: Opportunities Amidst Challenges

Since 2023, driven by national policies, domestic consumption trends have been revealing significant potential, despite cautious and conservative estimates.

The Central Political Bureau meeting emphasized expanding domestic demand, particularly through cultural and tourism services consumption. Market data shows that the cultural and tourism industries are strong drivers for recovering and expanding consumption. From the barbecue fever in Zibo in 2023 to the Ma La Tang trend in Tianshui and other small cities in 2024, there is clear evidence of significant growth in domestic tourism income, marking a comprehensive recovery in the tourism economy. Concurrently, the cultural market is vibrant, with rapid growth in the performance sector, positively impacting related industry chains.

Regarding the "external circulation" from the international market, "China Travel" has become a global buzzword. China's expansion of visa-free access, including the 144-hour transit visa-free policy, holds profound strategic and practical value. These measures not only enhance international exchanges and cooperation, boost the national image, and improve service convenience but also stimulate tourism development. They reflect China's openness strategy, promote economic recovery, and secure greater influence in the international market.

Although overall consumption in China has shown a very slow recovery since the pandemic, with anticipated retaliatory consumption not materializing and no V-shaped economic rebound, the Chinese consumer market is gradually revealing new growth potential and trends. This indicates the arrival of a more diverse and rational consumption era, influenced by the dual forces of policy-driven "internal circulation" and market-driven "external circulation."

Focuses in this chapter

What are the current trends in China's economy and policy direction? How is consumer confidence recovering?

With changing consumer behavior, what are people really willing to spend on?

How can we identify and seize future market opportunities in China based on consumer priorities?

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Contents of this chapter

1.1

By the national will, China is facing the "45° challenge and choice."

According to the "Ipsos Global Insights: China," China is shifting from rapid to high-quality growth. This transition, more akin to a steady 45° climb rather than a V-shaped rebound or L-shaped stagnation, requires maintaining economic stability while seeking new growth drivers and modes. Prudent, balanced, and forward-looking decisions are crucial for achieving sustainable, long-term development.

45° economic growth new normal:

China's economy faces the challenge of transitioning from rapid growth to high-quality growth. The 45° angle symbolizes a smooth transition, maintaining economic stability while seeking new growth drivers and innovations.

45° structural transformation:

China's economic structure is undergoing profound adjustments, shifting from investment and export-driven growth to focusing on domestic demand, consumption, and the development of service and high-tech industries. The 45° angle represents the pace of this structural adjustment, maintaining economic balance and stability during the transition.

45° innovation-driven growth:

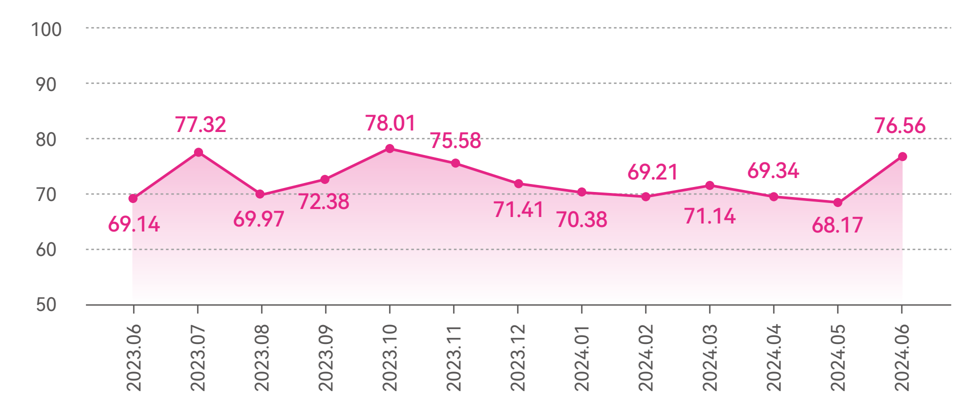
In the face of global economic uncertainty, China is intensifying its technological innovation efforts. The 45° angle symbolizes how innovation is guiding economic development towards higher-end, smarter, and greener growth while maintaining stability.

1.2

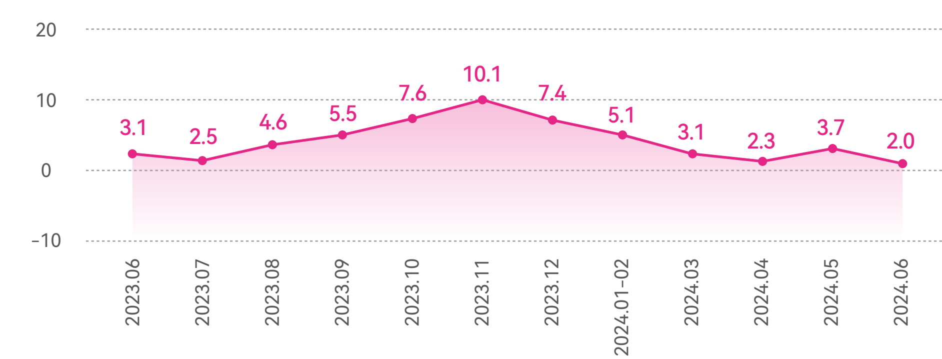
Consumer confidence index is fluctuating, with untapped potential.

Compared to the global economic downturn, China's consumer confidence index has not significantly declined but remains volatile. People hold conservative expectations for future economic growth, and consumption potential is not fully unleashed. While consumption has steadily recovered since the pandemic, the momentum is still lacking.

The China Thomson Reuters/Ipsos Primary Consumer Sentiment Index (Jun. 2023 – Jun. 2024)



Year-on-year growth rate of total retail sales of consumer goods (Jun. 2023 – Jun. 2024)



Data source: National Bureau of Statistics

However, the market recovery is not fully blooming. Divergences across industries, regions, and income levels make consumers more cautious and discerning. Overall, Chinese consumers are spending less on big-ticket items but remain willing to pay for innovative products and fresh experiences in smaller purchases.

More consumers are adopting a "live in the moment" mindset, leading to shifts in consumption trends. They increasingly value a balance between cost-effectiveness and high quality, seeking products that are practical and functional while also satisfying their desire for quality and experience at a reasonable price. This reflects their demand for a "have it all" approach to enjoyable consumption.

1.3

Seeking social and self-identity in an interconnected world drives the market towards "experience upgrades."

Self-connection in special times

The three years of the pandemic and an uncertain world have brought deep and lasting impacts on people's attitudes and behaviors. Consumers have begun to seek spiritual fulfillment through introspection.

Emotional value is increasingly becoming a significant aspect of consumption. Consumers are focusing more on the emotional values provided by products to deepen their self-connection, reflecting their emphasis on emotional experiences and psychological satisfaction. In the fast-paced, high-pressure modern life, people crave inner peace and emotional healing. Activities such as reading, art appreciation, meditation, and yoga help consumers achieve self-healing and mental relaxation. As a category rich in emotional value, perfume not only provides a pleasant sensory experience and fulfills the need for self-indulgence but also helps consumers express emotions and assert their identity.

Additionally, the trend towards personalized and customized spiritual consumption is rising. More consumers desire experiences that reflect their personalities and values, such as expressing personal taste through perfume choices or finding like-minded communities through cultural activities. This pursuit of emotional value not only enhances individual quality of life but also drives society towards a greater focus on emotional and mental well-being.

A connected society with full openness

According to data from the National Bureau of Statistics, the total retail sales of consumer goods in the first half of 2024 reached 23.5969 trillion yuan, with a year-on-year growth of 3.7%. Although growth has been decelerating since the end of 2023, the overall consumer market remains stable and rising. Demand for upgrading types of consumption is being effectively released, the share of online consumption continues to increase, service retail is growing rapidly, and travel and cultural consumption remain active.

After three years of the pandemic, offline retail consumption has returned, with consumers going back to familiar malls and stores. The demand for travel and cultural activities continues to grow, driving rapid growth in related services. Data shows that during the May Day holiday, domestic tourism trips and total spending increased by 7.6% and 12.7% year-on-year, respectively, while national box office revenue for commercial performances rose by 37.2%.

Changes in the consumer market bring new challenges and opportunities across various fields. While pursuing material enjoyment, consumers are placing greater emphasis on spiritual nourishment. The healing economy, with its unique appeal, is rising and becoming an undeniable force in the market.

The healing economy is on the rise. According to the Global Wellness Institute's "Global Wellness Economy" report, the global healing economy is set to grow by around 10% annually, reaching $7 trillion by 2025. In China, this market is expected to hit 10.4 billion yuan by 2025, with the health and wellness sector flourishing.

Healing is closely linked to the five senses, and perfume is more than just a scent; it's an expression of identity and emotion. As an extension of personal charm, upgrading the fragrance experience is both a material pleasure and an emotional and spiritual exploration. In various scenarios across daily life, choosing different perfumes allows us to switch identities, like putting on an invisible cloak.

Additionally, perfume interest groups not only provide emotional value to consumers but also give perfume subcultural attributes, becoming a bridge that connects people and builds communities full of individuality and identity. The healing scenes of "perfume + culture" are expanding. With the rise of new lifestyles like Citywalk and fitness retreats, perfume brands can integrate with these new trends, offering special events for consumers to experience related fragrance collections.

When perfume meets culture, the healing scene can be expanded infinitely. The combination of fragrance with music, art, and history creates a unique multi-sensory experience, allowing people to sense the depth and power of culture through scent. This blending evokes deeper emotional resonance through sight, sound, and smell.

Global healing economy is growing annually by

10% ▲

By 2025 the healing economy market is expected to reach

$7,000 billion

Borderless experience

This refers to a border-breaking, multi-dimensional experience that permeates different levels. The impact of borderless experiences on consumer choices is significant, involving multiple senses, immersive environments, emotional resonance, and psychological impact.

We categorize "borderless experience" into three levels based on depth:

Light: Citywalk and "staycation", offering a novel local leisure experience.

Citywalks and "staycations" not only satisfy the desire to explore the city but also activate its natural and cultural resources through route exploration and urban storytelling. Many old landmarks have been rejuvenated in urban development; for example, the Wukang Mansion in Shanghai has become popular once again. Young people are increasingly avoiding crowded tourist spots, opting instead for vacations in their own cities. They are rediscovering their communities, seeking nearby travel experiences that are less time-consuming and more relaxing. This trend is exemplified by the Citywalk route "Blossoms Shanghai," inspired by the hit drama of the same name.

The first half of 2024 — Total passengers sent by the national railways

2.096 billions

The first half of 2024 — Passenger turnover

77.7952 billion passenger-kilometer

Year-on-year growth rate

18.4% ↑ 14.1% ↑

Moderate: Weekend trips to nearby cities for simply exploring and dining, offering a light travel experience with self-driving or high-speed rail travel during weekends.

According to data from the Chinese government, in the first half of 2024, China's railways carried 2.096 billion passengers and achieved a turnover of 777.95 billion passenger-kilometers, marking increases of 18.4% and 14.1% year-on-year, respectively, both setting new historical highs. For young people, taking high-speed trains or driving short distances to explore new cities offers a chance to experience different scenery, neighborhoods, and cuisine. This allows for customized travel plans and immersion in local culture, adding a refreshing change to their routine. Short weekend trips like Zibo barbecue trip and Tianshui Malatang trip have become a popular option in a recent year.

Deep: Fitness Retreat -From sightseeing to immersive cultural experiences, and further to deeper physical and mental rejuvenation.

With increasing stress in the workplace, consumers are moving away from exhausting travel and instead seeking relaxation and healing. They want to explore new places while feeling refreshed. With the rise of the healing economy, more people are valuing self-pampering and discovery during their trips. Fitness retreats are becoming a popular option, incorporating activities like hot springs and sound bowl meditation to soothe and cleanse. Deep travel now emphasizes slowing down, savoring experiences, and immersing oneself in local cultures, rather than just visiting tourist spots. In response, tourism bureaus are offering enticing events, such as Xi'an's "City That Never Sleeps," which brings the city's stories to life through immersive performances.

1.4

Amid China's 45° economic challenges, perfume consumption keeps young people looking upward with hope.

In a fully connected society, information is more transparent, and young people continuously create new cultural trends. Over the past year, terms like “sugar-free socializing” and “buddy (Dazi) culture” have emerged, and local tourism has surged. Young consumers are willing to splurge on high-priced coffee in tourist spots and return with Instagram-worthy photos. Similarly, perfume, as a symbol of luxury, represents an affordable way for young people to indulge in “steady happiness” compared to more expensive alternatives like luxury bags and clothing. In moments when emotional value and social recognition are instantly fulfilled, people rekindle their hope for a better life.

Implication of this chapter

China's consumer market is evolving under the influence of national policies and external factors. With economic transformation and challenges, consumer confidence is fluctuating. Shoppers are focusing on balancing cost-effectiveness with quality, and they increasingly value spiritual and experiential upgrades. These trends are shaping new goals and directions for market development.

- New trends in China's consumer market amid economic changes

Against the backdrop of China's "45° Challenge and Choice" in economic transformation, the consumer market is experiencing complex and dynamic trends. On one hand, the country is focused on transitioning from high-speed to high-quality growth, with structural adjustments and innovation driving this shift. On the other hand, consumer confidence remains volatile, with traditional spending hotspots fading quickly. New consumption models that cater to experiential and emotional value are quietly emerging.

- The consumer market remains stable and orderly, while the healing economy is flourishing.

The uncertainties of the past have brought profound and persistent impacts on people, leading them to seek spiritual self-fulfillment through introspection. Now, with positive signals of market recovery, consumers are exploring both inward and outward experiences. The booming healing economy is enhancing the intersection of perfume and culture, providing deeper emotional and spiritual experiences. From urban explorations like Citywalk to fitness retreats, consumers increasingly value personal experiences and cultural integration during their journeys.

In summary, while China's economy faces numerous challenges, the consumer market remains vibrant and full of potential. The changing attitudes of young consumers and their focus on emotional value present new opportunities. Businesses should closely analyze data, stay attuned to market trends, and pinpoint core consumer needs. By innovating and creating fresh consumption experiences, brands can effectively address both functional and emotional needs.

2

Part 2

Perfume Consumer Trends in China: Self-assurance and Confidence

Focuses of this chapter

With the rapid growth of the fragrance market, Chinese consumers have shifted from a niche interest to mainstream popularity, significantly transforming the sector. As consumer attitudes evolve, fragrance usage has become more varied and flexible. In this fiercely competitive landscape, how can brands effectively target their audience? How can they decode consumer behavior and mindset to engage more meaningfully?

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Contents of this chapter

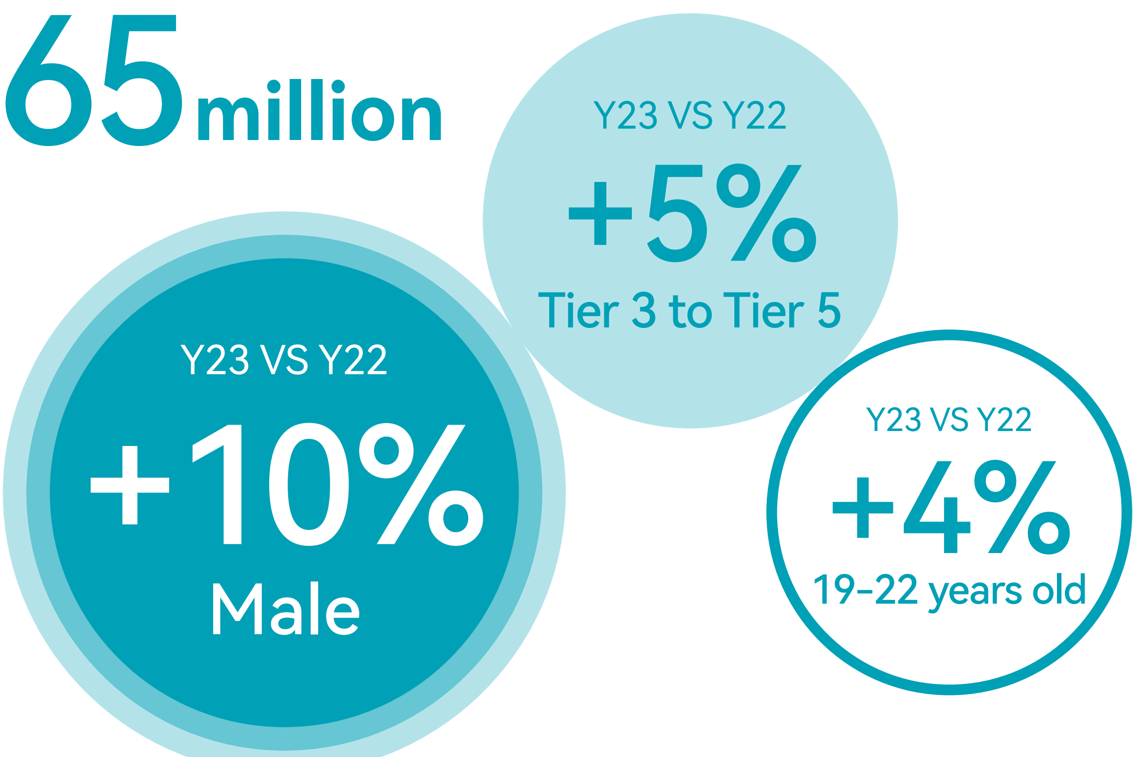
2.1

Current status 1：
The number of fragrance enthusiasts in China has surpassed 65 million, with younger users and broader urban coverage.

According to "2024 Perfume and Fragrance Trends White Paper" jointly released by Xiaohongshu and KANTAR, the platform's fragrance enthusiast base has surpassed 65 million users. This indicates a significant interest among the broader Chinese consumer base. Compared to last year's data, the proportion of users aged 19-22 has increased by 4%, and the coverage in third- to fifth-tier cities has expanded by 5%. Notably, male interest in fragrances has risen by 10 percentage points.

People interested in perfume and fragrance

65 million



Data source: "2024 Perfume and Fragrance Trends White Paper" jointly released by Xiaohongshu and KANTAR

2.2

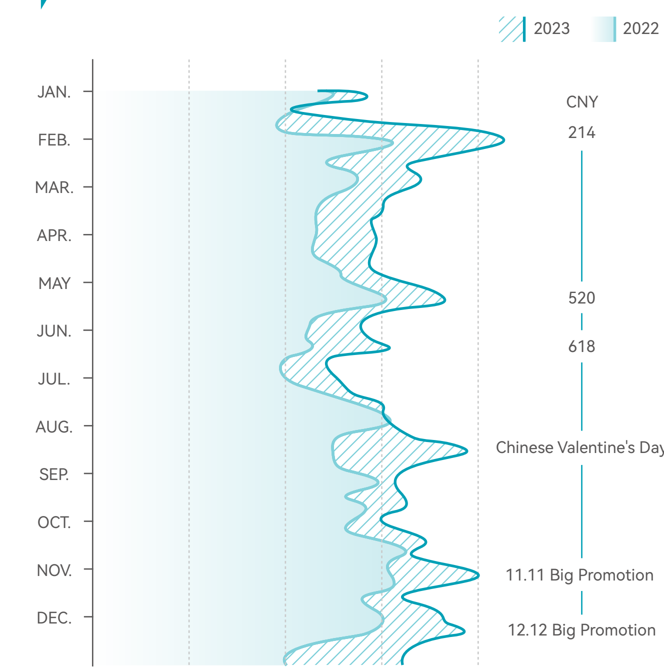
Current status 2:
Users are discovering fragrances through diverse channels, with increasingly multifaceted scent needs.

In 2023, searches related to perfumes increased by 23%, indicating a broader interest group and sustained attention to home fragrance products.

On Xiaohongshu, The buzz of perfume keeps growing, with the search increasing by **23%** in the site in 2023

According to "2024 Perfume and Fragrance Trends White Paper" jointly released by Xiaohongshu and KANTAR, the popularity of perfume continues to rise in China. More Chinese users are learning about fragrances, understanding scent culture, and purchasing perfume products.

Riding the wave of China's scent economy, home fragrances are increasingly capturing consumers' attention. As Chinese consumers expand their fragrance needs into various life scenarios, the market for fragrances has broadened beyond traditional scents. Products like scented candles, car air fresheners, and scented personal care items are now commonly used, covering all aspects of daily life—from clothes and home to travel. These products not only mask unpleasant odors and add pleasant scents but also offer a calming, therapeutic sensory experience. In recent years, the rise of domestic home fragrance brands has led to initial category education for consumers, who are now actively seeking information on home fragrances. Searches for “air fresheners” have notably increased.

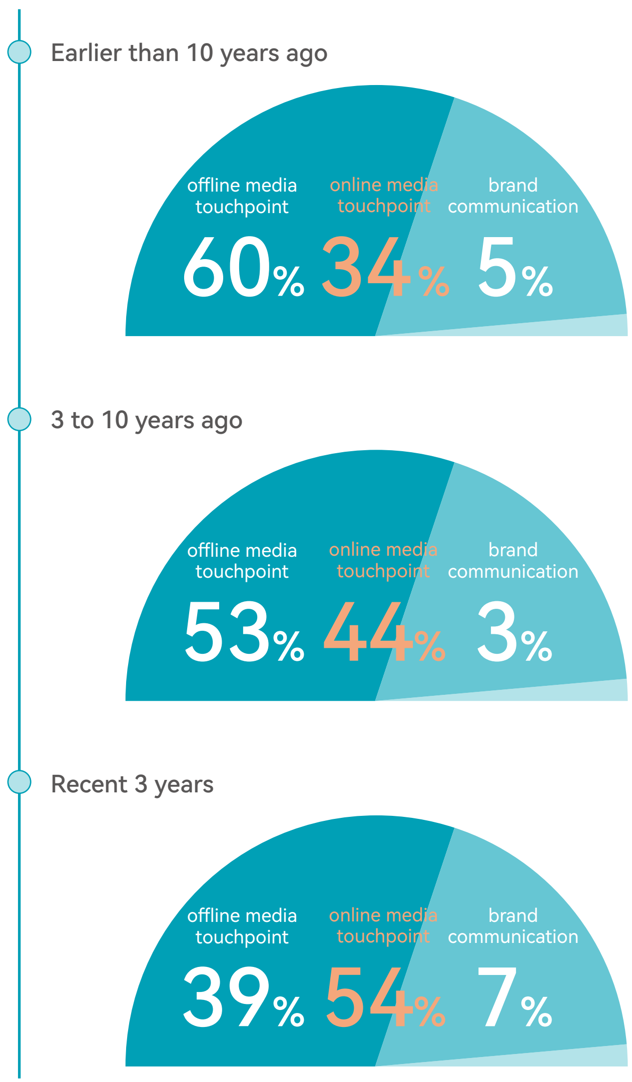


Data source: "2024 Perfume and Fragrance Trends White Paper" jointly released by Xiaohongshu and KANTAR

The development of touchpoint channels is promising, creating a closer connection between perfumes and consumers.

According to "2024 Perfume and Fragrance Trends White Paper" jointly released by Xiaohongshu and KANTAR, the share of online touchpoint channels has increased from 34% a decade ago to 54% in 2023. Thanks to the growth of content platforms like Xiaohongshu and Douyin, users can now experience fragrances in a more comprehensive way. Consumers not only explore scents in physical stores but also gather more information about perfume products online, which helps them choose their preferred fragrances more effectively.

Douyin and Xiaohongshu have traditionally featured content related to food, fashion, and beauty. However, this year has seen a noticeable increase in the exposure of fragrance content across these platforms. More people are sharing their fragrance experiences, and there is a growing interest in seeking fragrance-related information from these content channels.



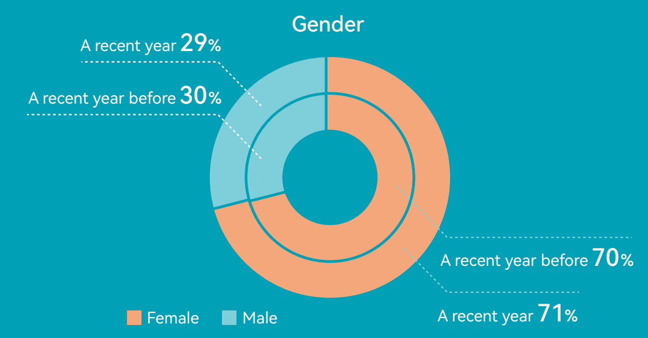
Data source: "2024 Perfume and Fragrance Trends White Paper" jointly released by Xiaohongshu and KANTAR

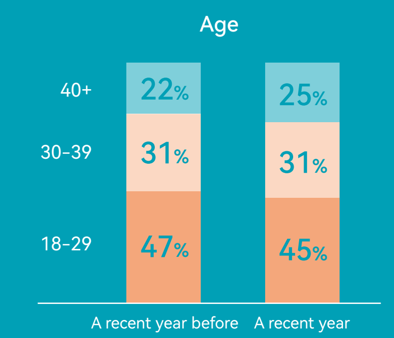
2.3

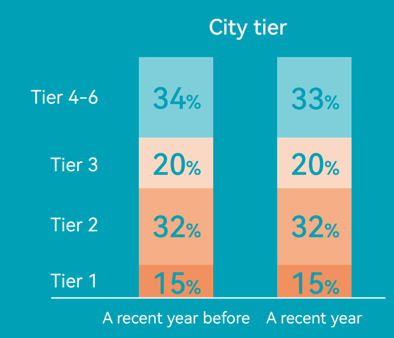
Current status 3: Over the past year, more than 30 million users bought perfumes on Taobao, over 5 million on JD.com, and 36 million on Douyin, with young urban professionals being the main consumers.

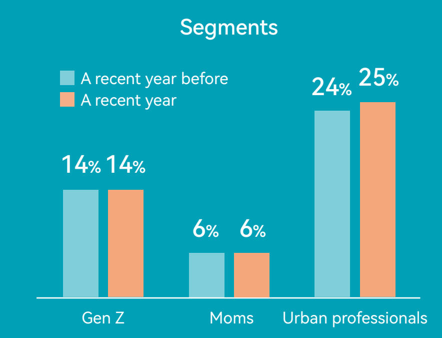
In the past year, the online user base for perfume on Taobao has reached 30 million. Douyin has seen explosive growth, with the number of perfume buyers hitting 36 million, surpassing Taobao. JD.com remains a significant player, with over 5 million perfume buyers, which is especially crucial for major commercial brands (note: some consumers might be counted multiple times due to purchasing across different channels). Consumer demographics show minimal changes, with younger consumers still dominating the Chinese perfume market. Those under 29 are increasingly prominent, and over 47% of perfume buyers are from first- or second-tier cities, with nearly 25% being high-spending white-collar professionals.

Taobao



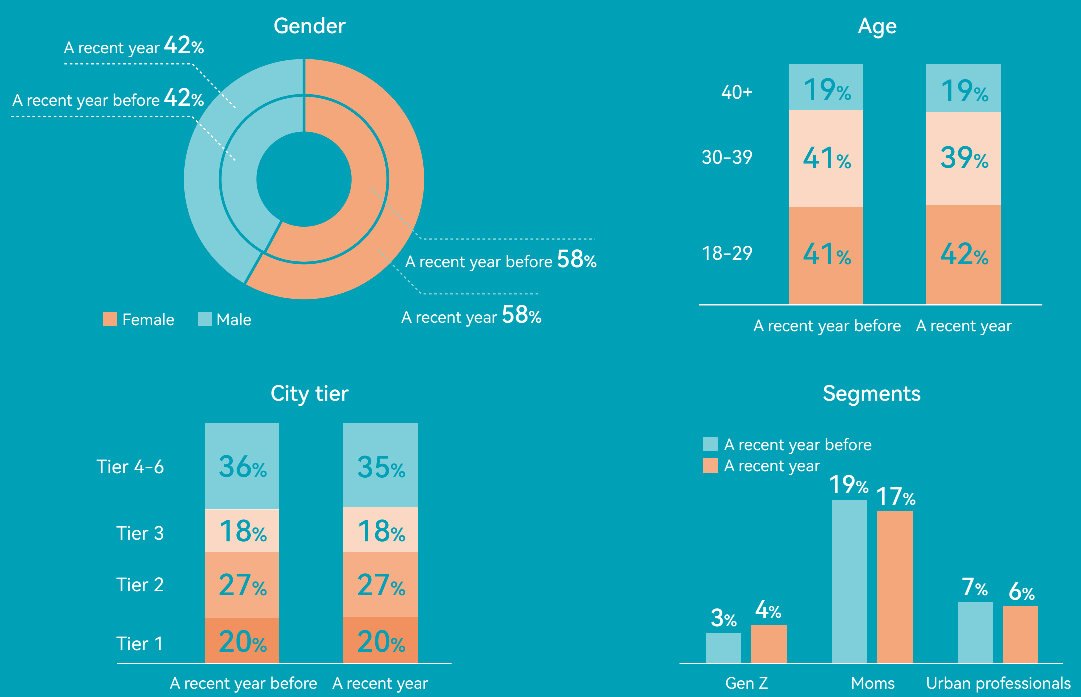




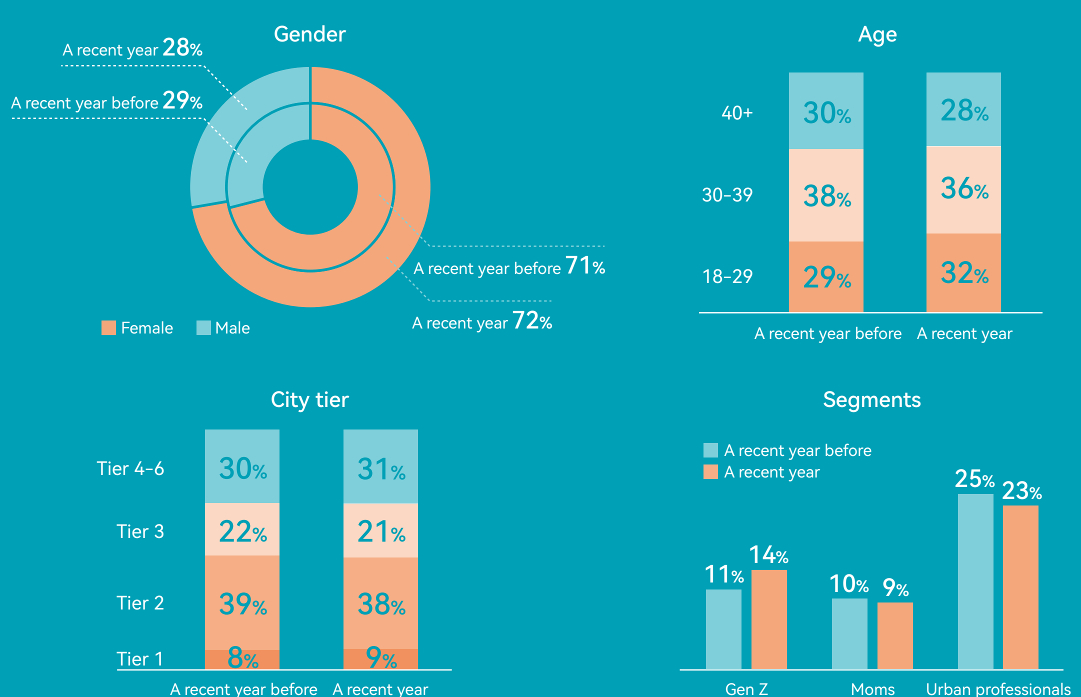


Data source: Eternal data

JD



Douyin



Data source: Eternal data

2.4

Trend 1:
Chinese perfume consumers are evolving steadily, buying fragrances more frequently and showing a healthier demographic spread.

China perfume consumer structure (in a recent 1 year)	Basic Low frequency purchase	Advanced Mid-frequency purchase	Seasoned High frequency purchase
Recent 1 year	76.3%	15.3%	8.4%
Before 1 year	82.4%	11.5%	6.0%

Data source: Eternal data

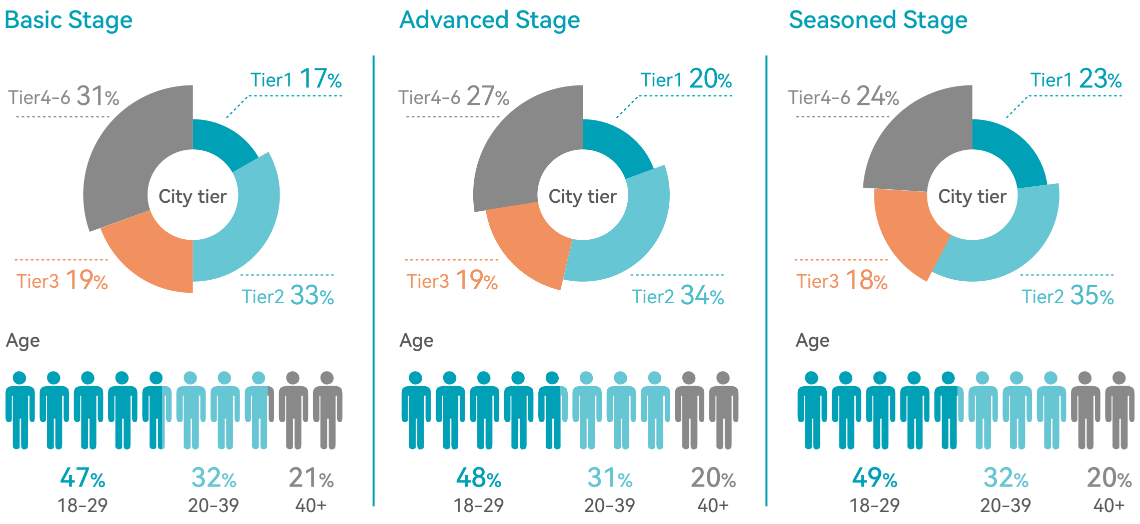
76% of consumers are still in the basic stage of using perfumes.

In the past year, 76% of consumers still purchase perfume fewer than three times annually, though this represents a 6% decrease from the previous year. According to our 2023 user survey, most entry-level perfume consumers use fragrance primarily for social events like parties and weekend activities. This group tends to have a basic understanding of perfumes, with 70% feeling they don't know much about them. Consequently, they prefer "safe and recognizable" products, such as well-known international brands and classic, popular scents.

The percentage of advanced and seasoned fragrance consumers has increased from 18% to 24%.

In the past year, the proportion of advanced perfume consumers in China increased from 18% to 24%. As their knowledge of the category deepens, more consumers are buying perfume more frequently. These users are evolving in their preferences, seeking "niche" fragrances that express personality or showcase taste. Their fragrance usage now extends into daily life and work, and they are exploring more unique perfume creations with a more professional approach to their purchases. Ultimately, they develop their own style, turning "wearing perfume" into a daily form of self-expression.

This advancement is not solely based on age or years of perfume use but is driven by the frequency of annual perfume purchases.



Data source: Eternal data

	Basic Stage	Advanced Stage	Seasoned Stage
Perfume positioning	"Follow trends and build up a sophisticated personal image"	**"Represents personalities and tastes"**	**"Express themselves freely"**
Expectations	**Never go wrong and easy to recognize**	**Niche + premium**	**Suit myself + diversified**
Purchase considerations	Pay more attention to look/package, advertising More price-sensitive	Pay attention to word of mouth and brand Study product details (notes, duration, ingredients/origins)	**Pay attention to more elements and more professional** (e.g. layers of scents, ingredients, technology, brand concepts and craftsmanship)
Brand attitude and preferences	Mostly commercial brands (well-known, easy to recognize) Use **2.7** brands on average	**Start to pursue niche brands (Unique pursuit, showcase tastes)** Use **6.2** brands on average	**Try different brands** (see how products match their needs instead of certain brand) Use **14.6** brands on average
Use frequency	Only **33%** use everyday More (55%) would use 3 to 6 times a week	**49%** use everyday 30% use 5 to 6 times a week	**63%** use everyday 22% use multiple times a day
Use occasions	For friends gathering and weekend outs Use perfumes in 3 occasions on average	For social occasions and commuting Use perfumes in **4** occasions on average	For daily and social occasions, often for being alone, at home or working out. Use perfumes in **5** occasions on average
Scent preferences	Use **2.4** types of scents on average Mostly floral, especially rose and jasmine	Use **3.4** types of scents on average Start to try fruity, citrous and woody	Use **6.1** types of scents on average Extended to aquatic & gourmand scents based on floral and citrous scents. Use multiple scents at a time

2.5

Trend 2:
Quality is key, whether for luxury or niche brands, with international names dominating the market.

80% of fragrance consumers start with international perfume brands.

For those just starting out in the world of fragrance, the "safe and recognizable" approach often leads many to choose well-known international brands. Recent data reveals that 80% of new perfume enthusiasts gravitate towards global commercial or niche salon brands. This trend underscores the continued value of investing in international perfumes in China. After years of market education and promotion, these brands have built strong reputations through superior branding, packaging, and service, making them well-regarded by everyday consumers.

China perfume consumer structure (in a recent 1 year)	Basic Low frequency purchase	Advanced Mid-frequency purchase	Seasoned High frequency purchase
Global major brands	60%	60%	65%
Global boutique brands	20%	30%	35%
Local brands	20%	10%	—

Data source: Eternal data

Advanced consumers increasingly favor boutique salon perfumes.

Although only 20% of perfume buyers start with niche salon fragrances, the saying "once you're in, it's hard to get out" holds true. As Chinese perfume consumers advance and their spending power increases, the share of salon fragrances has noticeably risen, with 30% of buyers in the advanced stage and 35% in the seasoned stage opting for them.

Our 2023 survey reveals that this shift is driven by several factors:

1)For most Chinese perfume consumers, the definition of "niche fragrances" is straightforward – "rare or unique perfumes that few people use" (67%). In top-tier cities, international niche salon perfume brands have higher visibility and usage. Consumers in these areas are more likely to encounter these brands through friends, family, or physical stores, making them less unfamiliar or obscure.

2)Meanwhile, 63% of consumers make their first purchase based on recommendations from those around them. For new entrants in top-tier cities, choosing "trendy niche perfume star products" recommended by others is considered a safe bet.

Additionally, niche perfume brands often feature more attractive and unique designs, which appeals to these consumers. About 33% of new perfume buyers prioritize the appearance of the bottle and packaging design when making their purchase.

Advanced stage | Boutique salon perfume buyer

30%

Seasoned stage | Boutique salon perfume buyer

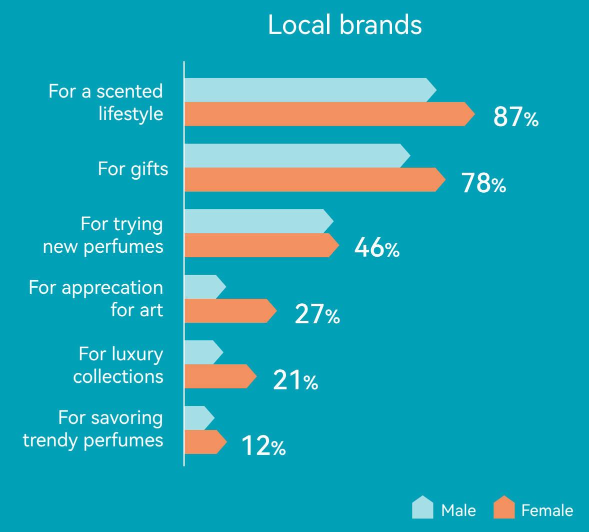
35%

2.6

Trend 3:
Chinese perfume users are exploring more diverse consumption scenarios, suggesting brands should expand across categories to attract new customers.

The increasingly open Chinese perfume market caters to a more diverse range of consumers.

According to Tmall's data from January to May 2024, different types of perfume brands attract distinct customer profiles. Commercial perfume buyers are keen on gift-giving, with 88% choosing these fragrances for occasions such as gifts for partners, colleagues, or friends, thus fostering emotional connections. In contrast, niche perfume enthusiasts, who have a strong appreciation for art (91%), tend to purchase luxury or unique scents to express their personal style and prestige. Meanwhile, users of local brands, who are more interested in a scented lifestyle (87%), often choose fragrances as a first-time experience.

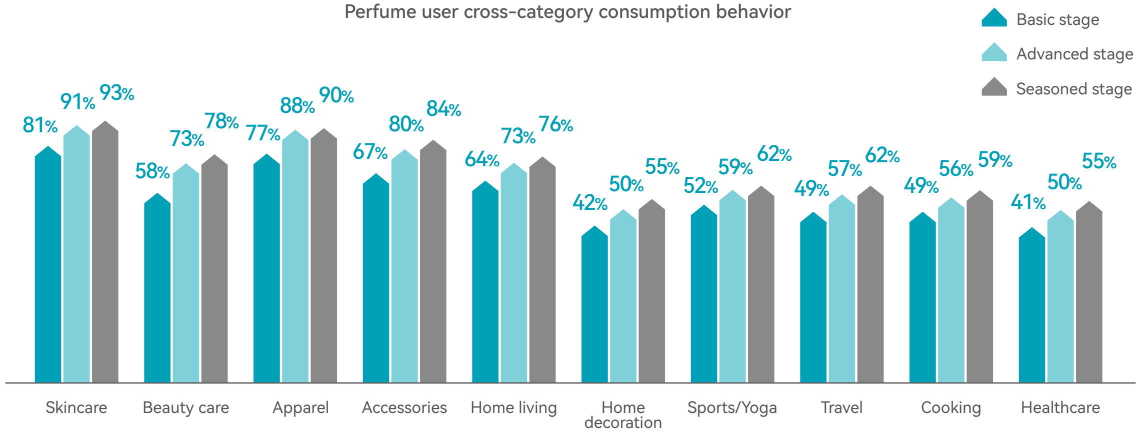


Data source: Eternal data

Perfume users have a variety of ways they incorporate fragrance into their lives, and expanding into new categories is a major driver of growth.

Chinese perfume consumers exhibit diverse spending habits across various lifestyle categories, such as fashion, dining, and home living. As they advance in their fragrance journey, their cross-category buying behaviors become more pronounced, presenting new growth opportunities for brands. For instance, at least 81% of perfume users also purchase skincare products, and 58% buy hair care products, with these trends being more significant among seasoned fragrance enthusiasts. Additionally, perfume users are active in areas like trendy fashion, home decor, outdoor activities, and cooking. Brands can leverage these behaviors by aligning their products with these cross-category consumer interests for more targeted marketing.

Perfume user cross-category consumption behavior



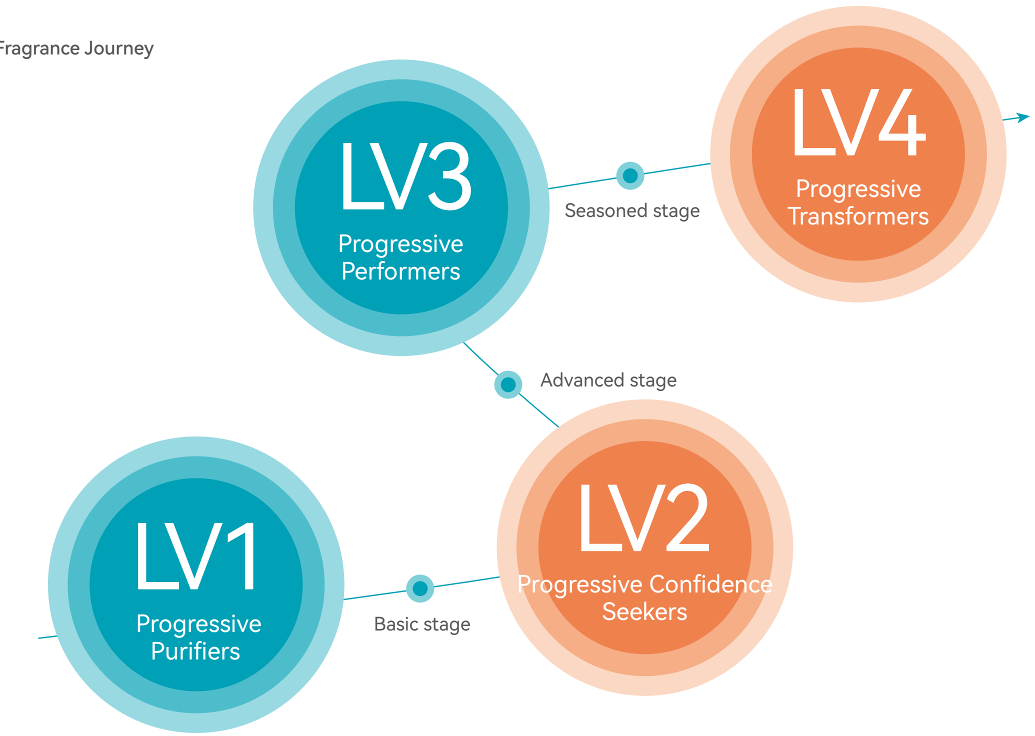
Data source: Eternal data

2.7

Consumer level-up journey: Balancing self-pleasure and self-improvement, seeking both social recognition and inner growth.

According to DSM-Firmenich's sample survey of Chinese perfume users, the fragrance journey reveals four key consumer segments and their evolving mindsets. As perfume becomes more than just an emotional accessory, self-indulgence is no longer the only need for consumers. They increasingly build social confidence through self-appreciation and pleasure, evolving into advanced fragrance users as they seek emotional resonance both internally and externally.

Fragrance Journey



The four key consumer segments represent different stages in the fragrance journey. "Progressive Purifiers" are beginners who enter the perfume market primarily for self-indulgence. "Progressive Confidence Seekers" still focus on self-indulgence but also begin seeking social recognition. "Progressive Performers" are more mature consumers who embrace innovation and use fragrance for self-expression. Finally, "Progressive Transformers" are seasoned users who achieve emotional resonance both internally and externally. They pursue unique and novel products and experiences, aspire to be fragrance opinion leaders, and continuously seek out and set new trends.

【Progressive Purifiers】

This group represents "entry-level users" in the fragrance market, with a balanced age distribution, including 31% who are between 25 and 34 years old. For them, perfume isn't about making a statement; it's a practical tool for staying fresh and clean. Their approach to fragrances is straightforward, prioritizing functionality over luxury. According to surveys, this group values simplicity and practicality, reflecting their functional view of perfumes.

Young women in this group (18-24 years old) show a strong interest in buying perfumes, with 91% actively purchasing for themselves and to enhance their home environment. Across all age ranges within this segment, there is a consistent preference for maintaining a fresh and clean scent both personally and in their surroundings. They focus on the fragrance's smell and notes, as well as the brand's reputation, product performance, and ingredient quality. Functionality is prioritized over indulgence. These consumers aim to improve home comfort and emotional well-being through fragrances. When selecting brands, they prefer well-known mainstream options and are drawn to scents that are clean, fresh, and subtly feminine.

The Progressive Purifiers: Demographics

Age groups	Total
16-24 years-old	14.2%
25-34 years-old	31.5%
35-44 years-old	26.4%
45-54 years-old	23.3%
55-65 years-old	4.6%

Regions	Total
North	13.1%
East	34.0%
South West	11.6%
North East	6.0%
South Central	26.7%
North West	8.5%

Employment	Total
Employed	88.3%
Unemployed	12.2%

Income	Total
Under 5000 RMB	11.8%
RMB 5,001-RMB 10,000	16.5%
Over 10,000 RMB	71.7%

Occupation	Total
Executive	27.8%
Private sector employee	39.7%
Self-employed / freelance	13.0%
Government Office Worker	4.0%
Top management	0.5%
Factory/Manual Worker	8.0%
Other	4.6%
Government Employee	1.5%
Small business owner	0.5%
Farmer	0.5%

Marital status	Total
Married	70.9%
Cohabiting Couple/ domestic	10.1%
Single	18.5%
Divorced	0.0%
Widowed	0.5%

Household size	Total
1 person	4.5%
2 person	11.4%
3 person	47.0%
4 person	22.1%
5 person	9.6%
6 person or more	4.9%

Kids in household	Total
HH With Kids	71.4%
HH Without Kids	28.6%

The Progressive Purifiers: Category Behavior

Bottles bought	Total
Bought for themselves	2.1
Received as a gift	1.0
Bought as a gift	1.3

Price paid	Total (RMB)
Bought for themselves	433
Received as a gift	450
Bought as a gift	519

Finishing bottles	Total
Always	21.4%
Most of the time	50.7%
Half the time	7.5%
Rarely	20.5%
Never	0.5%

Bottles sizes in general	Total
Under0.3 FL.OZ	4.1%
0.3-0.5 FL.OZ	20.2%
1 FL.OZ	36.2%
1.7 FL.OZ	44.6%
2.5 FL.OZ	21.0%
3.4 FL.OZ	17.9%
Above 3.4 FL.OZ	5.7%

Usage habits	Total
I tend to stick to one main fragrance at a time	29.7%
I have an everyday use fragrance and another one that luse for special occasions	34.8%
I tend to use several different fragrances –I like changing them depending on my mood, the season ,or the occasion	35.0%

Place of purchase in general	Total
Department stores	32.6%
Mass / Big-box retailers	27.8%
Fragrance / Beauty specialty retailers	53.0%
Beauty brand owned stores	32.0%
Pharmacies / drugstores	2.4%
Duty Free shops	31.0%
Fast-fashion retailers	4.4%
Online Duty free shops	35.3%
E-commmerce	71.0%
Beauty e-retail websites	31.2%
Social media	13.9%
Live shopping	20.3%
Direct selling / sales reps	8.0%

Data source: DSM-Firmenich data

【Progressive Confidence Seekers】

This group is characterized by brand loyalty and reliability. It includes 32% of young professionals aged 25-34 and 24% of social elites aged 45-54. For them, perfume is more than just an accessory; it's a key tool for building confidence in social settings. They prefer trusted brands and labels, avoiding experimentation and valuing consistency in their choices. Among this group, women aged 25-34 make up 39%, compared to 26% of men in the same age range, highlighting a slight gender difference among younger consumers. Women in this segment are more likely to spend a bit more on each bottle of perfume, although both genders are influenced by discounts.

This group is highly conscious of the environmental impact of their fragrance choices and seeks products that balance personal care with sustainability. Their emphasis on both self-care and eco-friendliness reflects their broader values and ethical mindset. Progressive Confidence Seekers remain loyal to trusted brands and use fragrances thoughtfully and confidently, valuing high-quality

The Progressive Confidence Seekers: Demographics

Age groups	Total
16-24 years-old	11.2%
25-34 years-old	32.3%
35-44 years-old	16.1%
45-54 years-old	24.0%
55-65 years-old	15.4%

Regions	Total
North	11.5%
East	24.1%
South West	12.4%
North East	10.4%
South Central	35.0%
North West	6.9%

Employment	Total
Employed	88.0%
Unemployed	11.5%

Income	Total
Under 5000 RMB	11.4%
RMB 5,001-RMB 10,000	11.0%
Over 10,000 RMB	77.6%

Occupation	Total
Executive	36.6%
Private sector employee	28.8%
Self-employed / freelance	9.9%
Government Office Worker	8.0%
Top management	4.0%
Factory/Manual Worker	6.1%
Other	3.1%
Government Employee	0.5%
Small business owner	3.4%
Farmer	0.0%

Marital status	Total
Married	82.4%
Cohabiting Couple / domestic partnership	3.4%
Single	12.7%
Divorced	1.9%
Widowed	0.0%

Household size	Total
1 person	1.5%
2 person	11.9%
3 person	43.9%
4 person	23.7%
5 person	13.3%
6 person or more	5.1%

Kids in household	Total
HH With Kids	83.3%
HH Without Kids	16.7%

experiences. For example, a luxury hotel's unique scent can create a specific atmosphere and mood. If a hotel's fragrance leaves a lasting impression, those who appreciate such scents may become loyal to that brand and consider it when choosing other products or services.

The Progressive Confidence Seekers: Category Behavior

Bottles bought	Total
Bought for themselves	2.4
Received as a gift	1.0
Bought as a gift	1.4

Price paid	Total(RMB)
Bought for themselves	498
Received as a gift	525
Bought as a gift	563

Finishing bottles	Total
Always	28.3%
Most of the time	50.0%
Half the time	8.9%
Rarely	12.4%
Never	0.5%

Bottles sizes in general	Total
Under0.3 FL.OZ	3.0%
0.3-0.5 FL.OZ	17.0%
1 FL.OZ	39.7%
1.7 FL.OZ	45.2%
2.5 FL.OZ	19.9%
3.4 FL.OZ	25.1%
Above 3.4 FL.OZ	7.0%

Usage habits	Total
I tend to stick to one main fragrance at a time	23.7%
I have an everyday use fragrance and another one that luse for special occasions	37.8%
I tend to use several different fragrances -I like changing them depending on my mood, the season ,or the occasion	38.5%

Place of purchase in general	Total
Department stores	29.3%
Mass / Big-box retailers	24.1%
Fragrance / Beauty specialty retailers	60.0%
Beauty brand owned stores	38.7%
Pharmacies / drugstores	2.0%
Duty Free shops	29.0%
Fast-fashion retailers	4.6%
Online Duty free shops	28.0%
E-commmerce	71.8%
Beauty e-retail websites	40.6%
Social media	12.4%
Live shopping	18.9%
Direct selling / sales reps	7.0%

Data source: DSM-Firmenich data

【Progressive Performers】

Progressive Performers are true fragrance aficionados who view perfume as more than just a scent; it's a bold statement, a means to redefine their identity, and a tool to enhance their allure and presence. They seek to transform not only their own experiences but also their social interactions. Typically aged 25 to 34, this group is well-off and resides in top-tier coastal cities. Among them, 32% are young professionals deeply engaged in their careers, with impressive employment rates: 96% of men and 91% of women actively pursuing professional growth. Women in this segment, in particular, have a keen taste for high-end perfumes and embrace a spirit of innovation, frequently exploring new and unique fragrances. Their preference for luxury and variety highlights their dynamic approach to personal evolution.

The Progressive Performers: Demographics

Age groups	Total
16-24 years-old	8.3%
25-34 years-old	32.0%
35-44 years-old	24.9%
45-54 years-old	20.1%
55-65 years-old	14.3%

Regions	Total
North	16.0%
East	30.4%
South West	12.8%
North East	7.4%
South Central	25.9%
North West	6.4%

Employment	Total
Employed	94.4%
Unemployed	5.6%

Income	Total
Under 5000 RMB	11.1%
RMB 5,001-RMB 10,000	10.1%
Over 10,000 RMB	79.4%

Occupation	Total
Executive	43.3%
Private sector employee	27.6%
Self-employed / freelance	10.1%
Government Office Worker	3.0%
Top management	8.2%
Factory/Manual Worker	2.8%
Other	0.9%
Government Employee	3.7%
Small business owner	1.0%
Farmer	0.0%

Marital status	Total
Married	86.6%
Cohabiting Couple/ domestic partnership	4.6%
Single	9.8%
Divorced	0.0%
Widowed	0.0%

Household size	Total
1 person	2.6%
2 person	7.2%
3 person	53.2%
4 person	19.4%
5 person	14.2%
6 person or more	3.0%

Kids in household	Total
HH With Kids	85.1%
HH Without Kids	14.9%

In the digital age, "Progressive Performers" are increasingly relying on social media and e-commerce platforms to meet their fragrance needs. These channels not only expedite their purchasing decisions but also significantly influence them, underscoring the growing impact of online platforms in the perfume market. Driven by their forward-thinking mindset, they deeply explore perfume ingredients and formulas, often willing to pay a premium for rare components. This makes them an ideal audience for high-end and niche fragrance brands. Their journey in the fragrance world is characterized by a continual pursuit of self-improvement and social evolution, making "Progressive Performers" a fascinating segment to watch.

The Progressive Performers: Category Behavior

Bottles bought	Total
Bought for themselves	2.6
Received as a gift	1.0
Bought as a gift	1.3

Price paid	Total(RMB)
Bought for themselves	576
Received as a gift	584
Bought as a gift	572

Finishing bottles	Total
Always	31.8%
Most of the time	54.9%
Half the time	7.7%
Rarely	4.6%
Never	1.0%

Bottles sizes in general	Total
Under0.3 FL.OZ	2.7%
0.3-0.5 FL.OZ	15.9%
1 FL.OZ	42.6%
1.7 FL.OZ	61.1%
2.5 FL.OZ	31.6%
3.4 FL.OZ	28.0%
Above 3.4 FL.OZ	3.3%

Usage habits	Total
I tend to stick to one main fragrance at a time	21.4%
I have an everyday use fragrance and another one that luse for special occasions	40.9%
I tend to use several different fragrances -I like changing them depending on my mood, the season ,or the occasion	37.7%

Place of purchase in general	Total
Department stores	40.4%
Mass / Big-box retailers	40.5%
Fragrance / Beauty specialty retailers	53.3%
Beauty brand owned stores	38.8%
Pharmacies / drugstores	9.8%
Duty Free shops	30.7%
Fast-fashion retailers	12.6%
Online Duty free shops	36.4%
E-commmerce	74.1%
Beauty e-retail websites	43.1%
Social media	21.6%
Live shopping	21.5%
Direct selling / sales reps	13.0%

Data source: DSM-Firmenich data

【Progressive Transformers】

In the vibrant world of perfume, "Progressive Transformers" are the true connoisseurs, deeply knowledgeable about their scents. This discerning group seeks fragrances that elevate their personal style and fit their dynamic, multifaceted lives. Predominantly aged between 25 and 34 (32% of them), they have a keen interest in innovation and technology, seamlessly integrating their fragrance choices with their modern lifestyles. Both men and women in this segment typically purchase perfumes for personal use rather than as gifts. They relish fresh shopping experiences and are not confined to a single purchasing method—whether it's online, in-store, or through the latest social media trends and live streaming. Their digital-savvy approach underscores the importance of online platforms in engaging with these high-end fragrance enthusiasts.

As dedicated and high-quality consumers of perfume, "Progressive Transformers" place a strong emphasis on sustainability. They are willing to pay a premium for refillable, natural perfumes and other eco-friendly options, reflecting their commitment to both personal and environmental well-being. Their drive for innovation keeps them at the forefront of sustainable trends. Ambitious and forward-thinking, they actively seek out exceptional high-end fragrances and could become pivotal figures in the niche fragrance market with more brand guidance and education.

The Progressive Transformers: Demographics

Age groups	Total
16-24 years-old	4.1%
25-34 years-old	30.5%
35-44 years-old	22.0%
45-54 years-old	24.8%
55-65 years-old	18.6%

Regions	Total
North	13.7%
East	30.6%
South West	15.0%
North East	7.9%
South Central	26.3%
North West	6.7%

Employment	Total
Employed	93.8%
Unemployed	6.3%

Income	Total
Under 5000 RMB	14.8%
RMB 5,001-RMB 10,000	12.2%
Over 10,000 RMB	73.6%

Occupation	Total
Executive	41.0%
Private sector employee	32.4%
Self-employed / freelance	9.6%
Government Office Worker	5.9%
Top management	4.3%
Factory/Manual Worker	4.2%
Other	1.4%
Government Employee	1.0%
Small business owner	1.1%

Marital status	Total
Married	84.7%
Cohabiting Couple/ domestic partnership	5.1%
Single	7.7%
Divorced	2.0%
Widowed	0.6%

Household size	Total
1 person	1.7%
2 person	13.7%
3 person	52.7%
4 person	18.8%
5 person	10.2%
6 person or more	3.0%

Kids in household	Total
HH With Kids	87.8%
HH Without Kids	12.2%

The Progressive Transformers: Category Behavior

Bottles bought	Total
Bought for themselves	2.6
Received as a gift	0.9
Bought as a gift	1.3

Price paid	Total (RMB)
Bought for themselves	534
Received as a gift	551
Bought as a gift	572

Finishing bottles	Total
Always	28.0%
Most of the time	55.5%
Half the time	7.3%
Rarely	7.7%
Never	1.0%

Bottles sizes in general	Total
Under0.3 FL.OZ	2.8%
0.3-0.5 FL.OZ	17.3%
1 FL.OZ	44.7%
1.7 FL.OZ	54.0%
2.5 FL.OZ	25.6%
3.4 FL.OZ	24.4%
Above 3.4 FL.OZ	7.1%

Usage habits	Total
I tend to stick to one main fragrance at a time	25.1%
I have an everyday use fragrance and another one that luse for special occasions	37.2%
I tend to use several different fragrances -I like changing them depending on my mood, the season ,or the occasion	37.7%

Place of purchase in general	Total
Department stores	32.1%
Mass / Big-box retailers	24.1%
Fragrance / Beauty specialty retailers	61.2%
Beauty brand owned stores	43.2%
Pharmacies / drugstores	2.0%
Duty Free shops	29.3%
Fast-fashion retailers	6.4%
Online Duty free shops	28.0%
E-commmerce	79.0%
Beauty e-retail websites	40.8%
Social media	9.0%
Live shopping	22.7%
Direct selling / sales reps	4.8%

Data source: DSM-Firmenich data

Implication of this chapter

China, a country brimming with vitality and diversity, offers a complex and rich consumer base that presents boundless opportunities and room for innovation in the fragrance market.

- **For newcomers to fragrances, low-risk scent-related products offer an affordable way to start exploring.**

For those new to fragrances, scent-related products like candles, soaps, and sprays offer an affordable way to begin their fragrance journey. These items are not only easy to try but also budget-friendly, allowing consumers to explore scents without significant financial commitment.

- **Seasoned users look for high-end niche fragrances for a unique, personalized experience.**

High-end niche fragrance brands, with their unique scents and compelling stories, cater to seasoned users seeking individuality and distinction. These brands often focus on premium ingredients and artisanal crafting, offering a rich variety of scents and in-depth experiences.

- **A diverse product lineup creates a comprehensive fragrance matrix, integrating commercial perfumes, niche salon fragrances, and domestic brands.**

The fragrance market for Chinese consumers features a diverse range of products, including basic scents, high-end custom perfumes, international commercial fragrances, and niche salon brands. Each type caters to a specific audience and market segment. Commercial fragrances remain prominent due to their broad appeal and strong brand presence. Niche salon fragrances attract those seeking uniqueness and high quality, while domestic brands gain traction due to their deep cultural understanding and innovation.

China's fragrance market is a dynamic landscape, showcasing diverse consumer tastes and lifestyles. With ongoing market expansion, commercial fragrances, salon scents, and domestic brands each play a key role in driving growth. For consumers, fragrance choices reflect their lifestyle and cultural identity. The future promises even greater vitality and innovation in China's fragrance industry.

3

Part 3

Changes in the Chinese Perfume and Fragrance Market: Stand Out in the Sector

Focuses of this chapter

What is the current state of the Chinese fragrance market, and what are the key industry trends?

How is the Chinese fragrance market performing in terms of size and growth, and how are major companies doing?

With a drop in online sales, how should brands adapt to new competition?

How can niche and boutique fragrance brands from overseas succeed in the evolving market?

?

Contents of this chapter

3.1

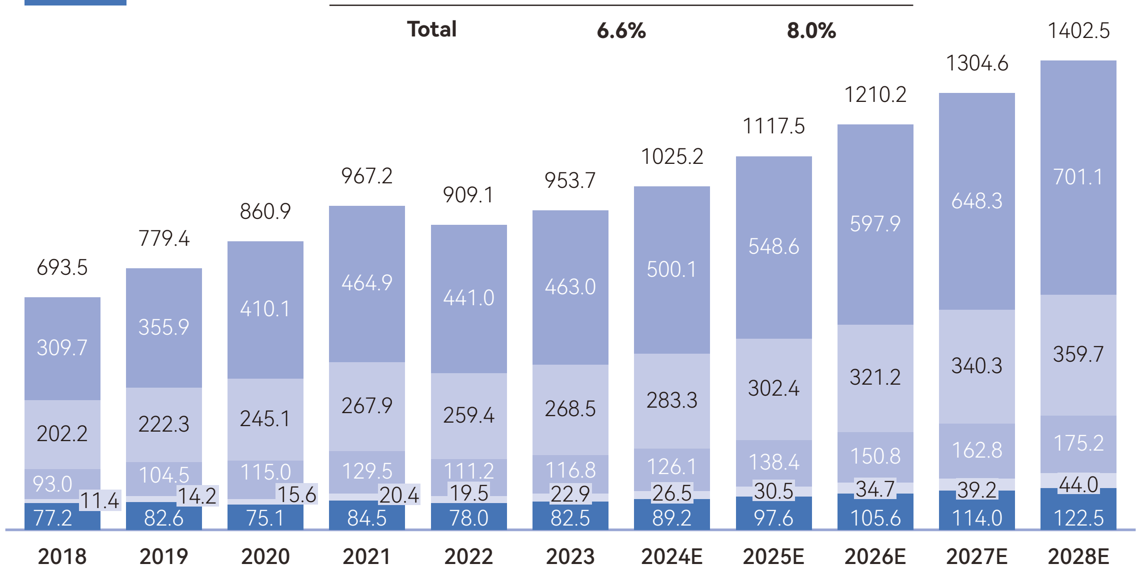
Current Status 1: The Chinese fragrance market is expected to grow at a 14% CAGR from 2023 to 2028, showing a positive outlook.

According to Frost & Sullivan, China's cosmetics market grew from RMB 693.5 billion in 2018 to RMB 953.7 billion in 2023, representing a CAGR of 6.6%. It is projected to reach RMB 1.4025 trillion by 2028, with a CAGR of 8.0% from 2023 to 2028. The fragrance segment grew from RMB 11.4 billion in 2018 to RMB 22.9 billion in 2023, reflecting a CAGR of 15.0%. It is expected to reach RMB 44 billion by 2028, with a CAGR of 14.0% from 2023 to 2028. This underscores the continued growth potential in China's fragrance market.

Market Size of Cosmetics Industry in China in terms of Retail Sales by Product Categories, 2018-2028E

RMB Billion

CRGR	2018-2023	2023-2028E
Skincare	8.4%	8.7%
Personal Care	5.8%	6.0%
Color Cosmetics	4.7%	8.4%
Perfume	15.0%	14.0%
Others	1.3%	8.2%
Total	**6.6%**	**8.0%**



Data source: Frost & Sullivan data

3.2

Current Status 2: While investment in consumer goods is generally down, confidence in the fragrance sector remains high, with brand registrations up by 49%.

In the first half of 2024, major groups saw growth in the Chinese perfume market despite overall challenges.

L'Oréal's H1 2024 report shows sales of €22.12 billion, up 7.5% year-over-year, and a net profit of €3.656 billion, up 8.8%. The luxury cosmetics division grew 2.3% to €7.579 billion, with perfume remaining a vibrant category. The cosmetics market is rebounding, and L'Oréal's recent acquisition of Aesop, along with other new brands, continues to drive strong performance.

LVMH's H1 2024 report shows overall sales down 1% to €41.7 billion, with organic growth of 2%. The perfume and cosmetics division grew 6% organically to €4.136 billion. This growth is fueled by strong flagship products, innovation, and selective distribution. Christian Dior's fragrances, including Sauvage, J'adore, and the new Miss Dior, performed exceptionally. Guerlain's Néroli Plein Sud from the L'Art et la Matière collection and Givenchy's L'Interdit also showed strong results.

Kering's H1 2024 report shows an 11% revenue drop to €9 billion. Gucci's sales fell 20%, the largest decline among Kering's brands. In response, Kering is adjusting its strategy. However, Kering Eyewear and its corporate division saw a 7% reven ue increase, driven by Kering Beauté's performance. Established in February 2023 and led by Raffaella Cornaggi, Kering Beauté focuses on perfumes to support brands like Bottega Veneta, Balenciaga, and Alexander McQueen.

Year-on-year sales growth of L'Oréal Group's luxury cosmetics division

2.3%

Organic growth in the performance of LVMH's perfume and cosmetics division

6%

Year-on-year revenue growth for Kering's eyewear and corporate divisions

7%

Overseas capital favors the Chinese market, with various brands becoming hot investment targets.

The capital market continues to favor investment in China's fragrance sector. In 2023, the number of perfume brand registrations in China increased by 49%, with international brands still leading the market and a growing interest in niche and salon brands.

In June 2023, Kering's acquisition of Creed underscored the growing interest in niche fragrance brands. Chinese brands like Documents and To Summer also attracted new investments, confirming China's key role in the global fragrance market.

Meanwhile, more overseas niche and salon brands are seizing opportunities in China. In 2023, Le Labo and Maison 21G announced their entry into the Chinese market, standing out with their unique and personalized labels amidst many major perfume brands.

Creed

Creed's "Aventus" has gained significant traction in China, becoming highly popular among men and ranking alongside top men's fragrances. Maison 21G established a new benchmark for custom perfumes with a VIP masterclass at Sanya Duty-Free City.

International niche and salon fragrance brands targeting high-end consumers need to refresh their offerings, build strong brand narratives, and improve customer interactions to stand out in today's market.

Innovative product naming enhances customer engagement and strengthens brand recall.

Maison Noir

each fragrance to represent key scent features, inspired by Michael Edwards' fragrance wheel. For instance, "Icarus 347" stands for "ozone," "green," and "fruity" notes. This brand new communication method helps consumers easily identify and understand a fragrance's profile, simplifying their selection process.

Continuously innovating products to offer consumers new and unique fragrance experiences.

Caron

The French luxury perfume brand Caron, established in the early 20th century, is known for its bold innovations. Caron pioneered many firsts, including the first leather fragrance, the first women's tobacco scent, the first rose essence powder, and the first perfume fountain. Despite its rich and storied history, Caron continues to innovate, introducing modern scents like "Cucumber Rose," which blends fresh cucumber with rose to refresh the perfume market.

3.3

Current Status 3:
Major e-commerce platforms fac e challenges in the fragrance market, with Douyin's share growing and top international brands expanding their market presence.

According to data from Taobao, Jingdong, and Douyin for January to May 2024, the online perfume market overall declined by 34% year-on-year. However, leading brands showed strong resilience, with a decline of only 5% and an increased market share. The top 20 brands now hold 53% of the market, up 16% from the previous year.

TOP 20 PERFUME BRANDS	Jan to May 2024	Jan to May 2023	Comparison
Market share	53%	37%	+16%

Data source: Shuying Think Tank data

Top 20 perfume brands Market share

International commercial brands now hold 82% of the market, up from the previous year, while international salon brands account for 15%. Domestic brands are facing increased competition. Despite a general slowdown, 9 of the top 20 brands are international. Hermes saw a 10% increase in sales, moving to third place, while Versace rose by 9%, reaching fourth place due to strong marketing efforts. International brands are showing greater resilience, leading to a push for diverse sales channels to reach consumers.

TOP 20 BRAND (JAN TO MAY 2024)

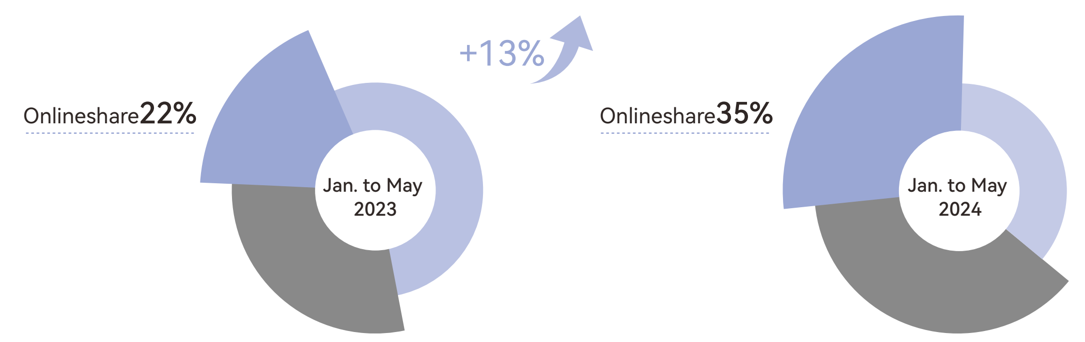
Top 20 brand (Jan to May 2024)	Ranking (Jan to May 2024)	Ranking (2023)	Changes
Chanel	1	1	0
Dior	2	2	0
Hermes	3	4	+1
Versace	4	5	+1
Jo Malone London	5	3	-2
YSL	6	6	0
Gucci	7	7	0
Maison Margiela	8	9	+1
Armani	9	12	+3
Bvlgari	10	8	-2
Tom Ford	11	11	0
Boitown	12	10	-2
Coach	13	16	+3
Ralph Lauren	14	18	+4
Lancome	15	14	-1
Chloe	16	21	+5
Diptyque	17	15	-2
Prada	18	13	-5
Burberry	19	17	-2
Penhaligon's	20	23	+3

Data source: Shuying Think Tank data

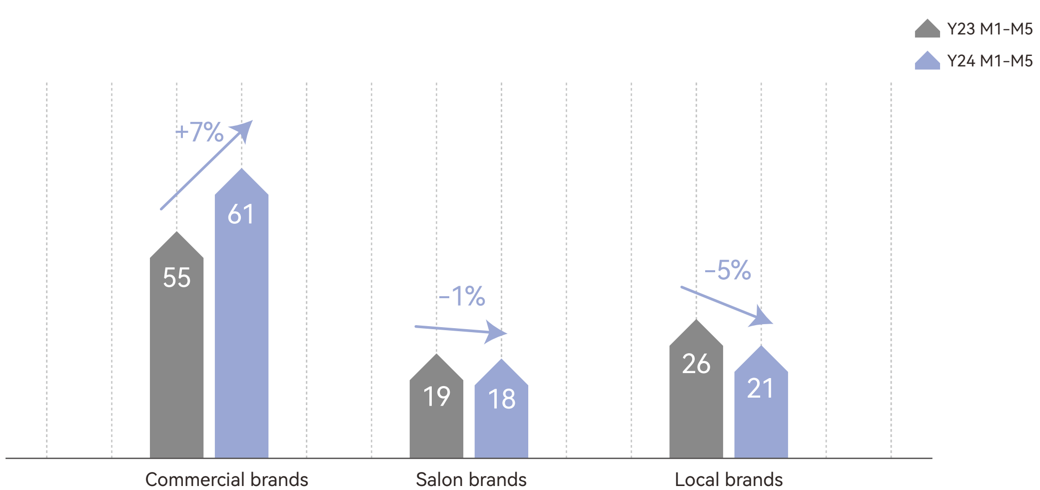
The share of Douyin continues to rise, with international commercial perfumes holding a 61% market share.

From January to May 2024, Douyin's online market share reached over 35%, a 13% increase from 2023, though growth has slowed. International commercial perfumes saw a notable rise in share on Douyin, up 7% to 61%. In response to heightened online competition, international brands are improving their channel strategies and leveraging Douyin's growth.

Douyin Jan to May 2024 Jan to May 2023 Change Online share



Douyin market share Jan to May 2024 Jan to May 2023 Change (unit%)



Data source: Shuying Think Tank data

3.4

Trend 1:
Multi-channel marketing drives brand growth and cross-platform development.

In today's competitive market, growth cannot rely solely on in-site traffic. With declines in traffic on Taobao and JD.com, consumers are turning to new channels like Xiaohongshu and Douyin for product information. These platforms offer valuable product insights and highlight the emotional appeal of perfumes, helping brands attract more targeted traffic in e-commerce.

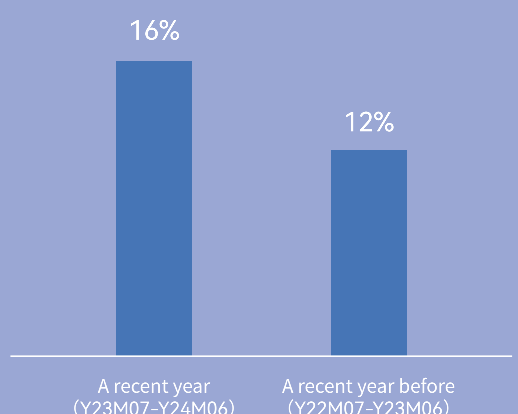
【Versace】Versace has maintained market leadership for years with a well-balanced e-commerce distribution strategy.

Versace has effectively employed diverse digital marketing strategies to maintain its brand presence. For years, the brand has utilized extensive online promotion to enhance its search visibility and attract new customers. In 2024, Versace continued this approach with high-profile campaigns, including the appointment of Bai Jingting as a global fragrance ambassador in March and a private fragrance event in May at Shanghai's Xintiandi Taikoo Hui. Additionally, the brand leveraged outdoor advertising and celebrity endorsements to engage with younger consumers and drive growth across all online channels.

【Ralph Lauren】Ralph Lauren's omnichannel strategy

Ralph Lauren used Xiao Zhan's endorsement to drive growth across channels. They boosted brand visibility with celebrity promotions on Weibo, Xiaohongshu, and Douyin, where Xiao Zhan interacted with fans live. In December 2023, Xiao attended the pop-up event for Ralph's Club fragrance. All of these efforts secure a balanced growth across all platforms.

Scented products sales penetration ON Taobao



3.5

Trend 2:
Fragrance concepts are expanding into various sectors, with a 27% increase in product registrations.

According to available data, in 2023, fragrance products have penetrated multiple sectors, with fragrance body washes emerging as a leading category after perfumes. Top brands are expanding their product lines, driving the second growth wave in the fragrance sector. Sales data from the past year on Taobao indicates that the market share of fragrance concept products has increased from 12% to 16%.

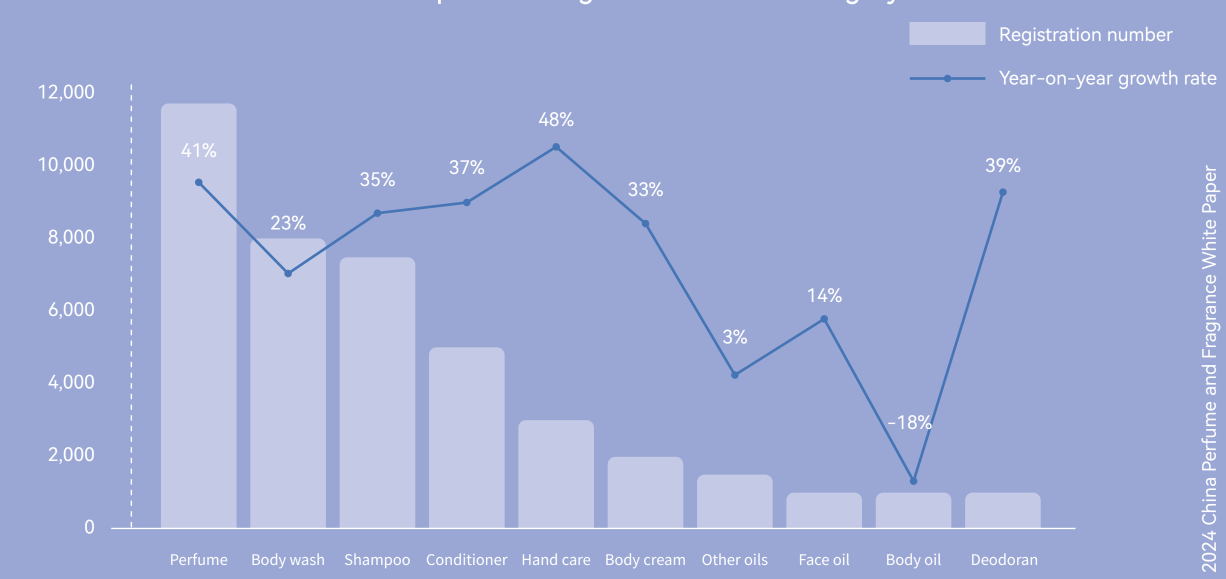
Maison Margiela

Maison Margiela uses body care products, with their lower prices and higher repurchase rates compared to perfumes, to attract a broader audience and drive a new growth curve for the brand.

Diptyque

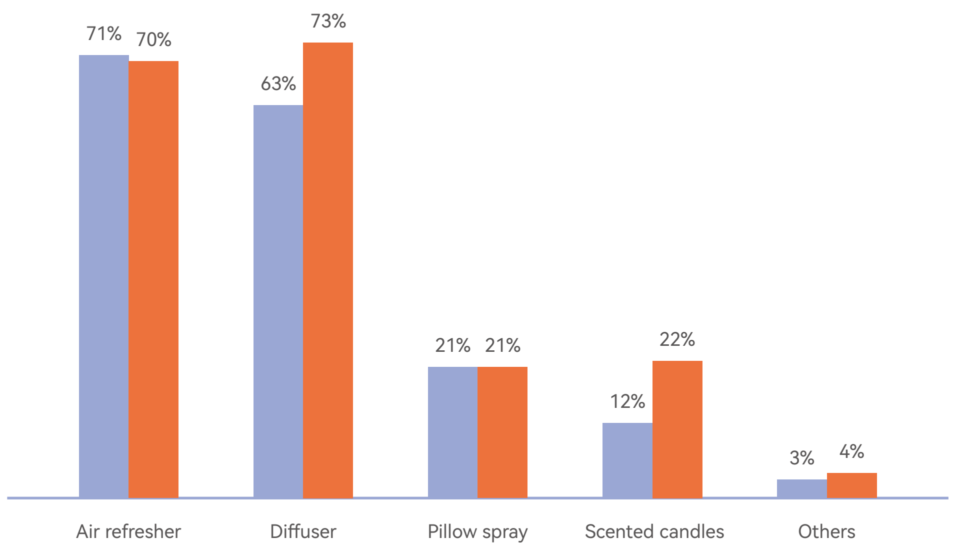
Diptyque expanded its range in 2023 to include home cleaning products, complementing its existing lineup of perfumes, home scents, car fragrances, and personal care items. For the 2024 "Summer Light" collection, the brand introduced the "Summer Light Countdown Gift Set," which features ten items, including scented candles, sprays, mosquito repellent, solid perfumes, hand creams, and nourishing oils. Designed in collaboration with artists, the set blends exclusive scents with unique packaging, offering a distinctive summer fragrance experience.

2023 Scented products registration TOP10 category

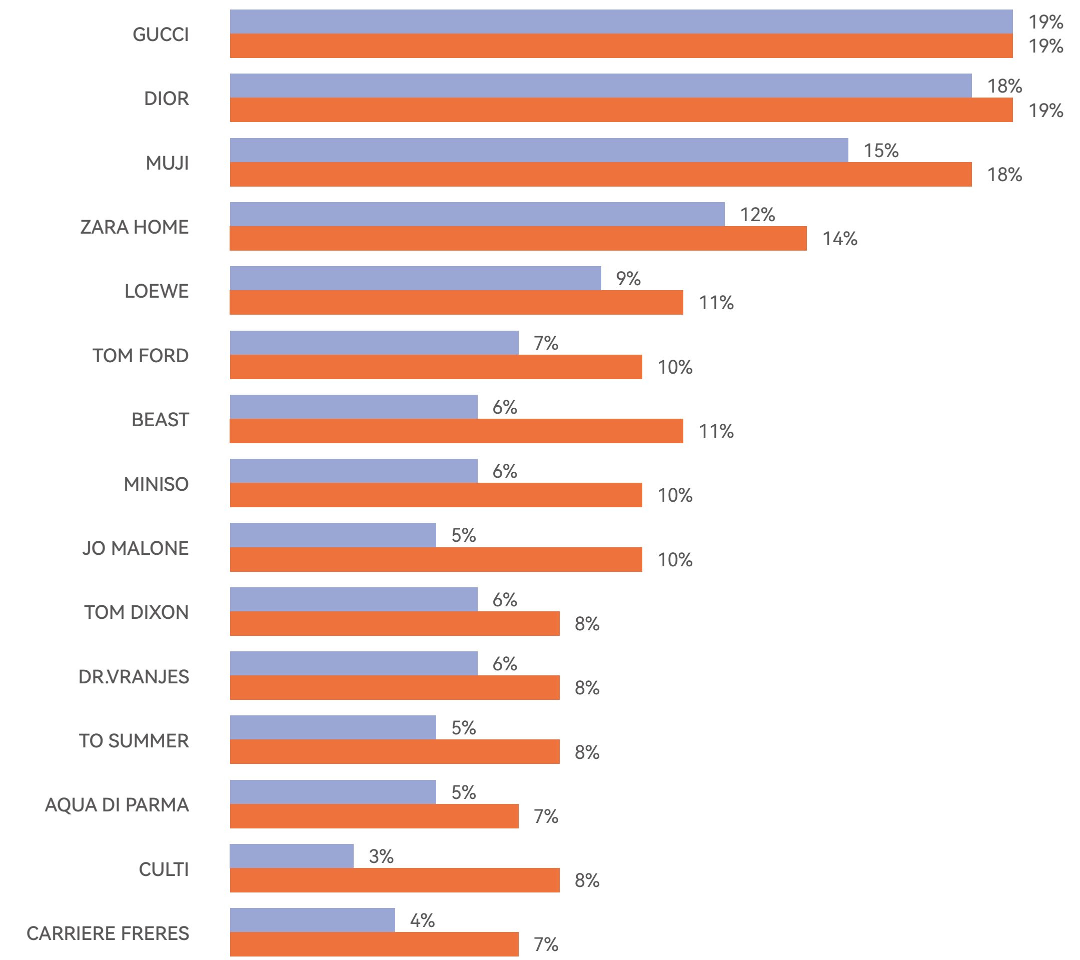


The proportion of people who purchased home scented products in the past 12 months

Home scented products you bought in the past 12 months?



Home scented brands you bought in the past 12 months?



Data source: DSM-Firmenich data

According to DSM-Firmenich research, the use of premium home fragrance products, such as air fresheners and diffusers, is rising. Over the past 12 months, more than 60% of consumers have purchased these products.

Brands are expanding into fragrance-related categories to meet the growing consumer demand for multifunctional and mood-enhancing products. In China, the pursuit of immersive experiences across various settings, combined with a focus on emotional value, is expected to drive growth and transformation in the fragrance market.

Santa Maria Novella

Santa Maria Novella, one of Italy's oldest fragrance brands originating from Renaissance Florence, has accelerated its product updates in recent years. Beyond perfumes, the brand has expanded into skincare. Today, Santa Maria Novella's global product range includes over 600 items, covering perfumes, skincare, body care, and home fragrances, showcasing its comprehensive presence in the fragrance market.

3.6

Trend 3: Douyin enhances the shopping experience and builds a complete ecosystem.

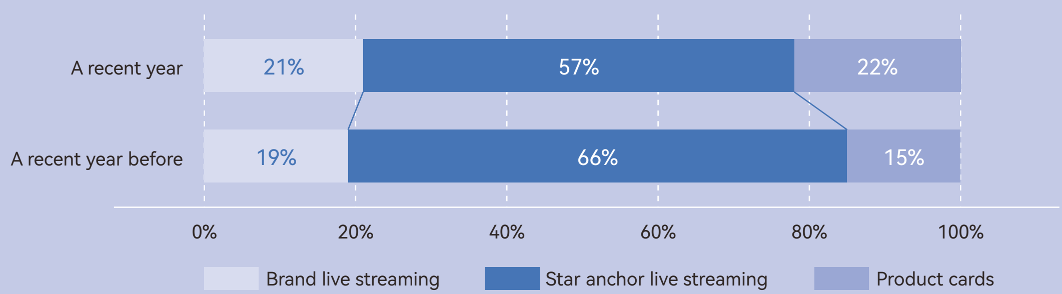
In 2023, Douyin enhanced the shopping experience by improving shipping times, optimizing after-sales service, and upgrading customer support capabilities. These measures reduced decision-making barriers and increased customer satisfaction, creating a superior shopping experience ecosystem.

Douyin e-commerce has evolved significantly. Initially driven by live streams and short videos that captured consumer interest, it has now integrated content with shopping experiences. Users have developed a habit of browsing and buying from Douyin's mall and shops, which has led to increased brand loyalty and sustained growth.

Initially, Douyin utilized KOLs, short videos, and live streams to assist brands in exploring online marketing. As users became more savvy, Douyin developed a seamless ecosystem that integrates content discovery with purchasing, unlocking new growth opportunities. Recent enhancements include improved integration of video feeds, keyword targeting, and trending searches, which boost the conversion value of live streams and content videos. This strategy helps brands attract targeted traffic and convert interested consumers, shortening their path to purchase.

According to Feigua data for Q1 2024, Douyin's business models are well-balanced: brand live streaming accounts for 21%, star anchor live streaming for 57%, and product cards for 22%. With a decrease in star anchor live streaming, brands are increasingly focusing on product cards for more efficient and precise traffic management.

Douyin sales structure in 2024Q1



Data source: Shuying Think Tank data

Armani

In Q1 2024, Armani's product card sales on Douyin reached 29%, up 18% year-over-year. The brand used celebrity endorsements and popular perfume bloggers to create promotional videos and detailed posts about their high-end series. They then boosted conversions by investing in additional product card ads and search resources.

Implication of this chapter

Despite slower growth, China's fragrance market remains promising. Reports from major beauty groups indicate that while skincare growth is slowing, the fragrance sector is thriving. The influx of niche international brands highlights the market's potential and opportunities.

- **The capital market remains confident in the vibrant China's fragrance market.**

Capital markets remain confident in China's fragrance sector. The entry of niche international brands into this dynamic market, with their unique scents and compelling stories, is offering consumers more options and invigorating the industry.

- **To optimize the consumer shopping journey, it's essential to adapt to changes in sales channels and effectively integrate both online and offline strategies.**

Online channels are improving consumer shopping experiences due to new platforms and competition, while offline channels are benefiting from increased consumer spending. This integration of online and offline strategies creates a more balanced business structure. Additionally, new online live streaming methods are helping consumers make faster fragrance choices, suggesting continued growth for perfumes and related products.

- **Perfumes must offer both functional and emotional value to seize opportunities in the new consumer era.**

In the beauty sector, perfumes are renowned for their emotional impact. As consumers navigate the highs and lows of modern life, perfumes, with their blend of functional and emotional value, are well-positioned to transform the market.

4

Part 4

Product Trends and Innovations: Atmosphere First

Focuses of this chapter

How can we capture new trends in fragrance innovation and meet the evolving demands of Chinese consumers for personalized expression?

How can we better fulfill consumers' emotional needs in specific scenarios with fragrances?

In the Chinese market, how can we achieve a deep fusion of Eastern elements with perfume to impart unique aesthetic intelligence?

In today's advanced technological landscape, how can we use AI to accurately understand consumers' core needs?

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Contents of this chapter

4.1

Emerging fragrance trends: from mainstream scents to personalized Innovation

Floral and woody fragrance remain mainstream

Based on consumer purchasing behavior, floral fragrances dominate the market on Taobao with a 41% share. Within this category, fresh white flowers with green notes and creamy white flowers blended with sandalwood and vanilla are gaining popularity. Additionally, woody scents inspired by nature, which hold a 15% market share, remain popular, while green notes and aromatic notes are emerging as significant trends.

The popularity of major products is driving an increased preference for richer, layered scents such as amber gourmand and floral amber. Additionally, woody fougere and aromatic fougere, once typical of men's fragrances, are now also being used in women's perfumes, offering new directions for fragrance development.

Consumer interest on Xiaohongshu indicates that citrus and woody scents are the most searched. Citrus scents, being fresh and lively, are perfect for fragrance newcomers due to their lightness. Woody scents, appreciated for their sophistication and longevity, meet the growing demand for lasting fragrances in China. Both types are expected to remain popular in the near future.

In spring and summer, fresh scents like citrusy and aquatic fragrance are preferred for their refreshing quality and better diffusion in warmer temperatures. In autumn and winter, richer scents like woody and oriental are favored for their warmth and suitability for colder weather.

Market share of the floral scents on Taobao

41%

Market share of the woody scents on Taobao

15%

Cracking the perfume paradox: achieving both "freshness" and "longevity."

Influenced by subtle Oriental culture, Chinese consumers prefer “fresh, unobtrusive scents.” With innovations in ingredients and fragrance technology, and the growing importance of the Chinese market, brands are focusing on the demand for “fresh and long-lasting” scents. As a result, products suited to Chinese preferences are gaining attention.

Xerjoff

Citrusy fragrances are popular for their refreshing quality but struggle with longevity. Xerjoff’s Nio perfume addresses this by incorporating fresh woody notes to enhance lasting power while preserving the citrus freshness. This innovation effectively resolves the issue of balancing freshness with durability, providing consumers with a unique and lasting experience.

Parfums de Marly

In Q4 2023, Parfums de Marly launched a new fragrance, *Valay*. This perfume captures the sensation of delicate fabric on the skin, creating a misty, fresh scent with lasting power. It combines zesty lemon, orange, and orange blossom with innovative molecules like ambroxan, agarwood, and musk. The result is a fragrance that not only retains its fresh floral qualities but also lingers for 24 hours, enveloping the wearer in a charming, ethereal aura.

Unisex Fragrances: Breaking stereotypes, personalized scent expressions are increasingly embraced in the Chinese market.

Unisex fragrances, offering diverse styles such as fresh and clean, elegant and refined, mysterious and composed, or natural and casual, are widely accepted in the Chinese market. Driven by increasing demand, these gender-neutral fragrances enhance inclusivity. In China, unisex scents are popular among couples and families, allowing consumers to express their individuality while sharing their favorite scents with loved ones.

Just like fashion trends, unisex fragrances offer consumers a range of unique styles, from intense woody notes to fresh, crisp greens. These fragrances allow women to explore beyond traditional floral scents and enable men to experience a broader array of fragrances.

Atkinsons

Atkinsons' No. 24 Old Bond Street Eau de Cologne and Intense Eau de Cologne are iconic fragrances inspired by the brand’s first English cologne from 200 years ago. The Intense version enhances freshness and longevity, offering a lasting, refreshing scent. With notes of cardamom, Turkish rose, Earl Grey tea, and whiskey. This unisex cologne transcends gender, making it ideal for sharing between couples and family members.

4.2

Fragrances in daily life

Fragrances are becoming an integral part of daily life. Whether on bustling streets or in lovely homes, their influence is evident. People use perfumes to highlight their personal style and turn to scented candles or diffusers to create a relaxing ambiance. In social settings, fragrances boost confidence and enhance interactions, adding a distinctive touch to everyday experiences.

From special occasions to daily use, fragrances are increasingly integrated into seasonal trends and routines.

As personalized self-care becomes more popular, young consumers are increasingly incorporating fragrances into their daily lives, extending beyond just gifting. While perfumes were once primarily holiday gifts, they now reflect a broader pursuit of quality living. Seasonal scents, such as mugwort in summer and osmanthus in autumn, are being integrated into fragrance designs, offering new ways to enjoy and personalize scents.

Beast

Inspired by ancient summer cooling traditions and historic pharmacies, Beast and the century-old Tonghanchuntang launched the "Summer Serenity Fragrance Shop" event. They introduced new products like forsythia and perilla scented candles, fragrance fans, and ginseng aroma charms, blending fun with traditional elegance.

Documents

For the Dragon Boat Festival, Documents introduced a "Peace Knot" scented sachet. It features an oriental grass-green fragrance and combines traditional Chinese craftsmanship with modern design, offering a contemporary twist on the ancient tradition.

The fragrance category continues to expand, covering all segmented scenarios.

As demand for fragrances rises, the category is rapidly expanding to meet diverse needs. From in-car scents and scented personal care products to portable sprays, fragrance papers, traditional incense, and innovative fragrance tattoos, these products integrate seamlessly into daily life, offering a variety of options to enhance living spaces and personal experiences.

Papier D'Armenie

Papier D'Armenie from France offers Benzoin scented paper incense. Not only does it create a serene atmosphere and aid in concentration, but its portable and exquisite design also doubles as a bookmark.

Aesop

Incense sticks, with a tradition spanning over 500 years in the East, are now being embraced by Western lifestyle and luxury brands. For example, Aesop has introduced a line of incense sticks, combining design and functionality to offer global consumers a touch of Eastern tranquility and relaxation.

"Fragrance" now includes innovative new product forms that offer more interactivity and social engagement for Gen-Z consumers, showcasing a new way of self-expression through scent.

Diptyque

Diptyque scented tattoo stickers

To Summer

"To Summer" essential oil fragrance sticker

handhandhand

handhandhand scented mask stickers

Viktor & Rolf

Viktor & Rolf "Flower Bomb" satin body fragrance powder puffs

4.3

Fragrances as essentials: new ways of self-expression and emotional empowerment

As societal trends shift, fragrances have evolved from luxury or niche items into everyday essentials. They now serve as powerful tools for self-expression, reflecting the user's personality, mood, and attitude, and providing a new way to convey individuality through scent.

In recent years, emotional value has become widely recognized, extending beyond basic emotions like joy or sadness to include deeper psychological and spiritual satisfaction. It involves both immediate emotional experiences and broader values or aspirations. For example, using a scent to create a calming atmosphere reflects emotional value on a spiritual level, while selecting a fragrance to express lifestyle aspirations or cultural identity showcases its broader significance. In essence, emotional value is multifaceted, affecting how individuals think, feel, and act.

The rise of women's empowerment in China has sparked a new wave of self-value identification.

In recent years, Chinese women's independence and strength have become a key focus for brands. The success of the TV drama The Tale of Rose has brought women's self-worth and empowerment back into the spotlight. Women are now more aware of their value, confidently facing challenges and expressing themselves. This shift is reflected in their fragrance choices, with an emphasis on personal expression and self-enjoyment rather than societal judgment. The popularity of strong female role models has also led women to prioritize self-expression in their fragrance preferences.

Prada

Prada's Paradoxe reinvents the concept of the enigmatic woman. By combining contrasting notes and naming the fragrance "Paradoxe," it celebrates women's complexity and encourages them to express their true selves, free from societal expectations. The scent reflects the multifaceted nature of women, embracing both their elegance and mystery without imposing limits.

Unique perfume names are increasingly popular. For example, Armani's *My way *, Etat Libre d'Orange's *You or Someone Like You*, and Matiere's * Santal Austral * stand out for their distinctive naming. These names effectively convey the product's essence, reflect current trends, or use wordplay to enhance the fragrance's appeal. This highlights that consumers value more than just the scent; the name's meaning, the packaging's design, and the product's concept all play a crucial role in shaping their overall experience and perception.

Perfumes integrate with Chinese tradition, exploring Eastern wisdom and aesthetics.

The deep integration of Eastern elements elevates a perfume's expression of Chinese culture beyond surface aesthetics. It encompasses everything from product concept and fragrance design to bottle visuals and ingredient selection, offering a comprehensive exploration of Eastern wisdom and aesthetics for perfume brands.

Heizhua Ben Cao Gang Mu collection

Drawing on traditional Chinese medicine, this series uses herbs like ginseng, Angelica, and Pinellia to create a unique and sophisticated new Chinese-style oriental fragrance.

Melt Season

Melt Season and the popular TV series "My Altay" have launched the new fragrance "Roaming Wind", inspired by the desert and horseback riding. It captures a story of Chinese pursuit and growth, embodying an Eastern spirit of openness and resilience.

Coach

For the 2023 Qixi Festival, Coach collaborated with paper-cut artist Chen Fenwan to launch a limited-edition gift box of Coach Floral Eau de Parfum "Floral Dance of Love". This fusion of fragrance and traditional paper-cut art brings a distinctive Chinese touch to the celebration.

These innovations honor traditional culture while highlighting Eastern aesthetics' unique charm and creativity. They offer a deeper appreciation of Eastern beauty and inspire brands and artists to creatively explore and showcase traditional culture's diverse values.

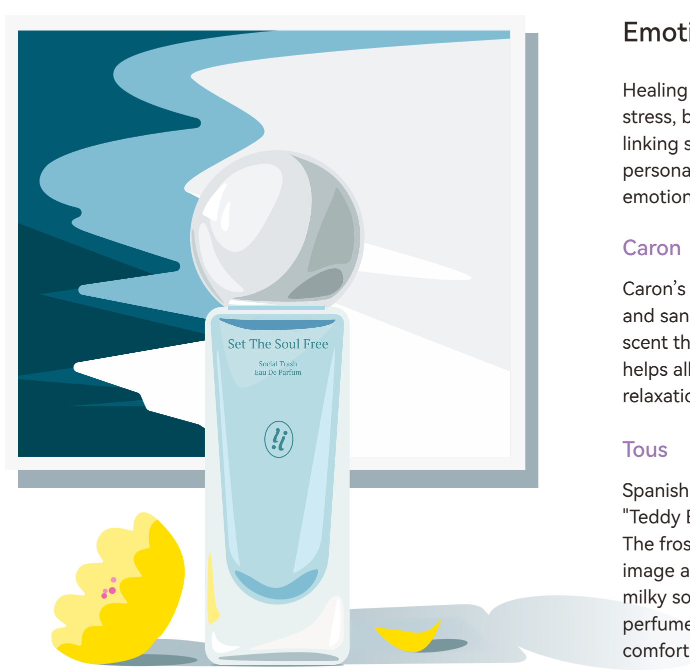
Meeting emotional needs: fragrance products embrace diverse emotional empowerment

After the pandemic, consumers have become more attuned to emotional value and healing. Their understanding of these concepts has deepened, making it crucial for products to address a wide range of emotional needs.

Consumers now seek fragrances that go beyond merely uplifting their mood. They desire products that accommodate and embrace all emotional states, from personalized choices to novel experiences. As an integral part of daily life, fragrances should keenly address this demand by offering rich emotional experiences and catering to diverse emotional needs.

Emotional release need: "Be Crazy" type

Fragrances like IM SOLE's "Social Recluse," with its unique cool aquatic scent and unconventional branding, cater to the mental states of today's young consumers. These products are popular because they address the complex emotions associated with a high-pressure lifestyle, offering a means to express and release feelings. They resonate with both intense and subtle fragrance preferences, providing comfort and emotional connection. The innovative and personalized approach of these fragrances breaks away from traditional norms, appealing to the younger generation's desire for novelty and individuality. They serve not just as perfumes but as emotional outlets and personal statements, helping consumers feel understood and validated.



Emotional healing need: Healing type

Healing and comforting scents help consumers manage stress, build confidence, and revive positive memories. By linking specific fragrances with certain objects, settings, or personal experiences, they enable people to shift their emotional state and achieve different psychological effects.

Caron

Caron's Musc Oli features a blend of four premium musk and sandalwood notes, creating a unique, personalized scent that provides a comforting, soothing experience. It helps alleviate anxiety in uncertain times, encouraging relaxation and self-exploration.

Tous

Spanish jewelry brand Tous has incorporated its beloved "Teddy Bear" mascot into the "Little Teddy Bear Perfume." The frosted bottle, adorned with the classic teddy bear image and a cartoon sleep hat cap, features a gentle, milky soap scent reminiscent of a baby's soft skin. The perfume's name, design, and fragrance all evoke a comforting and soothing warmth.

Social media is increasingly discussing the blend of mysticism with fragrances. Topics such as "choosing a scent for success at work" and "selecting a fragrance for personal growth" are gaining popularity. Concepts like "prosperity scent" and "luck-enhancing fragrance" resonate with younger consumers. Mystical fragrances, including temple-inspired scents with notes like sandalwood, agarwood, and musk, are becoming symbols of inner peace and good fortune. They help young people manage stress and embark on a "modern spiritual journey."

Emotional lift need: Energy type

n the perfume world, the "energy type" is designed to boost positive emotions and create a lively atmosphere. It is characterized by vibrant fragrances, dynamic packaging, and striking liquid colors. Bright, vivid hues seem to magically awaken and energize the senses.

For enthusiasts of the energy type, perfume transcends mere fragrance to become a powerful mood booster and state-adjusting tool. Similar to the trend of "dopamine" colors, which invigorate and uplift through vivid hues, these perfumes offer a vibrant and lively appeal. In today's fast-paced, high-pressure world, people crave such energetic elements to combat fatigue and infuse their lives with positivity. "Energy type" perfumes deliver this vitality through their striking visual and sensory impact.

Hermes & Loewe

Both Hermes' long-standing Les Jardins collection and Loewe's recent fragrances use vibrant colors in their packaging. Combined with fresh, simple scents, they evoke a lively, joyful, and relaxed mood that resonates with consumers' emotional needs.

4.4

AI-enhanced quantitative research: accurately understanding consumer needs

According to DSM-Firmenich's exclusive BRS MODEL (Brand Relevance Score Model), which uses advanced AI algorithms and integrates multiple data sources, this model identifies high-potential gaps between product development and consumer needs. It helps pinpoint specific ingredients, fragrance combinations, and their impact on consumer perceptions. During the research phase, it enables a detailed analysis of consumer samples, allowing perfumers to quickly and efficiently understand preferences and unleash their creativity to meet these needs. This model has been successfully applied in developing fragrance products for several top global perfume brands.

Implication of this chapter

In China, fragrance trends are increasingly personal and emotional. There is a rising demand for fresh floral and woody blends, along with unisex scents. The market is evolving to embrace this diverse and individualized approach.

- Clear trends toward personalization and emotional appeal, with a growing demand for unisex fragrances

Floral and woody scents remain dominant, with consumer preferences varying by season. Chinese consumers are showing a growing interest in fragrances that combine freshness with lasting power. Unisex fragrances are gaining popularity, highlighting a demand for unique and versatile fragrance options.

- The fragrance category is expanding, with increasing emphasis on emotional empowerment.

Fragrances are becoming a daily essential, blending new Chinese aesthetics with diverse uses. They are expanding from festive gifts to everyday personal items, covering a wide range of scenarios. Fragrances now play a key role in emotional empowerment and self-expression. Media portrayals of female empowerment and the integration of Eastern elements highlight local perfumes' refined aesthetics and their ability to meet various emotional needs.

- AI boosts basic research and smart fragrance products provide personalized experiences.

AI advances perfume research by enabling perfumers to quickly and effectively understand consumer needs and drive technological innovation. Moving forward, the fragrance market should embrace these trends, continuously innovate, and deliver high-quality, creative products that align with evolving consumer preferences.

5

Part 5

Creating a Borderless Market Experience in All-domain Consumption: Linking for Mutual Benefit.

Focuses of this chapter

How can perfume brands avoid over-investing and failing to meet specific demands, resulting in wasted resources and lost market share in the diversification trend?

With the rise of cross-industry collaborations, how can perfume brands ensure these partnerships effectively enhance brand image and sales, achieving precise customer acquisition across different markets?

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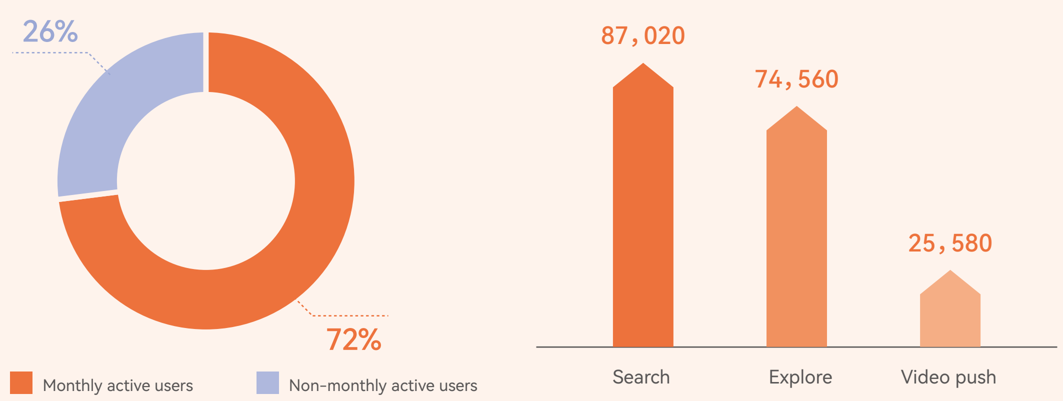
Contents of this chapter

5.1

Tighter cross-domain integration builds new fragrance journeys for users.

Diverse perfume content and e-commerce platforms provide consumers with ample resources before making a purchase. Data from Xiaohongshu's Lingxi platform indicates that 70% of multi-channel perfume consumers research on sites like Xiaohongshu and Nosetime.com. Perfume enthusiasts, including KOLs and KOCs, share content that helps the general public understand a brand's culture and product highlights. They describe fragrances and notes, offer scent pairing advice for various occasions, and add a trendy and fashionable element to perfumes.

Activeness of perfume consumers on Xiaohongshu



Trend 1: continuous customer acquisition through the resonance of content ecosystems linking with e-commerce

Platforms like Xiaohongshu and Douyin are attracting new perfume enthusiasts, prompting brands to increase their exposure in these spaces. By partnering with KOLs, KOCs, and niche perfume influencers, brands effectively share their philosophy, fragrance culture, market activities, and new products. This strategy builds a quality audience and drives traffic to e-commerce platforms. Consumers now habitually search for perfumes during their purchase journey, aided by content and peer exchanges. This helps brands precisely target potential customers and boost sales.

Versace

Versace leveraged celebrity endorsements on Xiaohongshu to promote their Bright Crystal Eau de Toilette. By collaborating with fragrance and lifestyle influencers, they generated extensive product discussions and engagement. This approach increased brand visibility and attracted new audiences, leading to higher search volumes and product discussions on both Xiaohongshu and Taobao.

Coach

Coach enhanced the communication of their core fragrance, "Coach the Fragrance Eau de Toilette," by creating the same-name hashtag and emphasizing product features through content marketing. On Xiaohongshu, they implemented a targeted strategy with influencers across various circles to promote the fragrance, achieving a 73% engagement rate for key content creators. This strategy not only built brand visibility but also drove significant increases in searches and purchases on Taobao and JD.com.

Trend 2: constructing closed-loop ecosystems in content fields— "slow" live streaming becomes a new consumer experience

In the livestream era, a relaxed and comforting shopping experience that reflects lifestyle and provides a "laid-back learning" approach aligns well with the fragrance category. This offers fragrance brands a new opportunity to enhance their content strategy.

1 Calm livestream atmosphere

Slow livestreams avoid noise and hasty pitches, creating a relaxed environment. Hosts present products at a calm pace, giving viewers more freedom to make decisions.

2 Companionship appeal

Slow livestreams fulfill the need for companionship, offering a sense of presence without aggressive sales tactics.

3 Lifestyle sharing

Slow livestreams focus on sharing a lifestyle rather than just the products. Hosts attract viewers by showcasing their personal tastes and attitudes.

4 “Laid back learning” experience

Beyond selling, slow livestreams include content like travel insights and perfume brand history. They offer users a richer learning experience and more informed choices.

Xiaohongshu's slow livestreams emphasize high-quality content, emotional connections, and a relaxed viewing experience, potentially shaping the future of live e-commerce.

[Case] Celebrities such as Zhang Xiaohui, Dong Jie, and Annie Yi use livestreams to share their lifestyles and values. Their engaging storytelling adds emotional depth to products, shifting focus from low prices to personal experience, boosting both viewership and sales.

Trend 3: revealing the potential of KOS ecosystem—ba's professional knowledge and efficient response linking more brand domains

KOS (Key Opinion Sales) are specialized beauty assistants with in-depth knowledge of brands and products. They are becoming key players on online platforms, similar to traditional KOLs and KOCs. KOS provide detailed insights into brands, products, and in-store events, helping users make informed decisions. When users engage with KOS's content, they can consult these experts directly for personalized advice. KOS leverage their expertise to answer product-related questions, build brand trust, and enhance product appeal by offering recommendations on fragrance notes and styling. Additionally, KOS guide users to join brand communities and become loyal fans. This helps in generating positive word-of-mouth and creates a strong core user base, contributing to effective private-domain operations and a focused approach on high-quality customers.

KOS

Ferragamo

In 2024, Ferragamo launched a KOS system, beginning with a pilot in Xiamen. Local sales representatives used Xiaohongshu to post engaging images and videos, driving fan interaction and shares. This strategy effectively connected online audiences with local stores, creating a seamless online-to-offline experience.

Guerlain

Guerlain set up a KOS system where its sales representatives across China regularly post detailed content about the brand's L'Art & La Matière collection on Xiaohongshu. These posts highlight the high-end fragrances and encourage consumers to visit physical stores for an in-person experience. This strategy helps the brand engage VIP customers and build a high-quality customer base.

5.2

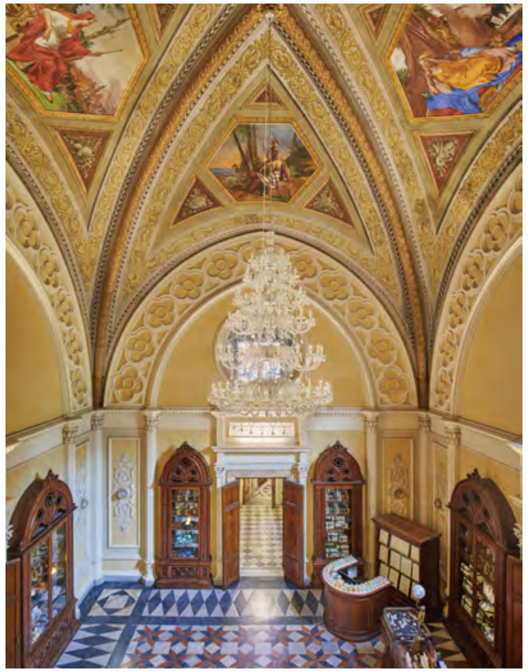
Upgrades in the perfume experience, integrating life, art, and aesthetics.

perfume and fragrance world is embarking on a new narrative journey in offline experiential marketing. The perfume market is shifting away from mere product transactions to creating immersive shopping experiences that express brand values and product philosophies more deeply. In the exploration of fragrance art and pursuit of life aesthetics, we are witnessing a sensory revolution. Here, consumers not only experience the layers and nuances of perfume but also discover the soul of brand stories intertwined with art and daily life, feeling the texture of life and the essence of spirit.

Trend 1: The combination of "perfume" and "aesthetics," nurturing an offline experience revolution

The blend of perfume and aesthetics is transforming retail experiences. Independent stores, with their carefully designed spaces, not only showcase the brand's unique identity but also create impactful brand experiences. As the experience economy grows, these stores integrate local culture, becoming key players in diverse marketing and communication strategies. They attract not only perfume enthusiasts but also urban residents and tourists, offering every visitor an immersive journey into the brand's story through their fragrant environments.

Independent stores are now blending diverse artistic and aesthetic elements—whether rustic, luxurious, minimalist, or classical. They combine modern design with brand identity to create a shopping environment that is both comfortable and visually engaging, enriching the perfume experience. This approach deepens the connection between brands and consumers by appealing to their aesthetic tastes. These stores offer more than just a retail experience; they showcase the brand's aesthetic vision and lifestyle values. By integrating "perfume" with "aesthetics," they provide a unique shopping experience that enhances brand identity and market presence, creating a rich and distinctive brand image.



Santa Maria Novella

Santa Maria Novella's stores feature classical décor, including antique furniture, ornaments, and displays, recreating the brand's history and tradition. Elements like marble floors, classical sculptures, and murals immerse customers in the Italian Renaissance. This design not only highlights the brand's cultural heritage but also enhances the customer experience.

Aesop

Aesop highlights its natural healing power through minimalist design. In some stores, hidden "fragrance wardrobes" allow customers to place their clothing inside and choose their preferred scent, enhancing the unique olfactory experience.

Trend 2: Policy boosts integration of perfume market with cultural tourism; duty-free economy becomes new growth area

In 2023, domestic tourism revenue surged 141%, signaling a full rebound in travel enthusiasm and significant market potential. The increase in travel and the relaxation of Hainan's duty-free policy have boosted domestic consumption and revitalized the market.

Thanks to strong national policies, the Hainan Free Trade Port is thriving. Increased duty-free shopping limits and expanded product ranges, along with comprehensive departure options, have boosted the market. China Duty Free's 2023 revenue reached ¥67.54 billion, a 24.08% increase, with Hainan contributing 58.7%, highlighting the sector's ongoing growth.

In December, Sanya International Duty-Free City launched the world's first standalone fragrance complex, attracting numerous beauty and fragrance brands. Salon fragrance brands promoted new products through live streaming and exclusive offers, while international commercial fragrance brands used pop-up events and celebrity endorsements to achieve 20 million online views, further boosting market growth.

Meanwhile, the travel retail industry is merging with local culture to create a novel duty-free shopping experience. This new model not only meets shoppers' vacation needs but also goes beyond traditional discounts by blending cultural elements and cross-industry partnerships.

The growing "fitness retreat" trend integrates fragrances with cultural and historical themes, providing a calming experience. Cross-industry partnerships in duty-free shopping—such as with fashion, tourism, and events—create distinctive local experiences and exclusive releases, boosting consumer satisfaction and excitement in the market.

2023

Year-on-year growth rate of China Duty Free Group's revenue

24.08%

2023

Proportion of Hainan region's revenue

58.70%

Fragrance Festival | CDF Meet X Westin Haikou**

In August 2023, CDF Haikou Sun Moon Plaza Duty-Free Store hosted a fragrance festival at the Westin Haikou Hotel, themed "CDF Meet: Fragrance Secrets." The event offered participants a chance to experience summer romance through various scents. The venue was elegantly decorated, showcasing multiple fragrance products and featuring hands-on fragrance creation and interactive sessions. Fragrance enthusiasts were able to taste different scents and create their own personalized fragrances, creating lasting memories.

Trend 3: Closer to the audience: diverse cultural and art exhibitions connect with a broader artistic vanguard

Brand strategy should go beyond product categories to engage deeply with the audience. For fragrances, brands must precisely identify their target customers, understand their preferences, and build strong connections with them.

Our analysis shows that high-end perfumes strongly resonate with consumers in art and culture, sharing significant associations. The trend is clear: the more luxurious the perfume, the stronger its link to avant-garde art. This indicates that consumers are looking for both a scent and a reflection of their cultural identity and lifestyle.

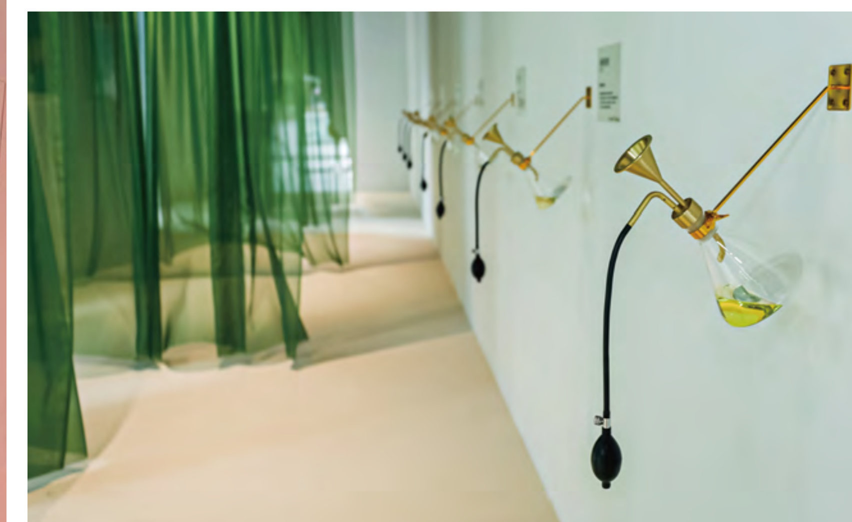
Brands should move beyond being just fragrance makers and become lifestyle and cultural advocates. By integrating with art and culture, they can offer richer sensory experiences and foster deeper emotional connections, building stronger brand loyalty.

Art exhibitions foster cultural exchange, merging perfume artistry with diverse cultural backgrounds and inspiring brand innovation. They allow brands to demonstrate their deep appreciation for art and culture, enhancing their sophisticated image. These events attract culturally savvy and influential audiences, who can become loyal supporters and opinion leaders. They also provide an excellent opportunity to share the brand's story and values through the intersection of perfume and art. Additionally, they enable collaborations with other artistic fields like fashion and design, creating new products and market opportunities. Embracing diverse cultures not only generates immediate market benefits but also builds long-term cultural capital and brand value.

This year's perfume art exhibitions have introduced several notable changes. First, there has been a shift from passive viewing to interactive experiences, featuring more "person-to-person" and "person-to-machine" engagements that make the visit more participatory and engaging. Second, the sensory experience now involves all five senses, providing a more immersive and comprehensive experience beyond just "seeing" and "smelling." Third, the content has become more diverse, with professional workshops and fragrance classes that offer deeper learning and enhance the event's educational and cultural value. Lastly, the exhibitions now include product sales areas, allowing visitors to purchase items on-site and effectively combining the exhibition with direct sales.

Chanel's "Art of Perfume" Limited-Time Experience

From June 13 to July 7, 2024, Chanel hosted the "Art of Perfume" limited-time experience at Taikoo Li in Chengdu. This was Chanel's third such event in China, following Shanghai and Beijing. The event blended local Chengdu culture with an enhanced multi-sensory experience. Visitors could use VR glasses to explore a Parisian Chanel heritage exhibition, engage in olfactory games, select cards to discover their ideal perfume, and book personalized fragrance sessions.



NOSE IDEA & YINGLAN "Scent of Flow, Scent of Mind" Immersive Fragrance Exhibition

On June 22, 2023, the YINGLAN Center in Hangzhou hosted the "NOSE IDEA | Scent of Flow, Scent of Mind" immersive fragrance exhibition. The event showcased exquisite works from fragrance brands and independent perfumers, including Creed, Van Cleef & Arpels, and Atkinsons. It combined various elements with fragrances to create unique emotional and experiential spaces, weaving a multi-sensory fragrance environment. The exhibition featured VIP fragrance testing areas and personalized fragrance experience zones, offering both visual and olfactory pleasures. This event not only promoted fragrance culture but also revitalized the development of China's fragrance industry.

Trend 4: New trends of perfume salons, a peer resonance under “Buddy (搭子)” culture

In 2023, "搭子" (buddy) emerged as a top buzzword, representing a new social trend between "strangers" and "friends." This "buddy" culture, based on shared interests, offers a relaxed social option. In the world of perfume, it has transformed salon experiences, allowing consumers to explore scents and meet like-minded individuals. This interest-based socializing enriches emotional experiences and strengthens the connection between brands and consumers, extending casual interactions into new areas.

Perfume salons allow brands and consumers to connect in a more intimate and professional setting, which is crucial for building long-term loyalty and satisfaction. These events showcase a brand's expertise and innovation through specialized lectures. Salons also offer deeper engagement with consumers, providing valuable market insights and feedback that help drive brand innovation and product improvements.

SKP-S Perfume Salon

In June 2023, Versace invited a renowned fragrance blogger to host a bright summer scent salon for VIPs at Beijing SKP-S. The event featured all twelve fragrances from the Versace Haute Couture Collection, showcasing their rare ingredients and luxurious bottle designs. After the fragrance tasting, guests participated in a DIY mosaic tray activity, deepening their appreciation of the collection.

By incorporating these multi-dimensional experiences, perfume brands can enhance customer engagement, boost brand visibility, and increase loyalty. These strategies help brands stand out in a competitive market.

Trend 5: Acquiring new customers across categories through cross-channel environments such as hotels and home décor

Perfume brands are embracing the concept of borderless experiences by exploring new sales channels and formats to attract customers. With the growing diversity in perfume enthusiasts’ identities and interests, brands are expanding into high-end hotels, artistic residences, and luxury fashion sectors, breaking traditional beauty retail boundaries. This approach reflects brands’ awareness of market trends and creates deep connections with consumers by integrating sales into their lifestyle environments. As a result, the perfume market becomes more segmented and diverse, offering a range of choices and richer sensory experiences. For instance, perfume experiences in luxury hotels not only enhance stays but also forge lasting emotional connections with the fragrance. Sampling opportunities spark consumer interest, leading to increased understanding and desire to purchase. These cross-industry collaborations open new market opportunities for brands and provide consumers with more diverse and immersive experiences.

ACCA KAPPA

By collaborating with high-end hotels and boutique guesthouses, ACCA KAPPA provides brand body care products to accommodation guests. This approach effectively targets a discerning audience with high standards for quality living, achieving efficient brand exposure and conversion.

Trend 6: Perfumes cross borders in the everyday settings to create unique sensory experiences.

Cross-industry collaborations are leading brand innovation by merging products with various aspects of daily life to create unique consumer experiences. For example, the "Sauce-Flavored Latte" from Kweichow Moutai and Luckin Coffee generated widespread excitement. On its launch day, it sold 5.42 million cups, achieved 100 million yuan in sales, and set a new record in the fast-moving consumer goods sector, illustrating a successful case of cross-industry marketing.

Incorporating "perfume+" into daily life adds a touch of surprise and variety, breaking routine and adding a bit of joy. By integrating perfumes with everyday settings, they expand their appeal and offer richer sensory experiences. Whether combining "perfume" with "lifestyle" or "perfume" with "ritual," it turns ordinary days into moments of anticipation.

Frederic Malle x Acne Studios (Fragrance & Fashion)

In April 2024, the Swiss fashion brand Acne Studios, in partnership with Frederic Malle's perfume publishing house, launched its first fragrance: Acne Studios by Frédéric Malle. The perfume was visually inspired by Acne Studios' signature pink scarf and olfactorily drew references from laundry detergents to convey the comfort of clothing.

Maison 21G X Beam Suntory (Fragrance & Spirits)

In the spring of 2024, French fragrance innovator Maison 21G collaborated with renowned spirits brand Beam Suntory to create an enticing custom cherry blossom-themed fragrance. This fragrance was launched alongside Beam Suntory's limited-edition spring cherry blossom gin, offering consumers an exciting sensory journey and crafting deep, lasting springtime memories.

Jo Malone X Manner (Fragrance & Coffee)

During the 2023 Christmas season, Jo Malone collaborated with Manner for a special promotion: consumers who purchased Manner's new Caramel Cocoa coffee series received a Jo Malone fragrance gift bag. The gift bag included a perfume sample and a custom badge, allowing consumers to experience the festive Christmas atmosphere through a blend of "color, fragrance, and taste."

Implication of this chapter

In China's diverse and vibrant market, the perfume industry meets consumers' needs for emotional expression and aesthetic appeal. Perfumes have expanded beyond traditional uses, integrating into daily life and serving as a crucial link to enriched experiences.

- Diverse needs foster multi-layered experiences

As consumer needs diversify, perfume brands are employing innovative packaging, artistic collaborations, and cultural integrations to offer multi-layered experiences. These changes reflect a deep understanding of consumer demands and a commitment to creating high-quality, personalized, and culturally rich experiences, driving industry innovation and growth.

- Brands focus more on building close connections with consumers

To offer deeper experiences, perfume brands are collaborating with artists, hosting fragrance and art exhibitions, and creating limited-edition collections. These initiatives build a strong emotional bond with consumers by merging fragrance with art. They aim not just to sell products but to convey aesthetic values, cultural significance, and a quest for exceptional experiences. This approach enhances brand image, boosts market competitiveness, and advances the perfume industry into higher cultural and artistic realms.

- Experience economy enables two-way communication of lifestyle attitudes

The experience economy enhances sensory enjoyment and deepens consumers' connection with brand culture. By offering diverse experiences, perfume brands attract more customers and significantly increase loyalty and brand awareness.

To adapt to China's fast-paced market and international trends, perfume brands must innovate and deliver comprehensive experiences that meet consumer needs. This helps consumers not only enjoy the fragrances but also understand the brand's unique lifestyle and cultural values, creating a memorable "fragrance journey."

Summary

In today's complex consumer landscape, China's perfume and fragrance market is evolving with strong growth potential. By integrating online and offline channels and enhancing in-store scent experiences that merge lifestyle, art, and aesthetics, the market is creating a new framework and driving ongoing innovation and progress.

- Amid 45° economic challenges, perfume inspires consumers to pursue their dreams with a hopeful mindset.

Despite the 45° economic trend, opportunities persist. As policies and market confidence recover, a new generation of consumers seeks deeper emotional satisfaction beyond basic functionality. The perfume market, with its sensory and emotional appeal, provides cultural and aesthetic value, helping consumers pursue their dreams and stay optimistic in the face of economic challenges.

- Accurately address consumer needs: Balance external social recognition with internal personal growth on the path to self-fulfillment.

In 2023, a key year post-pandemic, consumers are becoming more cautious and rational. They are shifting from seeking internal satisfaction to balancing internal and external needs, valuing both emotional feedback and social validation. Brands must adapt by addressing these needs, providing products and services that meet emotional desires and support consumers in seeking external recognition. Continuous innovation and strategy adjustments are essential for brands to build deeper connections with consumers and foster mutual growth.

- Capture emotions, empower life, and inspire fragrance creativity in every moment

In modern perfume marketing, relying on one star product doesn't work that well. Trends such as fragrance innovation, creative packaging, and thematic naming are driving significant market changes. Brands should design products that connect scents with imagination and enrich daily life. AI enhances research efficiency, helping brands quickly grasp consumer desires and develop timely hit products. Additionally, integrating online customer acquisition with offline experiences is crucial. Combining lifestyle aesthetics, cultural tourism, and avant-garde art creates a unique "fragrance+" ecosystem, aligning with consumer trends and offering a borderless, expansive shopping experience.

Indeed, the Chinese perfume market holds great potential but faces significant challenges. In this dynamic market, brands must think beyond just the perfume itself and develop comprehensive solutions that integrate various industries. By creating diverse, emotion-enhancing experiences, brands can help consumers find joy in their daily routines, keeping a hopeful, upward outlook. Perfume culture can assist young people in transitioning from self-recognition to societal acceptance. Few products offer such a cultural atmosphere. With a new landscape emerging in this niche market, opportunities are plentiful for those who are prepared.

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Data Definition

【DSM-Firmenich Data】

The data from DSM-Firmenich in this report originates from the 2023 research results of the DSM-Firmenich Global Advanced Fragrance Consumer Research Center.

【Shuying Think Tank Data】

The e-commerce channel perfume sales data and perfume brand rankings (including Taobao, JD.com, and Douyin) in the report are sourced from Shuying Think Tank. The data, defined by perfume categories, was extracted in July 2024.

【Frost & Sullivan Data】

The data in the report is sourced from Frost & Sullivan's research up to March 2024.

【"2024 Perfume and Fragrance Trends White Paper" jointly released by Xiaohongshu and KANTAR】

The data of Xiaohongshu fragrance white paper referred in this report comes from the "2024 Perfume and Fragrance Trends White Paper" jointly released by Xiaohongshu and KANTAR

【Business Case Description】

All business cases and related data used in the report are compiled from publicly available information.

【Citation Note】

Quotes from experts used in the report are sourced from interviews with DSM-Firmenich and Eternal experts.