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China Perfume Industry White Paper 2022

/ Emotional Healing from Fragrance /

2022

China Perfume Industry White Paper

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INTRODUCTION



"The sense of smell can awaken deep memories, and scent is the key to trigger memory." The olfactory experience, emotional value and sense of ritual brought by perfume have been recognized by Chinese consumers in recent years; more and more perfume brands are entering China and the Chinese perfume market has ushered in a period of rapid development under the wave of "Olfactory Economy".

It is undeniable that there are many uncertainties in the post-epidemic era have had an impact on the overall macro economy, and the perfume industry is naturally no exception. Restricted production of many perfume raw materials, limited supply chains, and ongoing travel restrictions pose a serious challenge to the perfume industry both in China and even the world. However, we can still see that the Chinese perfume market has shown an upward trend with the active efforts made by many parties. The Chinese perfume market still maintains a strong vitality with excellent new scents and diversified innovations emerging one after another.

At the same time, Chinese consumers have a more mature perception on perfume, and their personalized demands provide more opportunities for the development of more brands. The uniqueness of perfume is that "honey for A is perhaps poison for B". Fragrance experience varies from person to person, so it is essential for brands to dig deep into the Chinese consumers' perfume needs and create the corresponding products to gain a foothold in the Chinese market.

With the successful release of the "China Perfume Industry White Paper" in 2020 and 2021, Eternal Group joins hands with Kantar again this year, together with experts from local and abroad and based on the latest industry data and consumer research data, to launch the **"Emotional Healing from Fragrance - China Perfume Industry White Paper 2022"**, which provides a comprehensive and deep analysis on China's perfume market development and hopes to further develop China's perfume market together with industry insiders.



Jean-Claude Ellena
International Master Perfumer

"In this ever-changing era full of unknowns, confrontations and insecurities, the public should be seen as clients, not just as consumers, which is the lifeblood of all brands. Being close to them means that we should listen to them, invest time in them, and be sincere to them. What customers are looking for is a story, a sense of certainty, not just an abstract concept."



Johanna Monange
Founder of Maison 21G

"Chinese consumers play a vital role in various fields and now they have more knowledge, more expectations and freedom in perfume and want to explore on their own and express themselves by means of perfume. There is actually a strong cultural connection with perfume in ancient China, and now there are diverse ethnic groups and regions where people have different preferences for scents. Such complexity actually brings more opportunities: China is changing very fast, and I need to bring my knowledge and passion for perfume to China as soon as possible."



Sarah Rotheram
CEO of Creed

"People's consumption habits have changed a lot due to the ongoing COVID-19 epidemic, so as the way they experience perfume and apply it in their daily life. However, we see something different in the Chinese market: Chinese consumers don't mind paying high prices for high quality products; they are accumulating perfume knowledge very quickly as well, they trust brands' story and quality, and also cherish their history, looking forward to more interaction with brands. At a time when the West still relied on email for communication, the Chinese market has done a great job in instant messaging and sales, which is an advantage that is difficult to be replicated in other markets. We need to learn more about Chinese consumers, and try to integrate perfume into the cultural and artistic fields with some local inspirations after understanding their demands. In this way, we can find an overlap between perfume and other fields and make perfume a product for daily use, prompting people to develop a habit of buying perfume."



Fuming Cai
Vice President of Lagardère Group Asia Pacific

"We see that the Chinese market is very large with various tiers of consumers, among which young customers are getting interested in perfume. People tended to buy perfume as a gift 10-20 years ago, but now they buy it more for personal use. The overall perfume industry in China has undergone great changes, and big brands, concept-based brands and salon fragrance brands all have a very big potential."

01 PART

Post-Epidemic Era: Opportunities and Challenges in the Macro Market

Kantar research shows that complex geopolitics and ongoing epidemic have put the global market in the era of VUCA (V-volatile, U-uncertain, C-complex, A-ambiguous). VUCA has reshaped consumers' lifestyles and their attitudes towards consumption, with keywords such as emotional values, sustainability and social responsibility becoming their expectations for brands.

Compared to other market's focus on the war between Russia and Ukraine, climate change and the overall economy, the Chinese market is far more concerned about the COVID-19 epidemic due to the Chinese government's continuous dynamic zero-COVID policy; the epidemic has significantly increased the time spent at home, and with social restrictions continuing to affect people's lives, "staying at home" has become a new state of life. As a result, the market trend has changed significantly.

In addition, in spite of multiple uncertainties, research shows that Chinese consumers are still willing to pay for good experiences, emotional values and personalized preferences provided by brands. How to offer a good "experience/price ratio" (the term means that consumers believe that the value of a product is how much psychological satisfaction it can bring them, and that the amount of money and time spent is secondary) will become an important part in competing for consumers in the future.

1.1 "Prudent consumption": multiple uncertainties affect consumption expectations

1.2 "Emotional healing": a significant increase in mental health concerns

1.3 "Pursuing the experience/price ratio": willing to pay for shopping experiences and hobbies

1.4 "Pure and natural": sustainability is deeply recognized





1.1

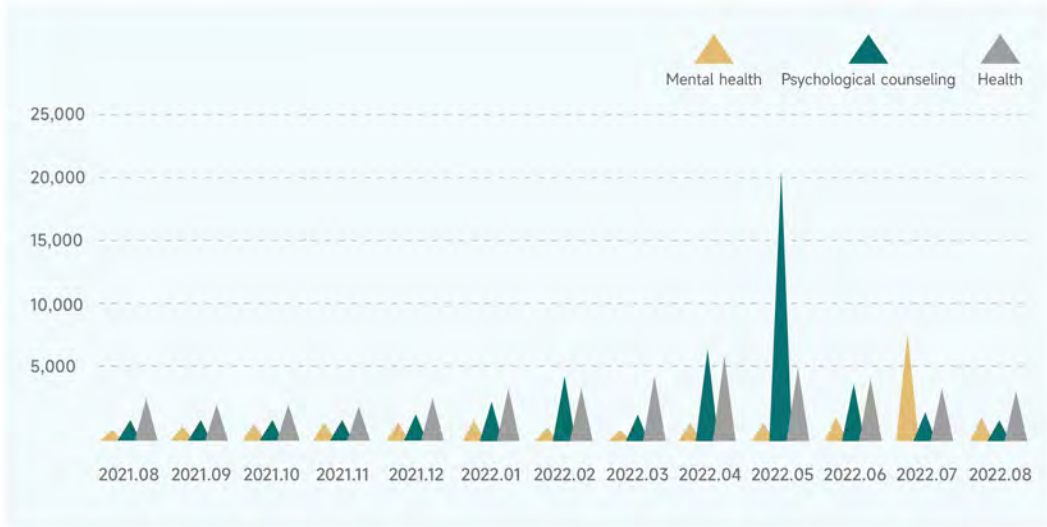
“Prudent consumption”: multiple uncertainties affect consumption expectations

- 01. The Kantar Global Issues Barometer Report shows that VUCA is becoming a worrying situation, with rising living cost causing 68% of consumers globally (19% up from the previous round) and 59% of Chinese consumers to change their life plans. Economic issues are likely to become more prominent as inflation increases in more and more countries.
- 02. Accenture's 2022 China Consumer Insights shows that as China's economy enters a new normal, coupled with the impact of the epidemic, people are more aware of risks and they have more precautionary savings. In 2020, people's consumption propensity index dropped to a historic low of 62%, while per capita savings increased by RMB 7,500 than previous year. In 2021, the consumption propensity index rebounded to 64%, but was still below the pre-epidemic level.
- 03. In the research, 75.2% of consumers said that the epidemic has made them more rational in their daily consumption, particularly for women.

1.2

“Emotional healing”: a significant increase in mental health concerns

- 01. A report released by the World Health Organization in Mar. 2022 showed that the global prevalence of anxiety and depression increased significantly by 25% in the first year of COVID-19 outbreak.
- 02. Baidu search index shows that since 2022, Chinese consumers' concern for mental health has increased significantly, especially after March when core cities such as Shanghai, Shenzhen and Beijing were hit hard by the epidemic, and the search volume of keywords "psychological counseling" and "mental health" have increased significantly, and people's concern for "health" has increased steadily.



- 03. The research shows that 85% of consumers are more concerned about their physical and mental health than they were before the epidemic.

1.3

Pursuing the experience/price ratio": willing to pay for shopping experiences and hobbies

01. Consumers are caring about experiences more than ever in order to make up for the lost freedom and time due to the uncertainty of the epidemic, and they are also trying to escape stress by consumption and experience. The Ernst & Young Future Consumer Index reports that in 2022, 42% of consumers plan to spend more money on experiences next year. Consumers who are out shopping are more demanding of brick-and-mortar stores, with more than a third (36%) planning to visit only those that offer a good experience and service.
02. According to Kantar's research, Chinese consumers are gradually shifting from quantity-oriented to quality-oriented in the process of consumption upgrading. They are willing to pay a premium for better consumption experience and higher quality goods and services on the one hand, and focus on the "experience/price ratio" on the other.
03. The research shows that 79.9% of consumers are more willing to pay for good-quality products despite higher prices after the epidemic.

1.4

"Pure and natural": sustainability is deeply recognized

01. During the epidemic, consumers concern more about environmental protection, with "green", "organic", "pure", "natural" and other concepts receiving high attention. The epidemic has prompted Chinese consumers to focus more on sustainability and make more environmentally friendly choices than ever before. Accenture's 2021 China Consumer Insight Post COVID19 FY22-CN report shows that 77% of Chinese respondents say the environment is becoming a more important issue, while it's just 53% globally.
02. More and more consumers are concerned about the environmental impact of their consumption behaviour and consider it a key factor in their consumption. The 2021 China Sustainable Consumption Report shows that 91.42% of respondents believe that "low carbon" is relevant to everyone, and that sustainable consumption has a positive effect on natural environment, economic growth and social development.

Inspirations and Reflections

In the VUCA era, multiple uncertainties have made consumers return to rational consumption. Moreover, the Chinese economy is indeed facing downward pressure, and the perfume industry may also be affected. However, what cannot be ignored is that in the midst of uncertainty, more Chinese consumers are valuing the emotional needs and psychological satisfaction more when shopping in addition to the basic needs such as the use value, quality and comfort of products.

Perfume is a typical item with high emotional values, so in the post-epidemic era, we must work hard on the topic of how to quickly gain insight into consumers' emotional demands (such as relieving anxiety, providing multiple emotional values, etc.), and focus on strengthening its emotional bond to make it an "emotional regulator" for Chinese consumers in the next 1-2 years' perfume industry development.

Meanwhile, as Chinese consumers continue to focus on keywords such as environmental protection, green and sustainable, the concept of [pure and natural] will also become one of the directions to be explored in the perfume industry in the next five years.

2.1

China's perfume market keeps growing strongly after COVID-19

2.2

Multiple perfume giants perform well in China

2.3

International brands lead the market, and salon fragrance brands accelerate product layout

2.4

China's local perfume brands continue to build momentum

02
PARTChanges and Development:
the Fast-growing Perfume
Market in China

Although affected by multiple uncertainties such as the epidemic and geopolitical factors, the overall perfume market in China still shows a desirable development momentum in 2022. In the next five years, the Chinese perfume market will play a pivotal role in the global perfume market; international commercial brands still dominate the market, while salon fragrances (using better materials than commercial fragrances and setting at a higher price; following perfumers' wishes more than market demands in terms of creation, which is more personalized and unique; the brands only focusing on their fragrance products with relatively small production scale and single bottle design) and local Chinese brands are growing at a significant rate, showing an overall positive market trend.

According to Sarah Rotheram, CEO of Creed, "Many brands have entered the Chinese market which has become more complex than in previous years due to the entry of some salon fragrance brands. As a result, the competition in the Chinese fragrance market has now become very fierce. Creed is still a new brand in the Chinese market, so we need to keep up with the fast pace of change in the Chinese market."

Fabrice Megarbane, L'Oréal North Asia President and CEO of China, noted, "In 2022, we see the consumption market recovering and rebounding, and the economy picking up fast, so we remain confident in the future of the Chinese market."

Neo, brand general manager of Estée Lauder Group's fragrance division in China, said in an interview that he was very optimistic about the prospects of home and lifestyle categories represented by fragrance in the Chinese market after the epidemic. "People's desire for a better lifestyle has never changed, and this desire is stronger after the epidemic", he said.

Johanna Monange, founder of Maison 21G, held the same rosy view on the Chinese market, saying "We see that the perfume market in China is growing, customers are mastering more and more knowledge about perfume and the demand is growing. In my opinion, the Chinese market has huge potential and we are very much looking forward to entering the market."

2.1 China's perfume market keeps growing strongly after COVID-19

01. China's perfume market is low-penetrated with great room for development

In its latest report for 2022, Boston Consulting Group pointed out that China's perfume market has a penetration rate of about 5%, compared to 42% and 50% in Europe and the US, respectively. There is obvious room for development in the Chinese market.

02. The Chinese perfume market is still showing a strong upward trend

Over the years, the China perfume market has been growing at a rate faster than the global average. In 2020, due to the global epidemic, the China perfume market still achieved a growth rate of 10.6%¹ despite the negative growth in both the global and Asia Pacific regions, and even ushered in a spurt of growth in 2021. Due to the volatility of the epidemic, the perfume market in China is expected to show signs of a slowdown in terms of annual retail sales growth in 2022, but will still remain significantly higher than the global market.



Data source: Euromonitor International; Beauty & Personal Care Database version 2022, as defined by fragrance category, data extracted in Aug. 2022; retail sales size calculated by retail prices, and inflation included in 2022-2026 forecast data

¹Currency unit: million/USD; fixed exchange rate (USD/CNY): 6.65



In 2021, the overall retail sales of China perfume market only accounted for 4.1% of the global market, but its compound annual growth rate (CAGR) in the past five years (2016-2021) was 21.4%², which is about ten times of the global market. The overall Chinese perfume market is expected to reach RMB 371.3 billion by 2026; the CAGR of the Chinese perfume market is expected to remain at around 22.3% in the next five years, which is about three times of the global market.



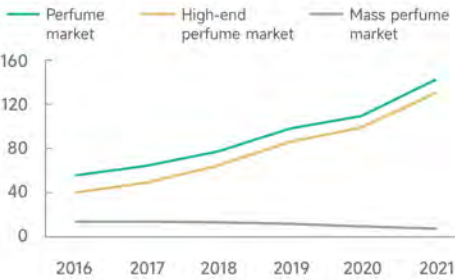
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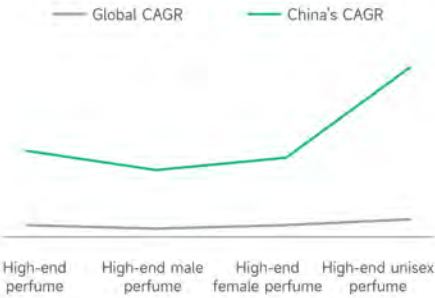
03. High-end perfume is the main force driving the growth of China's perfume market

Euromonitor data show that the Chinese perfume market is mainly driven by high-end perfumes, and the sales share of the high-end perfume market is increasing year by year, with the highest growth rate in the past five years happening in 2021, reaching 33%, an increase of 18% from previous year; high-end unisex perfume is the segment with the highest CAGR in the past five years (2016-2021). Compared with the global market, China's high-end perfume market has seen a significant increase in each segment, highlighting the dynamism of the market.

© China Perfume Market Retail Sales 2016-2021
(Unit: billion/ RMB)



© High-end Perfume Market CAGR 2016-2021
(Unit: billion/ RMB)



Data source: Euromonitor International: Beauty & Personal Care Database version 2022, as defined by fragrance category, data extracted in Aug. 2022; retail sales size calculated by retail prices, and inflation included in 2022-2026 forecast data



2.2 Multiple perfume giants perform well in China

L'Oréal Group

The 2021 financial report showed that the high-end cosmetics business became the company's top business with sales of RMB 89,681 billion, of which the perfume business was the most impressive. In the first half of 2022, the perfume category grew by **35%** year-on-year, with Yves Saint Laurent's Libre, Valentino's Born in Roma being the main growth drivers.

LVMH

In 2021, the beauty segment revenue jumped by **25.91%** year-on-year thanks to people's great response to Dior Sauvage. Guerlain and Givenchy perfume lines also continued to grow. In the first fiscal year of 2022, there was just 1% of growth, but Asia is still the largest market and "the Group's brands are well positioned to further expand their market share."

Inter Parfums

The 2021 financial report showed net sales of USD 879.5 million, sales growth of 23% compared to 2019 and up to **63%** compared to 2020; Q1 FY2022 financial report showed comparable quarterly sales growth of 41% in Western Europe and Asia Pacific, with Van Cleef & Arpels, Coach and Lanvin leading the market with 29% growth in Asia. It noted in particular that the China business grew rapidly, with sales doubling from the previous quarter.

PUIG Group

Net sales increased by **68%** to 2.585 billion euros in 2021, with a significant expansion in China, where revenues tripled by 312% compared to 2020. The Chinese market is expected to account for 25% of PUIG's sales by 2025.

Coty Group

Q4 FY2021 financial report showed its high-end perfumes contributed approximately 51% of the company's net revenues, with total sales in China up **31%**. In Q1 FY2022, business in China jumped again by nearly 50%, and almost all of its high-end perfumes gained strong sales growth, with Gucci, Burberry and Chloé particularly impressive.

2.3

International brands lead the market, and salon fragrance brands accelerate product layout

01. International commercial brands are still the mainstream, and salon fragrance sales increased significantly

Euromonitor data show that international commercial brands such as Dior and Chanel are still the mainstream of the market. Yves Saint Laurent, Tom Ford and other well-known international brands are growing rapidly in the Chinese market; salon fragrance brands represented by Jo Malone and Diptyque are also performing strongly.

Cosmetics online data show that in 2021, salon perfume growth in China was obvious: salon perfume brands including Maison Margiela, BY KILIAN, Editions de Parfums Frédéric Malle, and Creed have achieved a sales growth of more than 100%, of which Maison Margiela sales increased by more than 800% that year.



02. More and more salon fragrance brands enter the Chinese market and expand rapidly

Jan.

In Jan. 2022, Santa Maria Novella, the legendary Italian salon fragrance brand with 800 years of history, officially entered the Chinese market.

May

In May 2022, PUIG Group quickly laid out its Tmall flagship store after acquiring Byredo. Its two salon perfume brands, Penhaligon's and L'Artisan Parfumeur, expanded rapidly after entering the Chinese market through Tmall Global in 2019. To date, PUIG has opened more than ten perfume boutiques in Shanghai, Nanjing and Sanya, etc.

Aug.

In Aug. 2022, Estée Lauder began filing for Le Labo in China Drug Administration, and the Chinese name of the brand is "勒莱柏", signifying that the brand has officially entered the Chinese market.

Apr.

In Apr. 2022, U.S. salon fragrance brand CLEAN that focuses on the concept of green and environmental protection officially entered the Chinese market with its personal fragrances and home fragrances, bringing green and pure fragrances to fragrance lovers in China.

Jul.

On July. 26, 2022, Serge Lutens, a high-end perfume and makeup brand affiliated to Shiseido, made its offline debut in China at the 2nd China International Consumer Products Expo with its global new products.

In Aug. 2022, Maison Francis Kurkdjian, a luxury fragrance brand under LVMH Group, announced its official entry into the Chinese market with its first offline store at Deji Plaza in Nanjing and launched its Tmall flagship store at the same time.



2.4 China’s local perfume brands continue to build momentum

01. **There are more local fragrance companies, accelerating market share growth**

According to the data from Qcc.com (an enterprise information searching platform), China’s fragrance company registration has grown significantly since 2017, and more than 2,000 related companies have been registered yet.

Data from beatydata.ai show that the combined sales of Chinese perfume brands on both Taobao and Tmall from 2020 to July. 2022 is RMB 2.58 billion, accounting for about 22% of the entire perfume market in China.

02. **Internet giants and beauty stores are involved, making local perfume players more diversified**

In Jan. 2022, ByteDance-incubated perfume brand EMOTIF was launched. It is said that EMOTIF perfume consists of 3 sub-collections, and product R&D team is made up of well-known French perfumers and top perfumers in the world. There are two perfume capacities: 2ml and 9ml, and the corresponding prices are RMB 19.9 and RMB 198.

In early 2022, China’s emerging beauty retailer HARMAY announced that it would join forces with Swiss fragrance manufacturer Firmenich to leverage their respective strengths and incubate emerging fragrance brands so as to bring about new fragrance concepts and new experiences in the Chinese market.



Inspirations and Reflections

Despite the impact of multiple uncertainties, especially the recurrence of the COVID-19 epidemic in China, we still see a vibrant perfume market in China. Whether they are international perfume giants and various brands around the world doing more and more business in the Chinese market, or local players making sustained efforts, they have all shown good development momentum in 2021-2022. We believe that the growth rate, structure and ecology of the Chinese perfume market are great and the future is bright.

3.1

Trend 1: perfume-wearing gets more mature and goes deep into daily life

3.2

Trend 2: "thousand people with thousand fragrances", scent-based fragrance needs are diversified

3.3

Trend 3: emotion-oriented perfume-wearing, highlighting the emotional value

3.4

Trend 4: clean beauty, embracing green and nature

3.5

Trend 5: richer omni-cannel information touchpoints and closer OMO

3.6

Trend 6: best choice of customized perfume gift expectation

03
PARTRe-upgrade of Chinese
Perfume Consumers

International master perfumer Jean-Claude Ellena said, "Unlike cosmetics, perfume does not repair the skin, but the spirit."

The emotional value of perfume has been generally recognized by Chinese consumers, and perfume is gradually penetrating into their daily lives.

In the post-epidemic era, consumers are significantly more concerned about physical and mental health, ingredient safety, product quality and other attributes; at the same time, they value the emotional experience when shopping, focusing on emotional value more than functional value.

There are some new trends in terms of emotional value as Chinese consumers are starting to meet their differentiated emotional demands and express their emotions with perfumes.

Johanna Monange, founder of Maison 21G, said, "The concept of balance is prevalent in the Chinese market, and Chinese people love the concept of harmony, so ideas like nature, purity, originality, raw materials, transparency are very popular among them."

According to Fuming Cai, vice president of Lagardère Group Asia Pacific, "The packaging, notes and more application scenarios of boutique fragrances have advanced the development and maturity of the Chinese perfume industry, and the outlook for the overall industry is getting better and better."

3.1

Trend 1: perfume-wearing gets more mature and goes deep into daily life

01. There are structural changes in the consumer base, with a significant increase in senior consumers

Structural changes happened in five perfume customer groups in 2022: among them, the base of those who have a deeper understanding of perfume like "taste and style masters" and "personality and novelty seekers" increased by 7% and 3% respectively compared to last year, while the size of "trend followers" who has little idea about perfume decreased by 5%, indicating that the Chinese perfume consumers are getting more cognitively mature.

Changes in China's Perfume Consumer Segments



Customer group description: [Taste and style masters] Mainly mature women who are elegant and advanced consumers, express their style and temperament through perfume, and focus on perfume quality and brand philosophy.
[Personality and novelty seekers] Mainly Gen Zers who have an in-depth knowledge of perfume, have an open and inclusive attitude, and have an interest in the fresh experiences brought by newly emerged brands and new scents.

02. There are increasing consumption, more frequent use and deeper home-based penetration of fragrances

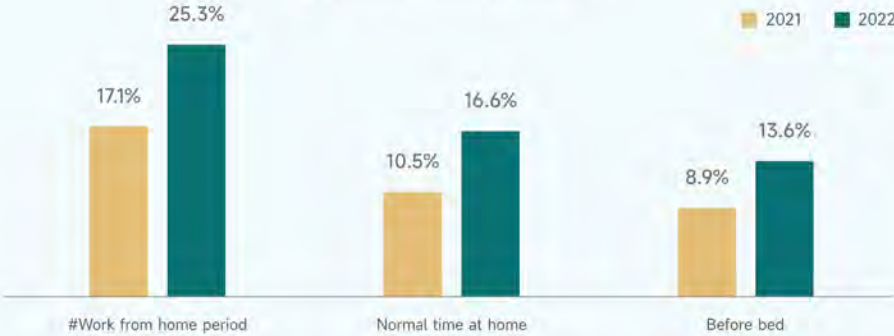
Among perfume consumers, 64.5% has purchased more perfume, and 35.6% say they spend more on perfume than they did a year ago.

"I buy perfume more often this year than before. It seems that we are usually surrounded by disinfectants these days, and I'm looking forward to some more scents, so I'm spending more on this."

Customers' weekly perfume wearing frequency in top-tier cities increases from 7.6 to 9.9; 44.9% of consumers say they use perfume daily, with 18.3% using perfume multiple times per day, up 3% from 2021.

Home-based fragrance accounts for a significantly larger part, increasing by 8.2% from 2021.

Perfume-wearing Scenarios



03. Getting news on perfume has become a daily habit, and there emerges a consumption demand for the purpose of collection

62.5% of consumers say that getting perfume-related information has evolved from an interest into a habit.

"I will habitually browse my subscribed bloggers daily on Xiaohongshu, or RED (a social media and e-commerce platform) and Douyin (the Chinese version of TikTok) to see if they have updated any perfume recommendations or reviews contents. I also always follow the perfume ranking list on Tmall."

"I often pay a close attention to the personal sharing of some perfume blogger, not those for commercial purpose."

13.7% of consumers say that besides wearing perfume, collecting perfume has become one of the purposes of their purchase.



"Part of the reason I buy perfumes is to collect them, especially those with good-looking bottles. Even though it may not be the right scent, I'll buy some from the same collection which look really good in a row on a transparent shelf."

"After getting into perfume, you'll want to collect the full range just like buying lipsticks. I went to a Penhaligon's store when it opened at IFC, and there were a lot of poster introductions on the stories of their classic Portraits collection. Such combination of collection, stories and beautiful packaging was very appealing to me, and I was dying to buy for collection."

"I usually buy the 100ml ones, so they can also be collected even if they can't be used up."

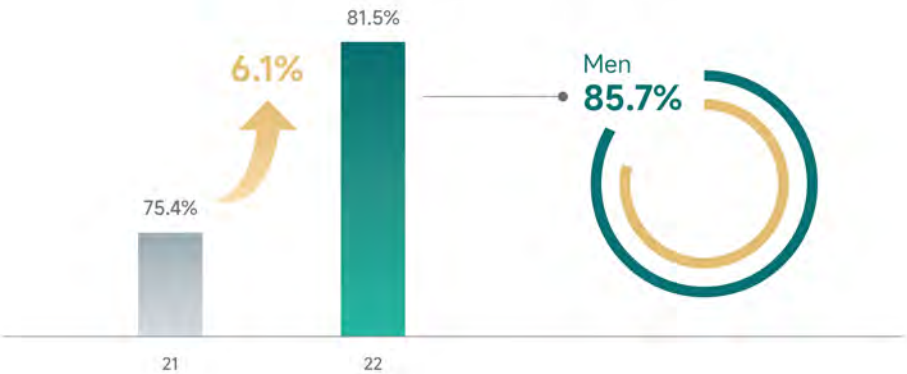


04. Seeking differentiated self-expression

Commercial fragrances still dominate (78.5% of consumers have used international commercial fragrance brands). However, the growth (40.8%) in the use of salon fragrances cannot be ignored, with a significant increase of 16.1% from 2021.

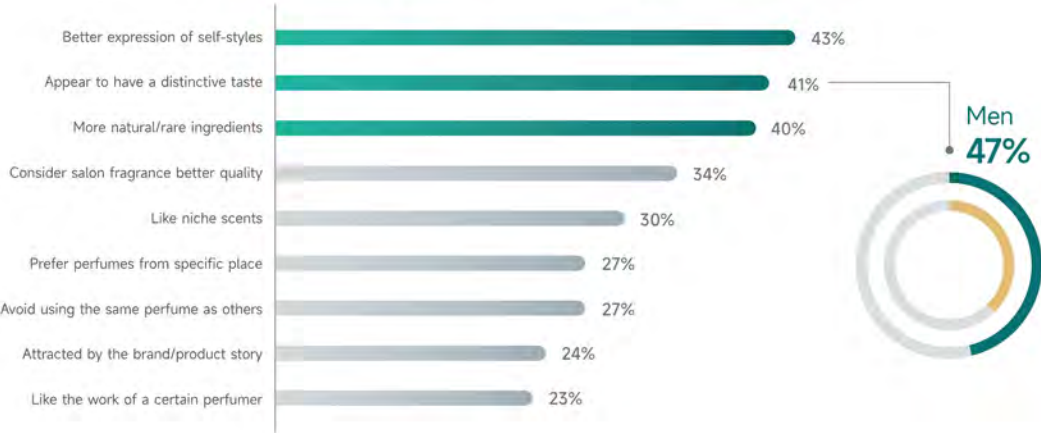
81.5% of consumers say they know salon fragrances, up 6.1% from 2021, with men (85.7%) being significantly more knowledgeable and concerned about salon fragrances than women.

Chinese Consumers' Perception of Salon Fragrance



The top 3 reasons for consumers' preference for salon fragrances are "to better express one's own style", "to show different lifestyle" and "more natural and rare ingredients", with men's demand for "highlighting their own difference" significantly higher than that of women's.

Reasons why Chinese Consumers Like Salon Fragrance



3.2

Trend 2: “thousand people with thousand fragrances”, scene-based fragrance needs are diversified

Fragrance notes classification: Fresh: citrus, aquatic and green Natural: floral, fruity
Full-bodied: woody, oriental, gourmand Classical: fougere, leathery, mossy (chypre)

01. Thousand people with thousand fragrances, niche fragrances are sought after

Data in 2021 and 2022 show that floral, fruity and woody notes are the most popular mainstream notes in the Chinese market, with women preferring floral ones and men preferring woody ones.

In 2022, there are new changes in the five perfume groups for their note preferences: the relatively niche green, aquatic and oriental notes are getting more popular.

Compared to 2021, green notes are generally preferred by the senior crowds (taste and style masters, low-profile and introverted group); trend followers and energetic group are getting much more into fruity notes; the relatively niche mossy notes are recognized by personality and novelty seekers.

Trend followers

Population characteristics:
Ordinary white-collar workers / Low- and middle-tier cities

Attitude towards fragrance:
“Wearing fragrance is for social security”

Fragrance profile:
Mainstream public

- Regular floral and fruity notes
- Popular oriental notes
- Men: Leathery notes



Energetic group

Population characteristics:
Students and workplace newbies / High-tier cities

Attitude towards fragrance:
“Being both good-looking and interesting”

Fragrance profile:
Fresh and interesting

- Fresh floral and fruity notes
- Citrus notes



Taste and style masters

Population characteristics:
High-income elite women / High-tier cities

Attitude towards fragrance:
“Perfume is a manifestation of elegant taste”

Fragrance profile:
Elegant and advanced

- Woody and floral notes
- Fruity notes
- Fresh green notes

Low-profile and introverted group

Population characteristics:
Middle-income young women / Middle- and high-tier cities

Attitude towards fragrance:
“Fragrance brings relaxation and satisfaction”

Fragrance profile:
Emotional relief

- Regular woody notes
- Green notes
- Fougere notes



Personality and novelty seekers

Population characteristics:
Gen Zers and high-income white collar workers / High-tier cities

Attitude towards fragrance:
“Perfume is an extension of personality”

Fragrance profile:
Niche and personalized

- Niche floral / woody notes
- Green notes
- Healing aquatic notes
- Mossy and fougere notes



02. More diversified needs for fragrance with scene segmentation

At formal occasions such as business banquets, woody tones are often chosen to give others a calm, low-key, and unassuming impression; oriental tones have become the second most popular fragrance among men after woody ones in business banquet scenes.

Woody notes are still the first choice for men in commuting and working scenes, which can best help men boost their confidence (37.2%) and overcome difficulties (40.7%), and the second choice is fresh aquatic notes; for women, in addition to natural notes (floral, fruity), fresh notes (green, citrus) have become their second preference.

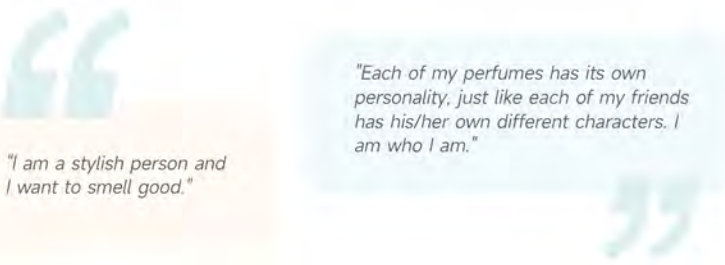
Fragrance for sleep have increased significantly. It is dominated by natural notes (57.8%), with a clear preference for fruity notes (32.8%).

3.3 Trend 3: emotion-oriented perfume-wearing, highlighting the emotional value

01. Emotion-driven: fragrances reflect personal taste

The reason for wearing perfume is mainly emotional (93%), especially the demand for showing personal style and taste (48%), believing it "brings a strong sense of ritual and the process is pampering oneself" (26.1%).

Habitual (42%) and functional factors (40%) followed; among habitual reasons, men are more likely to prefer a specific scent; among functional factors, women are more likely to match.



Reasons why Chinese Consumers Wear Perfume



02. Emotional value: women focus on healing, men more on personality

Making myself happy (67%), beautiful and confident (61%), relaxed (58%), and secure (34%) are common emotional appeals for both men and women.

Due to the lockdown, the longer time spent at home and health concerns caused by the epidemic, consumers are using fragrances more frequently to relieve the anxiety of not being able to travel, with women focusing more on the "healing" effect of perfume (60%) and men looking more to "express their emotions" through perfume (38%).

"I was able to go out and travel when I was unhappy before, but now there are not as many conditions to de-stress and regulate my emotions after the epidemic, and perfume is one of the few items I can soothe my emotions."



"If I'm not in a good mood, being very manic or whatever, I'll spray a particularly fresh fragrance like Maison Margiela's Lazy Sunday Morning, and will feel healed afterwards."

"I might choose a woody fragrance to show a melancholy mood when I'm unhappy and want to have the feeling of releasing pent-up emotions."



"I'm really into a luxury collection of Armani, because that one is a very sweet jelly smell, and is very suitable in hot days. The scent gives me a happy mood and a very bright feeling when I was bored at home for too long."



3.4

Trend 4: clean beauty, embracing green and nature

01. The concept of consumption has been upgraded and natural ingredients are catching eyes

84.5% of perfume users said the epidemic has made them pay more attention to product quality and safety.

Fragrance ingredient is the NO.3 concern in perfume purchase (36%); factors in relation to health and purity like "Are the ingredients natural (87%)" and "Are there allergy-prone ingredients (63%)" are of high concern.

Demand for natural fragrances among senior perfume users is 5.1% higher than last year; people in first-tier cities (54%) and middle- and high- income groups (63.6%) are more concerned about the effects of ingredients to the environment.



"What are the ingredients of the perfume, is it skin friendly? Chinese consumers have always cared about the ingredients of a product."

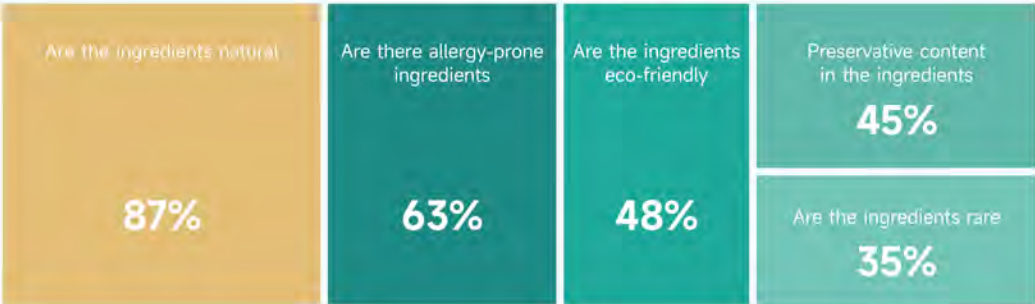
— Johanna Monange,
Founder of Maison 21G

"Natural ingredients have been more and more used in high quality products, and such ingredients and the way they are extracted are crucial to the quality of fragrances."

— Gian Luca Perris,
Santa Maria Novella CEO



© Factors of Concern for Fragrance Ingredients



02. Fragrance notes showing natural elements are receiving more attention

In consumers' perceptions of perfume, 52% believe that perfume can express "the yearning for nature".

There is a correlation of 61.5% between fresh notes (citrus, green, aquatic) and the experience "close to nature, bring me a feeling of being there". Fresh notes have become the second most popular notes among Chinese consumers only after natural notes (floral and fruity).

3.5

Trend 5: richer omni-channel information and closer OMO

01. KOL recommendation and live-streaming commerce have made seeding easier, and more people tend to try fragrances by purchasing samples online

Currently, consumers obtain perfume information through both online and offline channels, where 80% of consumers choose to obtain perfume information through online channels. Compared to 2021, the share of obtaining information through short video apps such as Douyin and Kuaishou has increased significantly by 10.3%, reaching 48%. Men pay more attention to search engine websites (36.7%) and online community forums (27.2%), while women are involved in more diversified channels.

In terms of content types, KOL recommendation and live-streaming commerce have increased by 5.3% and 4.6% respectively, and interactive seeding received more attention.

57% of consumers choose to purchase samples online to smell the fragrance, a significant increase of 11% from 2021.

02. New offline retail channels have become new perfume information touchpoints, and an integrated experience is expected

79% of consumers say they learn about fragrances through offline retail channels, with brand counters still in the top place (53.8%), while comprehensive beauty brand chain stores (43.1%) and multi-brand fragrance experience stores (41.4%) both showing significant growth from last year.

Women are more likely to be influenced by offline retail channels (beauty advisors' recommendations, brand-owned store experiences, etc.) and pay close attention to their fragrance trying experience (47.5%), while male consumers concern more about product introduction (53.7%) and are more likely to try fragrances at duty-free stores (32.7%).

"In fact, I'm already used to a closed loop of reading reviews online, experiencing offline, and then returning to purchase online, because now many brands may offer online promotions and e-commerce is also getting very mature. There are mainly official flagship stores on Tmall and the like, and the quality of perfume is guaranteed."

"I often buy samples from counters, flagship stores or Sephora to try fragrances, because currently there is no counter for some salon fragrances in China, and I can only go to Buyer Store (multi-brand boutique) or HARMAY (a Sephora-like beauty chain store) to try. Still hope to have a more complete experience, and it's better to have an online and offline comparison."

3.6

Trend 6: best choice of customized perfume gift expectation

01. Chinese consumers are more willing to give perfume as a gift

Perfume's quality, highly relevant emotional value and beautiful packaging with a sense of ritual make it a popular gift option. 82.8% of perfume consumers say they are likely to consider giving perfume as a gift in the coming year, up 5.4% from last year, with men and young people more likely to do so.

"Perfume is more practical, and I like things that are beautifully packaged."

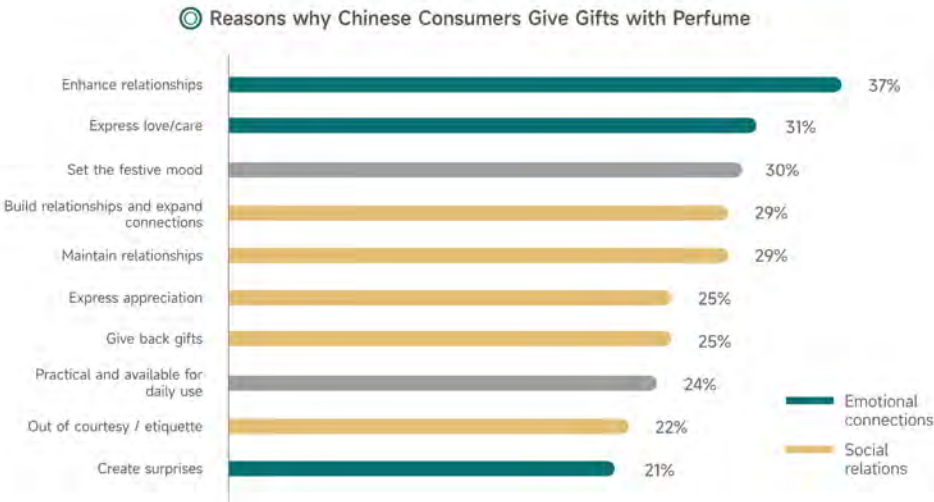
"I would give priority to big brands, because it's not easy to go wrong."

"I followed popular perfume recently, and of course, I will not choose too ordinary fragrances, but those with some sense of quality."

"My friend's perfume is basically chosen by me, because what we like is similar, so I'll give priority to perfume when it comes to gift-giving, especially those salon fragrances with good design."

02. Perfume helps to enhance intimacy

Carefully selected perfumes tend to promote relationships (37%), convey love and care (31%) and set holiday atmosphere (30%), helping to enhance intimacy; gift recipients are mainly partners, friends and family members with close relationships, as well as important business partners, colleagues, etc.



“

"Perfume will accompany her for a long time, just like our friendship."

"I think it's quite good to give perfume to close colleagues, because they also wear perfume. Buying one that's not easy to get wrong, or a popular one from some brands will give the recipient the feeling that it's been carefully picked, not just an item bought casually."

"I'll consider giving perfume as a gift only if they are my close friends and family members, and I hope they think of me when they use it."

”

03. Increasing demand for customization of perfume gift boxes

72.3% of consumers said they have purchased perfume gift boxes, and practical products such as skin care products, fragrances and cosmetics are more likely to increase their purchase intentions. At the same time, consumers expect brands to launch personalized or holiday-customized gift boxes.

“

"It's better to put some practical items in gift boxes, such as fragrance sheets, non-wearable fragrances, fragrance diffusion stones and so on."

"Cosmetics or skin care products are also OK"

"Perfume gift boxes can be customized on name, color and so on, a bit like the customization service of makeup, which is more suitable for gift giving."

”

Inspirations and Reflections



Chinese perfume consumers are becoming more and more mentally mature. The young group focuses on life rituals and their inner feelings, and the emotional value of perfume is becoming more and more prominent; consumers use fragrance not only to pursue personality and please themselves, but also to look forward to emotional healing through perfume; the new trend of "thousand people with thousand fragrances" is conducive to the sustainable and diversified development of China's perfume industry, providing more opportunities and space for new brands, new products and new fragrance notes.

At the same time, consumers' perceptions and behaviours reshaped by the VUCA era will continue to influence the direction of the industry in the next 2 years, and it is necessary for the perfume industry to think about how to better meet the consumers' thirst for emotional value in the post-epidemic era, with keywords such as "healing", "natural" and "pleasure" worthy of attention.

In addition, the demand for perfume gifts will continue to grow in the future, and localization and customized packaging design based on traditional Chinese festivals are efforts to be made in the future to better cater to Chinese consumers' requirements for customization of gifts.

4.1

Product innovation: following hot trends and exploring new values of perfume

4.2

Channel reform: new retail model helps the development of perfume market by accelerating OMO

4.3

Marketing renewal: amplifying the emotional value of perfume to create a full-sensory experience beyond smell

4.4

Digital exploration: improving product creativity and providing new perfume-wearing experiences

04 PART

Innovation and Changes: Ever-iterating Business Strategy

As Chinese perfume consumers become more mature cognitively, perfume consumption has gradually shifted from "brand-oriented" to "value-oriented", and the "experience/price ratio" emotional consumption proposition has set higher expectations for perfume brands. At the same time, as digitalization continues to advance in the global market, the combination of perfume and technology will also become a highlight. According to Gian Luca Perris, CEO of Santa Maria Novella, "Technology gives us a lot of opportunities to educate consumers and deliver messages, and data and technology can actually help our communication become more natural and help us better understand our consumers."

Among many opportunities and challenges, 2022 has seen more new trends and features in the perfume industry in terms of products, channels and marketing methods. This chapter will focus on the exploration of the "new" paths of the perfume industry in the post-epidemic digital era.



“

"Innovation of perfume itself is not easy, as inspiration can come at any time, and of course it's important to keep a close eye on what consumers might like."

— Gian Luca Perris,
Santa Maria Novella CEO



4.1

Product innovation: following hot trends and exploring new values of perfume

01.

Refreshing of product concept: following the trend and hot topics



Emotional healing: responding to the desire for "poems and dreams" in the post-epidemic era

Creating products inspired by life scenes, journeys, and exotic charms to express nostalgia for normal life and desire for distant lands/journeys.

4711 Acqua Colonia launched a new fragrance Refreshing Lagoons of Laos in its Intense collection in 2021, which is inspired by a refreshing walk through the blue lagoon behind the rainforests of Southeast Asia.

Montblanc launched The Perfect Explorer Ultra Blue Gear, a collection inspired by the open mountains and lakes to express the exploration and adventure of the sky and the sea.

To Summer and Rosewood Hotel Beijing jointly launched the Guaiacwood (meaning healing in Chinese phonetically) Rose collection to create a special concept of "vacation healing in the city" with fragrance.

Creating plan concept perfumes that resonate with vitality, health and hope through special scents and ingredients.

Parfums de Marly launched Greenley, a green and fruity fragrance that celebrates the vitality of the Earth with a heavy botanical scent.

Diptyque's Eau Rose shifts from the richness and sexiness of traditional roses to the sourness and unassumingness of rose's thorns, highlighting the vitality of roses.

DOCUMENTS launched LAY, a fragrance containing endemic Chinese spices illicium verum, basil and galbanum, which makes you feel like you are in a lush grass wetland surrounded by wild plants full of vitality, conveying natural positivity and joy.



De-gendering: crossing conventional gender boundaries

New genderless perfume brands are popping up

American fragrance brand The Phluid Project is committed to establishing the brand as a gender-neutral fashion destination, and has joined forces with Scent Beauty in June, 2022 to launch a series of genderless fragrances, all formulated with citrus and floral notes. What's more, coconut and sea salt are used to balance the traditional over heavy male perfumes and over sweet female perfumes in the past.

French brand Benigna Perfums focuses on producing gender-neutral fragrances with fresh floral notes in an effort to break down gender barriers and it donates part of its profits to the Non-Profit Organization BeEagle Foundation.

Chinese brand M17 L'eau (MAISON DIXSEPT) advocates "no borders, no genders, no boundaries", and the brand's eponymous perfume, M17 L'eau, has unisex woody and citrus notes that give people a sense of purity and healing.

Top brands have weakened the gender attributes of perfumes and actively launched unisex fragrances

Van Cleef & Arpels launched a new unisex fragrance 22 Vendôme in its Collection Extraordinaire.

Louis Vuitton launched a unisex fragrance range Les Extraits, which is inspired by wind.

Chopard Parfums launched three new woody unisex fragrances: Santal Odeyar, Bois Nomades and Patchouli de Sumatra.

Versace launched Atelier Versace, a luxury collection that reflects an absolute dedication to the long tradition of perfumery and craftsmanship.

In this research, consumers' recognition of perfume as "genderless" has increased significantly, and much more people believe that "there is no gender difference in perfume", increasing from 16.2% last year to 30.4%.



Chinese ideorealm: local brands have deeply interpreted Chinese culture, and international brands are trying to integrate Chinese elements

Taking Chinese philosophy as the starting point, the values of reservedness and inclusiveness are presented through design, language and products to provide consumers with the scents they like while making the cultural experience more interesting.

Representative brand:

DOCUMENTS. It takes the original word "禅酷" (Zen Cool) as the core of the brand, and digs deep into the various elements of traditional Chinese culture, such as taking inspirations by extensive use of Chinese vessel elements and mortise and tenon design; it adopts Chinese ink black and gimlet yellow as the brand color, and conveys to consumers the complete concept of new Chinese style through products, stories, and brand philosophy.

"To make consumers' mindset mature, a brand and its products need to provide services such as culture, social status and national emotions in addition to quality and function. Chinese brands have an inherent advantage in this regard, such as DOCUMENTS and To Summer, which both face young consumers and are based on Chinese culture."

— Zhaoran Meng,
Founder of DOCUMENTS

Taking Chinese ancient formulas and culture as the starting point, retaining the sense of ritual from tea and wine culture, supplemented by profound historical stories and allusion-rich exterior design to show the Chinese customs and practices.

Representative brand:

Liu Hua Shu. This brand is improved from the ancient fragrance formulas, and it has launched "Song Dynasty fragrances" such as goose pear fragrance used in bed surrounded by curtains, Du Ruo fragrance in the sleeve, and Ding Zhou public treasury stamp fragrance, which are aimed at restoring the scents of fragrances made by ancient methods.

Nan Ke Ji, which is inspired by ancient Chinese poems, and has launched representative products such as "Kong Shan (empty mountain)" and "Se Se (whistle and rustle)".

International perfume brands are trying to launch fragrances and gift boxes with Chinese elements.

Byredo launched China limited-edition - Young Rose

Tom Ford launched Rose de Chine.

4711 launched Acqua Colonia Peony & Sandalwood.

LANVIN joined hands with the Tang dynasty terracotta women from the CCTV documentary "If National Treasures Could Talk" and launched two creative perfume gift boxes for women.

Karl Lagerfeld launched FLEUR DE THE in 2022.

"The first Chinese ingredients used in French perfume were introduced 30 years ago in the 1990s, and they are osmanthus and magnolia leaves. I still remember the Year of Culture that France held in China from 2004 to 2005, and that year I designed a Hermes perfume called Osmanthe Yunnan, which was made from osmanthus. I am convinced that China still has many beautiful ingredients to be discovered."

— Jean-Claude Ellena,
International Master Perfumer

02.

Ingredient/function iterations: technology-aided, diverse values



"Green" scent: natural ingredients and sustainable development

Fragrance suppliers continue to iterate on technology, and have introduced more environment-friendly ingredients and technologies

Symrise launched its first natural fragrance brand Maison Lautier 1795, with a focus on sustainable natural ingredients, and announced three ranges: Artisan Range, Madagascar Range and Supernature Range.

In 2022, Firmenich launched a collection of precious fragrance ingredients that showcases the results of Firmenich's long-standing focus on nature, green science and advanced technology. To take some examples, they developed a scent very close to natural lily of the valley that is highly regarded in the field of green chemistry; they created a 100% renewable fragrance ingredient using biotechnology; they produced a high-fidelity natural rose ingredient that applies cold concentration technology. The collection also includes a synthetic molecule made from recycled materials and a fully traceable natural ingredient created through the ground-breaking digital application platform Path2Farm™.

Increasing the proportion of natural ingredients in products to reduce the impact on environment

Chanel N°1 DE CHANEL L'EAU ROUGE retains the classic scent while using the essence of camellia water as its base note with 97% natural ingredients.

Australian organic perfume brand ONE SEED chooses environmentally friendly plant-based formulations and ensures that each product contains more than 80% organic ingredients to reduce the damage to the environment.

Rochas Girl Eau de Toilette is formulated with 90% natural ingredients and is 100% traceable.

Using recyclable bottles and packaging as well as refillable design to achieve sustainable development

H24 Eau de Toilette for Men launched by Hermes uses 100% recyclable materials on both the outer package and the bottle, and offers refillable bottles to encourage repurchase with refills.

CLEAN integrates sustainability into the brand's DNA. For example, its overall packaging is 100% recyclable, and each fragrance in its RESERVE collection is made from recycled ingredients. It also works with fragrance suppliers on environmental protection.

Ralph Lauren launched a new unisex fragrance Polo Earth which adopts recyclable glass, renewable screw pump head, and wooden cap and label certified by Forest Stewardship Council (FSC), conveying the product philosophy and value of loving the Earth and coexisting with nature.

Guerlain has upgraded the 12 perfume bottles in its AQUA ALLEGORIA collection to be more environmentally friendly, using recyclable glass and a refillable design. The metal spray head can be removed by hand for recycle propose when dispose.



Gentle formulation: suitable for more people

Expressions Parfumées, a French supplier of natural fragrances, has developed a unique technology for the manufacture of 100% COSMOS compliant alcohol-free fragrances which can work with any ingredient, but with a wonderful olfactory effect. This innovation lies in optimizing the solubility of fragrances in water while maintaining clarity and intensity.

Osaji, a Japanese brand for sensitive skin, launched an Eau de Toilette line inspired by trees and flowers. It expanded its business into the perfume category, with plant-based ethanol and essential oils which are friendly for sensitive skin.



Function exploration: emotional relief & skin care

TikTok star and singer Addison Rae has launched a line of mood-lifting fragrances with alcohol-free and vegan (no animal products) water-based formulas. It incorporates neuroscience techniques to lift users' spirit.

The first mood scented candles created jointly by BPS and Givaudan have gone live, created with specific formulas to adjust mood, they have a positive effect on soothing the mind and improve the sleep quality.

HERMETICA pioneered skin care moisturizing fragrances that do not contain ethanol. The new patented molecular technology acts as a moisturizer for the skin, allowing the scents to stay on the skin for a longer period of time.

Clarins has launched a new fragrance in its aromatherapy fragrance line: Clarins Eau Extraordinaire. It is enriched with aromatic oils that soften and hydrate the skin while helping to revitalize the user.

03.

Packaging innovation: interesting, fun, customized, interactive, de-packaging and classic continuation



Interesting and creative packaging: adding more fun to perfumes

Scentooze has launched an interesting Ferris wheel-inspired fragrance set containing eight bottles of the brand's best-selling fragrances as a way to encourage people to try and give gifts.

MONCLER echoes its mountaineering adventurer heritage and classic down jacket design with its unique water jug look, embossed silver body and cap design. What's more, the bottles of the two 150ml-refillable fragrances are adorned with an LED screen that can be customized to display texts via a Bluetooth-enabled mobile app, which is a first in the global.



Customized packaging: providing consumers with more personalized choices

Miu Miu launched a perfume collection Les Eaux à la Mode, which offers customized fragrance packaging services and make fragrance as your personalized closet. The collection includes four different scents in customized boxes with two of its iconic patterns like kittens and flowers.

Guerlain art salon collection provides bottle cap customization services. There are many colors and materials on the top of the bottle cap for consumers to choose. In addition, one can select string of color they desire to tie on the cap.



Near Field Communication (NFC) smart packaging being environmentally friendly and interactive with consumers

In 2021, French brand Paco Rabanne launched a connected bottle for its men's fragrance Phantom. A refillable robot-shaped bottle was embedded with an NFC chip. Users can simply access Phantom Universe by tapping it with their smartphones, and the universe provides exclusive contents such as interactive filters, personalized playlists and interactive games.



De-packaging: simple packaging design, highlighting the quality of the product

Pure Sense launched a perfume made by the blind, which visually removes superfluous elements and adopts a minimalist packaging, showing the blind person's view of the world through multiple senses such as the rich tactile design on the surface (round bottle, cap and a special coating) as well as the sound of the packaging being teared.



Classic continuity: carrying over the classic design of the parent brand to the perfume packaging

MCM Eau de Parfum, the eponymous perfume, won the 2022 Fifi Packaging of the Year Award and Prestige/Popular Award for its unique and creative design applying classic pattern from its iconic bags, which symbolizes the brand's elements and conveys a unique style.

In Salvatore Ferragamo' Signorina collection, the bow on the bottleneck follows the same design of its iconic Varina shoes, which has won the hearts of many young women.



4.2

01.

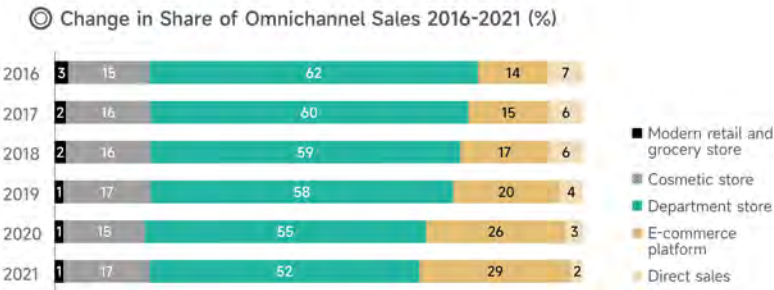
Channel reform: new retail model helps the development of perfume market by accelerating OMO

Offline channels still dominate, but the epidemic drives perfume consumption to shift online, and emerging e-commerce platforms are involving perfume more than before



Offline channels are the main purchase channel, and online channels are getting stronger year by year

Sales from offline channels account for almost 70%; cosmetics store sales have rebounded; sales on e-commerce platforms have increased year by year, with relatively slower growth in 2021.



Data source: Eurazamonitor International; Beauty & Personal Care Database version 2022, as defined by fragrance category, data extracted in Aug. 2022; retail sales size calculated by retail prices, and inflation included in 2022-2026 forecast data

"The online market will still continue to grow. After the epidemic, middle-aged and elderly are also starting to convert from offline to online shopping, and the latter has become a way of life. At the same time, offline channel is no longer just a store, it can be integrated with cafes and boutiques to create consumption moments"

— Fuming Cai,
Vice President of Lagardère Group Asia Pacific



Emerging e-commerce platforms are growing rapidly

Among online channels, Alibaba-affiliated platforms and JD are still the mainstream, but Douyin and other e-commerce platforms are sharing the sales of traditional e-commerce platforms. According to Feigua data, Douyin sales grew by 36% QoQ in the second quarter of 2022 driven by more buyers and sales volume. In June, Douyin re-positions to "full-area interest e-commerce", and it is expected to maintain high growth rate in the future.

02.

Online fission: creative contents repeatedly reach consumers, and accelerate the conversion from "seeding" to "purchase" and to "repurchase".



Content platforms - Douyin & RED: multiple exposure, brand and consumer co-creation, accelerated seeding



Douyin: scene-based, co-creative and theme-based decentralized content marketing

Juliette Has A Gun - Musc Invisible: creating short videos together with content-based vertical KOLs to establish the brand's high-end positioning, and then utilizing self-broadcast and live broadcast to distribute traffic and promote conversion; successfully breaking the circle by participating in the theme-based marketing events on Douyin and cooperating with brands, influencer stores, KOLs and Tuchong (a visual resource platform) with good brand image design and characteristic live broadcast booth.



RED: closely cooperating with mid-tier and end-tier perfume KOLs to continuously share contents and enhance brand image

Santa Maria Novella - Fresia: contents mainly come from mid to end-tier and vertical bloggers as well as followers' sharing, which focus on beautiful pictures and poetic description of scene-based perfume-wearing, with keywords like "niche", "ascetic", and "bedtime perfume", continuing to occupy the mindset of consumers.



Social platform - Weibo: multi-direction communication to strengthen brand influence



Editions de Parfums Frédéric Malle - Rose Tonnerre: collaborating with documentary filmmakers, literary writers and video artists to create, personal and thought-provoking contents, and build aesthetic identity as a way to reinforce the brand's principle of "Against all odds of market preference, time and cost", while presenting the atmosphere and olfactory sense of Rose Tonnerre.

03.

Diverting traffic to offline channels: integrated experience to rapidly accumulate users



Flexible location selection, providing consumers with a diversified perfume experience space

International brands give priority to high-end shopping malls such as SKP and IFC because of their ability to attract people with centralized business model. Besides, they are more compatible with the high-end image of perfume brands, and provide high-end retail atmosphere which can improve the shopping experience.

In addition, some salon and local brands choose to have stores in special streets, office building ground floors/street stores, cultural and creative parks, landmark buildings, tourist destinations, art museums to interact with their own target groups. Some other brands have chosen to enter Buyer Stores and trendy brand collection stores to provide consumers with a more diversified consumption experience.



Perfume pop-up store: a new marketing model where experience is everything

At a time of slow offline traffic, customer acquisition costs goes up, and more consumers "browse but don't buy", offline pop-up stores have become a more cost-effective channel to gain customers, which has a higher store visit rate and spread rate, helping to deepen customers' understanding of brands.

On Oct. 17, 2021, Penhaligon's unveiled a new pop-up store at Shanghai Hang Lung Plaza, featuring the brand's iconic fragrance, the Portraits collection, which presents customers with the aristocratic mansion they inhabit and opens an immersive fragrance journey full of fun.

From Jan. 30 to Feb. 13, 2022, Armani opened a pop-up store in Sanya with "bamboo" as the theme. It also brought its hero beauty products, fragrance Si passion and the Armani Privé fragrance Thé Yulong.

In Mar. 2022, Santa Maria Novella recreated sense of Florence during the Renaissance at SKP-S in Beijing with a pop-up store, which allows consumers to immerse themselves in the prosperity and magnificence of the city, while experiencing its classic products such as the 1221 collection fragrances and handmade natural wax sheets.

In June, and Aug. 2022, Creed opened a "Silver Mountain Water" pop-up boutique at Shenzhen Wanxiangtiandi and Shanghai IFC mall. The design is inspired by the Alps, which is featured by clean and clear white and grey colors, together with the marble-like mountain shape, allowing consumers to immerse themselves in the fresh and cool air from the Alps.



Perfume exhibition: a new social space for interaction and recording the perfect moments

Perfume exhibitions generally focus on brands' core values to showcase their brand image in a comprehensive and artistic way, and create an immersive experience for those who love art and enjoy life. Customers can learn more about the products while meeting their social needs.

In Oct. 2021, Guerlain started the "Perception - Sublimity" journey in Shanghai inspired by the brand's art salon boutique fragrances and the ORCHIDÉE IMPÉRIALE collection to recreate the elegance of the birthplace of Guerlain in France, which allows consumers to immerse themselves in the infinite artistic charm of the brand and witness the extraordinary power of modern elegant women.

In Dec. 2021, French brand Sisley held the Sisley L'Art du Parfum Exhibition in Shanghai, which not only exhibited many private perfume collections, but also launched the new product IZIA La Nuit, allowing consumers to deeply perceive the creativity and ultimate quality of Sisley perfumes.

In Sep. 2022, Gucci celebrated the launch of its new Jasmine fragrance for women inspired by "Jasminum grandiflorum" with a limited-time offline exhibition in Shanghai "Gucci Gorgeous Gardenia". The exhibition is retro-trendy and jasmine-inspired, immersing consumers in a dreamy garden experience.

04.

Online-offline seamless integration: the integration of "people, product and place"



Sephora: Technology-empowered, seamless omnichannel experience

Sephora has created a delightful shopping environment by combining online and offline consumer data through its omni-channel layout as well as technological innovation and empowerment. All its stores are able to provide consumers with not only offline shopping experience, but also delivery to home after online shopping, and they enable consumers to search online in advance and then enter the store to experience. During the epidemic, several Sephora stores went live on Meituan Instant Shopping, and achieved new business growth within regions through instant delivery, with sales increasing by over 50% compared to Jan. this year.



4.3

Marketing renewal: amplifying the emotional value of perfume to create a full-sensory experience beyond smell

01. Content marketing: emotional resonance, creating a "unique" psychological experience



Visualizing and scenarioizing
the emotional experience:



Jo Malone
(Wood Sage & Sea Salt)

"Salty sea salt with gentle sage, as if
the sea breeze is blowing slightly on
the face and the mood is softened by
the weather."



Helping consumers with
self-positioning:



Creed
(Aventus for Her):

"A rose that blooms alone in the wild,
soft and strong, tearing off the world's
label on women. You are born to be
confident, independent and strong."



Philosophical extension based
on product positioning:



Serge Lutens
(Le Religieuse):

"Every saint has skeletons in their
closet, and every sinner has a bright
and unblemished future."



Getting an exclusive identity:



Juliette Has A Gun
(Not A Perfume):

"I was born as a rebellion against
perfume, always unique, always
different. Follow me and you can find a
pure self, because I am the thousand
faces of your soul."

02.

Interest marketing: co-operating with interesting brands, tapping into different fields



Street fashion elements:

Calvin Klein and British street fashion brand Palace
co-branded, offering the brand's best-selling unisex
perfume CK ONE open collaboration opportunity for the
first time. The co-branded version was injected with a new
formula from Palace while maintaining the classic, which
sparked attention upon its launch.



Integration of audio and scents:

Aesop partnered with radio station Worldwide FM, where
DJs from Wuhan, Seoul and Amsterdam promoted the
brand's Othertopia collection over three broadcasts,
highlighting the power of audio and scents in
communication.



The "scents" in games:

Scent Library and Honor of Kings jointly launched the
Canyon CP perfume [It's You] and the Heaven's Work
limited gift box, which was inspired by the new 520 limited
wedding collection game skins/equipment of Sun Ce and
Da Qiao (two game characters), and launched a series of
related activities.



Animation IP collab:

Anna Sui and Litor's Works jointly launched a
limited-edition Christmas dinosaur girl fragrance gift box,
and the dream IP collab has made the Christmas fairy tale
atmosphere to the fullest.



03.

Festival marketing: meeting the emotional appeal and crafting "exclusive sense of limitation" with local characteristics



Spring Festival limited.

L'Artisan Parfumeur has created a limited-edition red
packaging for its classic fragrance, Passage d'Enfer,
decorated with a powerful golden tiger to welcome the
Chinese New Year of the Tiger in 2022.



Qixi Festival (Chinese Valentine's Day) limited:

Maison Margiela launched the 2022 Qixi limited-edition
fragrance gift box, inspired by the traditional Chinese red
thread, to create a Valentine's Day limited-edition
exclusively for China, which is full of ritual and
commemoration.

Jo Malone collaborated with emerging designer Richard
Quinn and launched a limited co-branded floral packaging
gift box, featuring romantic flowers and fragrances, which
allows Chinese consumers to experience British romance
on Qixi Festival.

VERSACE EROS

THE NEW FRAGRANCE FOR MEN



We can't deny that digitalization has had a profound impact on all industries, and the perfume industry is no exception."

— Gian Luca Perris,
Santa Maria Novella CEO

4.4

Digital exploration: improving product creativity and providing new perfume-wearing experiences

01. Digital intelligent perfumery system: fast and efficient realization of product creativity, shortening the new product development cycle

Philyra AI perfumery system, developed by Symrise and IBM, has successfully produced two fragrances through algorithmic simulation of perfumery. 2022 saw Tros AI awakening cologne developed by Philyra into the Thai market.

Givaudan launched CARTO, an AI perfumery system that can quickly create samples based on ingredients, which helps perfumers visualize and speed up the creation of ideal fragrances.

In June, 2021, Firmenich launched Scentmate™, an AI fragrance platform that simplifies the co-creation process, which provides entrepreneurs and independent brands with fragrance solutions favored by the market to quickly launch exceptional fragrance products.

02. Digital perfume information platform: convenient for consumers to choose the best products, while boosting new product creativity

In Oct. 2021, L'Oréal Group announced the launch of AU COEUR DE NOS PRODUITS, a new fragrance ingredient information platform that contains ingredient information for all its fragrance products, which helps consumers to know product information more easily and clearly so as to make wiser choices.

On Mar. 21, 2022, L'Oréal and Emotiv, a neuroscience company, announced a strategic partnership in the field of beauty. They combined L'Oréal Group's proprietary fragrances and algorithms with Emotiv's neurotechnology devices to help consumers make accurate and personalized choices based on their fragrance needs by connecting their neural responses with fragrance preferences through a multi-sensor EEG headset.

fiBona, the open innovation initiative of Shiseido Group, announced that its AI fragrance experience system, KAORIUM, will be equipped with fragrances developed by Shiseido. Based on database and AI technology, the fragrances will be transformed into corresponding descriptive language for the participants to choose, and data related to them will be collected, analyzed and applied to future research work.

Maison 21G used an exclusive online test to understand consumer preferences, and consumers would choose their own scents for the perfumery.

03. Concept exploration of digital perfume: embracing web 3.0 and combining with current hot topics such as virtual characters, NFT and meta-universe to promote consumer-brand interaction



Use of virtual characters and technology in marketing to better reach consumers

Prada used Candy, a virtual character inspired by TikTok, in the advertising campaign for the fragrance "Candy".

Givenchy launched Givenchy Beauty House in the meta-universe game Roblox, with the "Irresistible" dance floor as the theme, one of Givenchy's best-selling fragrances; in addition, virtual characters can enter the L'Interdit subway station. They also named with Givenchy's iconic fragrances.



More possibilities for fragrances in digital territory

Look Labs launched a digital fragrance, designed by Eau de Parfum with Montreal artist Sean Caruso. They use near-infrared spectroscopy to extract and represent in works of art in the form of spectral data. Each bottle has a power button that will illuminate when pressed.

Byredo has made its first foray into meta-universe by cooperating with virtual fashion platform RTFKT. They have created the "Alphameta" project and launched web3.0 fragrances. Under this project, Byredo launched up to 350 different fragrances through NFT. The partnership aims to "create the scent of meta-universe" and it includes a limited release of 26 "elements" that users can use to transform their virtual characters, and they will be presented in the form of wearable "halos".

L'Oréal Group has filed 17 trademarks related to NFT and meta-universe, including "non-downloadable virtual perfume" concept fragrances.

Inspirations and Reflections

The perfume market has responded to the mega trends in the VUCA era such as "emotional healing", "experience/price ratio" as well as "green and environmental protection" through new concept products. We believe that in the next 2 years, "emotional healing" and "natural" will become the keywords for product innovation in the Chinese perfume market, and deserve the attention of various players.

Both online and offline channels are facing challenges in the post-epidemic era: the online traffic dividend has reached the ceiling and the cost of customer acquisition is getting higher; the offline channels are finding it hard to make profits due to the uncertainty of customer flow under epidemic control and high operating costs. However, we still see that the online channel is showing a slow upward trend and the experience advantage of the offline channel is still irreplaceable. Under such a background, it is difficult to survive the hard time by relying on just one channel, and the creation and continuous optimization of a diversified and integrated omni-channel consumption space with interconnection is imperative, and needs to be enhanced continuously in the future.

In terms of marketing, the success of quickly attracting traffic on social media in the post-epidemic era is not a moat for the brand. "Hero products" and traffic may bring short-term sales, but it cannot build a long-term brand loyalty. With the higher demanding of Chinese perfume consumers, perfume brands should think more about how to better establish perfume consumption culture in the Chinese market and explore more innovative paths to enhance value perception. In the future, perfume brands should deepen the two-way interaction between them and consumers in omni-channels, provide more immersive experience, strengthen the emotional connection and remove the barrier of brand mindset before they lead to success.

In addition, with the acceleration of digital life, many luxury and fashion brands have entered the virtual world, because the virtual store experience and the mature e-commerce business base, plus the excellent interactivity of meta-universe may greatly stimulate consumer interest and willingness. However, how to use digital technology more deeply to support the old perfume industry requires further combination of technology and application scenarios.

- 5.1 Non-wearable fragrance market is expanding with a significant growth rate
- 5.2 More new players enter the non-wearable fragrance track
- 5.3 Non-wearable fragrance market drivers: home scene and emotional healing
- 5.4 Business strategy of non-wearable fragrance brands: experience, scene-based, artistic style
- 5.5 Strong demand for non-wearable fragrance consumption with rapid growth in category segmentation

Because of the epidemic, everyone is working at home which has become the main place of work and life, and it has become important to create a nice home environment. Home fragrances and perfumes in China are selling well because people are paying more attention to enhance the home environment, which creates new sales opportunities. "

— Sarah Rotheram,
Creed CEO



05 PART New Track: Home Fragrance

5.1 Non-wearable fragrance market is expanding with a significant growth rate

01. Non-wearable fragrance sales grow significantly across various sales platforms

Non-wearable fragrance, as an extended category of fragrance, has also maintained growth in recent years on various platforms with the market size expanding. Tmall and Taobao being the main outlets. It is worth noting that in the context of the COVID-19 epidemic in 2020, the sales of this category on Taobao has not decreased but increased, maintaining fast growth.

Non-wearable Fragrance Sales on Major E-Commerce Platforms in 2016-2021



Data source: MarketDX. The time span is the whole years from 2017 to 2021 and Apr. to Dec. in 2016, and sales include those on Tmall, Taobao and JD.

02. The head effect has not yet appeared, and non-wearable fragrances have become a new blue ocean in the fragrance market

The market share of the top ten brands on Alibaba-affiliated platform is not more than 10%, the NO.1 brand is THE BEAST, a local brand, occupying 5.8%, and international salon fragrance brands Jo Malone and Diptyque accounting for 1.2% and 0.9% respectively, ranking in the 3rd and 10th place.

TOP10 Market Share of Non-wearable Fragrance Brands in 2021



Data source: MarketDX, non-wearable fragrance sales on Tmall + Taobao.

5.2 More new players enter the non-wearable fragrance track

01. Skincare brands have expanded into the non-wearable fragrance category

In 2022, besides the skincare line, LESSE launched its first hand-made scented candles series which inspired by ancient vessels such as urns, vases, and ancient Roman amphorae, "symbolizing the rituals that have defined our lives since ancient times and lighting the way for today's rituals".

02. Large groups have started the layout of the non-wearable fragrance business

In Oct. 2021, LVMH announced the acquisition of fragrance and skincare brand Buly 1803 (Officine universelle Buly), a well-known icon of the French art de vivre, which had previously been backed by minority investment fund LVMH Luxury Ventures for almost four years.

03. Perfume brands have begun the layout of various fragrance categories

On Jan. 22, 2022, LOEWE opened its first standalone fragrance boutique at Nanjing Deji Plaza, creating a botanical archival atmosphere and immersive experience for consumers in a 30 square meter space, in which it showcased the complete rainbow botanical fragrance collection, as well as the entire home fragrance product line from scented candles, candle holders to soaps, room sprays and non-wearable fragrance sets.

5.3 Non-wearable fragrance market drivers: home scene and emotional healing

01. Home fragrance application has become a fashion

Under the epidemic, people are spending more time at home and are becoming more concerned about the experience and feeling at home, and to create a comfortable and pleasant home environment, scent is an indispensable part. Scented candles, scented stones, scent diffusers and other home fragrances have the double characteristics of artistic aesthetics and good scents, and are effective in soothing the mood, eliminating odors and freshening the air, so home fragrances have become an advantageous category in the home economy.

02. China has a long history of incense

China has a long history of incense since ancient times, and the ancient Chinese have long understood that incense can be used for beauty, and the dispelling of pain, fatigue and depression. It has a deep connection with traditional Chinese culture, national sentiments and religious feelings, so it is easier to resonate with Chinese consumers emotionally.

03. Non-wearable fragrance has become a part of quality life

The new generation of consumers focus on the quality of life and life rituals. They have a higher pursuit for life and want to "live" rather than just "survive", and they improve their life quality with fine fragrances to comfort themselves.

5.4

Business strategy of non-wearable fragrance brands: experience, scene-based, artistic style



01.

THE BEAST

- creating a lifestyle

Founded in 2011, the brand upholds the concept of light luxury, and the target customers are "middle class". It takes floral art as the starting point, and has gradually expanded into home textiles, furniture, home decor, fragrance, jewelry and accessories, etc. In recent years, it has started to improve the layout of the fragrance business by expanding offline experience stores and launched its new concept home brand T-B-H (the beast home) in 2018. It has integrated the management of artistic home life themed product and brand into a more mature model.



02.

To Summer

- focusing on fragrance healing and healthy living

The brand entered the field of "home and personal care fragrance", and positioned itself as a "brand focusing on fragrance healing and healthy living". It initially stands out with stone fragrance, and then expands to scented candles, flameless fragrance, perfume etc, providing consumers who are looking forward to a refined life with an original fragrance experience based on Chinese culture. So far, it has opened several offline experience stores.



03.

Acqua di Parma

- Italian national treasure brand

With over a hundred-year history, Acqua di Parma has launched a series of fragrance products in addition to its representative perfume. The brand's representative color is warm bright yellow, and the candles are made of edible paraffin wax and soy wax using the ancient fragrance-making technique. Besides the regular candles in cups, there are also fragrances sticks and car fragrances, etc.



04.

Santa Maria Novella

- centuries of royalty's medicinal fragrances

A medicinal fragrance brand with the same name as the famous Italian church Santa Maria Novella and with a long history dating back to the 13th century, it has been customizing cosmetics, daily necessities and medicines for royalty and nobility, using superior materials and following the spirit of the old monks who made them. It adheres to the traditional production method by using only the most natural and highest quality ingredients. In the home collection, in addition to handmade candles, there are also its exclusive handmade natural wax sheets, floral scented clay pots and fragrance bags. Freesia, rose, lavender, red pomegranate and many other scents restore the natural and beautiful scents of the monastery's back garden.



05.

Diptyque

- the artist brand

It connects art and fragrance products closely together, with each fragrance having its own unique story, which is more like a work of art. Diptyque's product categories are not limited to just perfumes and scented candles, but also extend to body fragrances and car fragrances and the like. The brand insists on the use of precious natural ingredients and the combination with art, giving forth a unique scent different from ordinary fragrances.

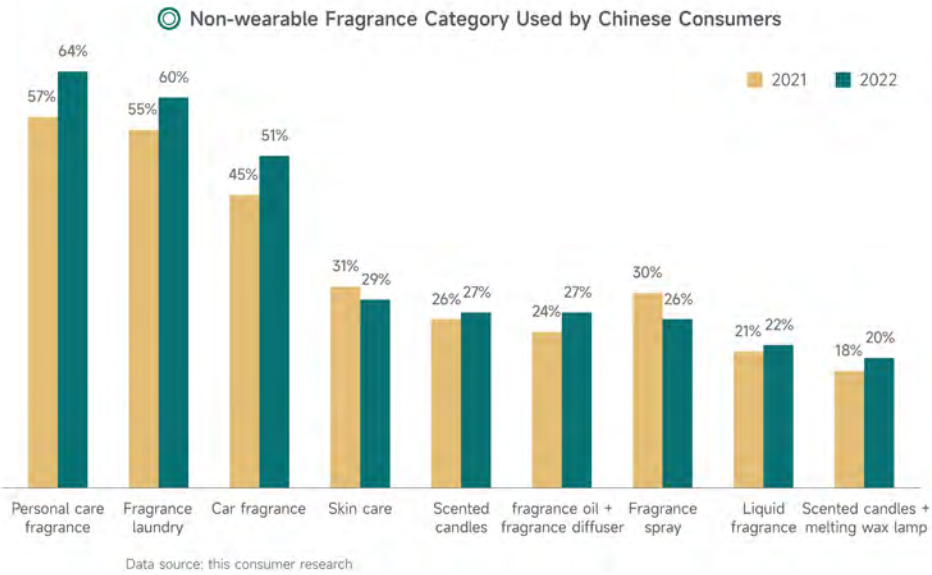


5.5

Strong demand for non-wearable fragrance consumption with rapid growth in category segmentation

01. More frequent to use non-wearable fragrance:

Compared to last year, consumers use more categories of non-wearable fragrances in 2022. More than half of perfume users say they are using other fragrance products other than bottled perfume, and more than 80% say they will definitely/may use non-wearable fragrance products in the future.



02. More varieties of products:

Among non-wearable fragrances, consumers still use personal care fragrance, fragrance laundry and car fragrance the most, while the more emerging categories such as scented candles, fragrance oil + fragrance diffuser/diffusion stone/diffusion sticks, liquid fragrance, scented candles + melting wax lamp have also been used more. Moreover, scented candles have risen to NO.4 in the ranking, indicating that the home scene has become the main driver for the development of the non-wearable fragrance market.



"I use more fragrance products, because I spend more time at home and will begin to dress myself. However, I cannot go out, so I won't apply makeup, but do more on skin care. When I stay at home, I want to smell good, so I will light a scented candle, or spray some perfume, and I'll be happy."

"I hope that the home smells good, because sometimes when I go to a mall, it smells very good, and will feel that it's very bland at home. Therefore, I want to make my home smell good with fragrance products."



03. More per capita spending on non-wearable fragrances:

Consumers spent RMB 1001-3000 on perfume and RMB 500 on non-wearable fragrances in the past year. Senior users and users of commercial and local fragrance brands spend more on non-wearable fragrances on average, for one thing, senior users have regular fragrance-applying habits, and for another, commercial and local brands generally have product lines in the non-wearable fragrance category.

Inspirations and Reflections

The thriving non-wearable fragrance market is driven by Chinese consumers' desire for "fragrance". Whether it is the pursuit of physical and mental healing, or the ritual of a refined life, whether active or passive, the ubiquitous "fragrance" has gradually become part of the lifestyle of the new generation of Chinese consumers. The spatiality and storytelling of scent itself has also given more possibilities for non-wearable fragrance products. Therefore, perfume brands that have a natural advantage in scent should consider expanding the non-wearable fragrance category to continue the exclusive concept.

At the same time, there are more and more products on the market with "fragrance" as a selling point, whether it's clothing-cleaning fragrance products, carry-on fragrance cards, fragrance stickers on masks, flameless fragrance or space fragrance at home, the sense of being of "fragrance" has become stronger and stronger. Affected by the epidemic, the longer time spent at home is a great good news for the home non-wearable fragrance track. The more and more players in the track and the increasing abundance of non-wearable fragrance products also prove that the non-wearable fragrance track has become another new blue ocean worth exploring after perfume.



EXPECTATIONS AND PROSPECTS

06 PART

Expectations and Prospects: Future Development of the Chinese Perfume Market



The "olfactory economy" is developing rapidly, and the "new aesthetics of fragrance" is rising

In 2021, China was the only major economy in the world that achieved positive growth; in the first half of 2022, despite the continued plague of recurring epidemics, coupled with intensifying global geopolitical conflicts and rising inflation risks which resulted in China's evident macroeconomic downward, but with a package of economic policies and measures, China is still expected to maintain real GDP growth by 4.3% in 2022.

In Dec. 2021, the China Association of Fragrance Flavour and Cosmetic Industries released the "Fourteenth Five-Year Plan" for the development of China's cosmetic industry, which mentions that "cosmetics are consumer goods that meet people's demand for beauty, and the cosmetic industry should take people's desire for a better life as the goal of the industry's development, continuously enhance the ability to meet consumer demands, expand domestic demands and explore potential, and strive to form a new dynamic balance between demand driving supply and supply creating demand on the basis of a unified domestic market.

Therefore, in spite of the multiple uncertainties, the Chinese perfume industry will remain on the fast track of development in the next five years, and will lead the global perfume market with a CAGR of up to 22.3%.



Consumers are getting more mature cognitively, "thousand people with thousand fragrances" help promote market segmentation, and "emotional healing" is worthy of attention

Chinese perfume consumers have become significantly more mature, with consumer groups like "taste and style masters" and "personality and novelty seekers" being more mature and having market appeal, accounting for a much higher proportion in the market. This provides a good opportunity for the diversification and segmentation of the Chinese perfume market, and more brands will have the opportunities for development.

The emotional value of perfume has received widespread attention from consumers, with differentiated personality demands evident. Perfume consumption has begun to shift from "brand-oriented" to "value-oriented", and personalized consumer mentality and more active fragrance options will become the trend of future perfume consumption.

Van Cleef & Arpels

HAUTE PARFUMERIE



As a result of the epidemic, consumers' concerns about naturalness and ingredients have shifted to the perfume industry, and "green" and "natural" will be important purchasing concerns for a long time to come. In the future, perfume concepts and products that fit the theme of green will continue to gain attention.

Meanwhile, perfume has begun to gradually penetrate into consumers' daily life. The increase of home scenes under the epidemic has made the emergence of scenes such as "wearing perfume at home/before bed" more frequent; home fragrances have also begun to grow rapidly, and consumers are using a more diverse range of sub-categories. Wearing fragrance will gradually normalize with Chinese consumers' pursuit of beauty, and the home non-wearable fragrance track based on new scenarios and new needs will continue to be popular in the future.



Market competition tends to be fiercer and brand growth is slowing down. There is a need to focus on stable long-term development

Influenced by "de-genderization" and "emotional healing", high-end unisex perfumes remain popular, with international commercial brands still dominating and salon brands growing significantly. In the future, as consumers become more mature and the Chinese perfume market gets more segmented, the overall perfume market will be further enhanced in terms of product quality. Whether it is a high-priced, middle-priced or low-priced product, consumers will pay more attention to product quality, so brands should strictly do a good job in quality control in order to keep a place in the fierce competition.

Although the combined market share of major international brands exceeds 30%, the head effect is weakening. The rapid rise of salon fragrance brand sales, the continuing good performance of local brands, as well as consumers' increasingly mature and diversified brand mindset will further unleash market potential, and market competition

will become more feverish; perfume brands should reduce irrational investment in pursuit of short-term scale growth, but increase investment to cope with long-term uncertainties and risks, and explore diversified business possibilities, so as to enhance their own risk resistance ability.

With the upgrade of Chinese perfume consumers, brands need to pay special attention to the construction and delivery of brand culture, enhance the value perception and strengthen the emotional connection with consumers. The market has proven that perfume brands can quickly attract consumers and convert them into loyal customers through creative product names, copywriting and packaging, creating emotional resonance and strengthening the relevance of the brand or product in specific scenarios, such as salon fragrance brands' creation of exclusive identity labels; in addition, they can also leverage creative co-branding to break the circle and attract customers outside the category.

What cannot be ignored is that Chinese perfume consumers are beginning to show a trend of preference for EDP and parfum fragrances. It needs continuous attention on how to meet the differentiated consumer demands by better polishing the products in terms of notes, extraction technology, ingredients, length of fragrance retention, etc.

Due to multiple uncertainties, "emotional healing" will become a key concern in perfume consumption in the next 1-2 years, and the product innovation (the addition of emotional healing factors) and fragrance trends (such as green and aquatic notes that bring a sense of security) associated with it is worth further exploration to meet the demands of consumers who seek a "sense of healing" through perfume.

With the help of intelligent technology, brands can not only locate consumers' personalized demands more scientifically and precisely, but also realize product creativity more swiftly. Meanwhile, under the wave of web3.0, technologies such as NFT/meta-universe/virtual idols are already supporting the perfume track, providing consumers with more virtual scenes for interactive experiences, but a breakthrough in core technology is still needed in the future to make perfume more closely connected with technology.



Data Description

[Data description of Euromonitor International]

The data in the report on China perfume market retail sales, China market high-end perfume retail sales, mass perfume retail sales, and high-end perfume market CAGR are from Euromonitor International and Beauty & Personal Care Database 2022 Edition. Data were extracted in Aug. 2022 according to the definitions of fragrance category; retail sales are calculated at retail prices, and inflation is included in the forecast data for 2022-2026.

Fragrance/Perfume: This category is an aggregation of mass and premium fragrances and perfume sets for men, women, and unisex groups. The differences between mass and premium fragrances are usually price, label, product positioning as well as distribution channels (mass fragrances rarely carry designer labels). It also includes hair perfumes whose primary function is to make hair smell good. Do not confuse this with hair oils and other styling/conditioning products with hair perfume, whose primary function is conditioning or styling rather than making hair smell good.

[Data description of non-wearable fragrances]

Definition of non-wearable fragrance category in the report: including spices, aromatherapy oil soaps, scented candles, aromatherapy essential oils, volatile liquid, fragrance cards, fragrance sticks, fragrance creams, fragrance sprays, fragrance powders, fragrance stoves, fragrance gift boxes, fragrance ornaments, fragrance diffusers, fragrance wax sheets, fragrance accessories, fragrance DIY materials/tools, fragrance powder containers, car fragrance, essential oils

(personal care aromatherapy), etc.

The market data of non-wearable fragrances in the report are from Market IDX(MMI), and the time span is the whole years from 2017 to 2021 and Apr. to Dec. in 2016. Alibaba-affiliated data mean sales data on Tmall and Taobao, and the categories include home fragrances, non-wearable fragrance items, car fragrances, essential oil aromatherapy, etc. The definition of JD data is sales data on JD, and the categories include essential oils, scented candles, home daily fragrances, car fragrances, etc.

[Description of business cases]

All business cases and related data in the report are based on publicly available information.

[Description of quotation]

The quotes of experts in the report are from Kantar's expert interviews. The quotes of consumers in the report are from the Kantar perfume consumer forum.

[Description of Kantar consumer data]

The consumer data for 2021 and 2022 provided by Kantar in the report come from two years of consumer research. The groups being analyzed are adults aged 18-45 from tier 1 to tier 3 cities, and they are all existing consumers who have purchased fragrances on their own and have been using them for at least 1 year.

The 2021 consumer data in the report come from the Eternal Group x Kantar "China Perfume Industry White Paper 2021".

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Johanna Monange
Founder of Maison 21G



Gian Luca Perris
CEO of Santa Maria Novella



Sarah Rotheram
CEO of Creed



Viola Wang
COO of Eternal Group China

Conclusion

With the growing maturity of Chinese perfume consumers, and more Gen Zers who have higher spending power starting to enter the workplace, Chinese perfume consumption culture is expected to be more profound. Wearing perfume is normalized while the desire for personalization is more prominent, which not only provides new brands and products with great room for development, but also places higher demands on the innovation and strategies of leading brands.

At the same time, with more new players in the industry, the Chinese perfume industry will face more intense competition while moving towards a golden period of coordinated development. Double efforts in diversified product concepts and innovations, integrated omni-channel experience and digital technology as well as the popularity of home fragrance in the post-epidemic era will certainly drive the Chinese perfume market towards a more mature direction.

