



# Exploring the Brazilian Fragrance Market: A View of Consumer Habits, Preferences and Technology

By Enilce Maurano Oetterer

## Part I:

### Understanding the Consumer Pull

In a country replete with plant life, as Brazil is, if we think about our experiences with fragrances, we quickly associate them, in the broadest sense, to the smells, which remind us of our early olfactive experiences. Such experiences bring back good feelings of the pleasant odor of certain flowers and fruits, these memories of our first contacts with botanical herbs and many other scents remind us of our childhood.

The first perceptions of smells, even without identification, have been tucked away in our brains. They often open a path to give way of way to our curiosity and perceptions that are associated with unforgettable memories.

Thus, in a very marked way, fragrances generate olfactory memories, arising from our habits and customs, associated with olfactive sensations such, as individual experiences or societal of cultural pleasantness associated with a region or a country.

In this context, this article aims to explore the Brazilian market for the perfume industry. It also explores marketing and technical approaches as well as themes involving within the society, a region and country.

### Brazilian Economic Scenario – Chemical industry

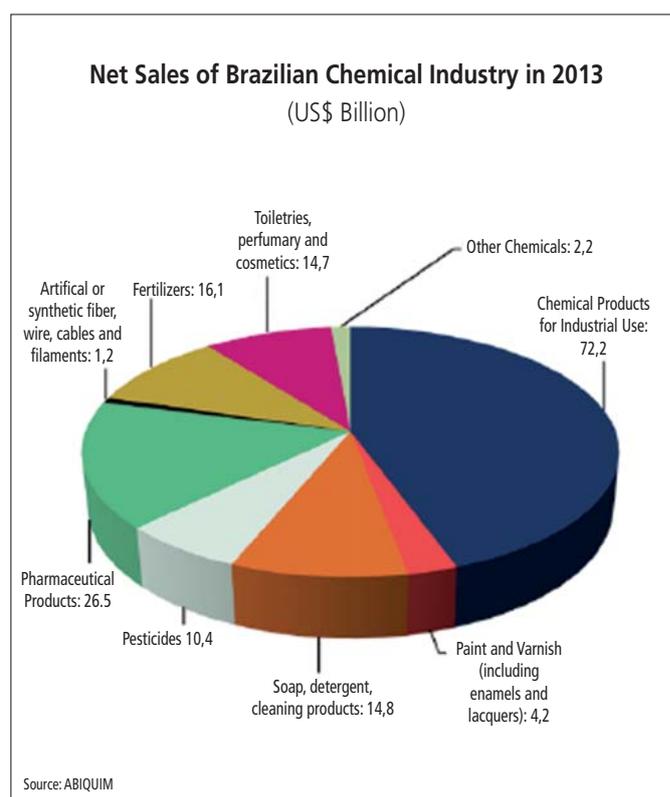
A few years ago, the UN (United Nations), approved a new international classification for the Chemical industry, including it in the Revision No. 3, of ISIC (International Standard Industry Classification) and recently in Revision 4.

In Brazil, the Brazilian Institute of Geography and Statistics - IBGE, with the support of ABIQUIM (Brazilian Association of Chemical Industry) has defined, based on the criteria approved by the UN, a new Classification of National Economic Activities (CNAE) and promoted the framework of all chemicals in this classification.

During 2006, the IBGE redefined whole structure of CNAE adapting it to the ISIC Revision # 4. Upon completion of this review, the segments comprising the activities of the chemical industry began to be addressed in Divisions 20 and 21 of CNAE 2.0. These segments became valid from a regulatory view in January 2007, and the Cosmetics and Fragrance segment corresponds to the following economic activity code:

20.6 MANUFACTURE OF SOAPS, DETERGENT, CLEANING PRODUCTS, COSMETICS, PERFUMERY AND TOILETRIES, more specifically 20.63-1 Manufacture of cosmetics, perfumery and personal care.

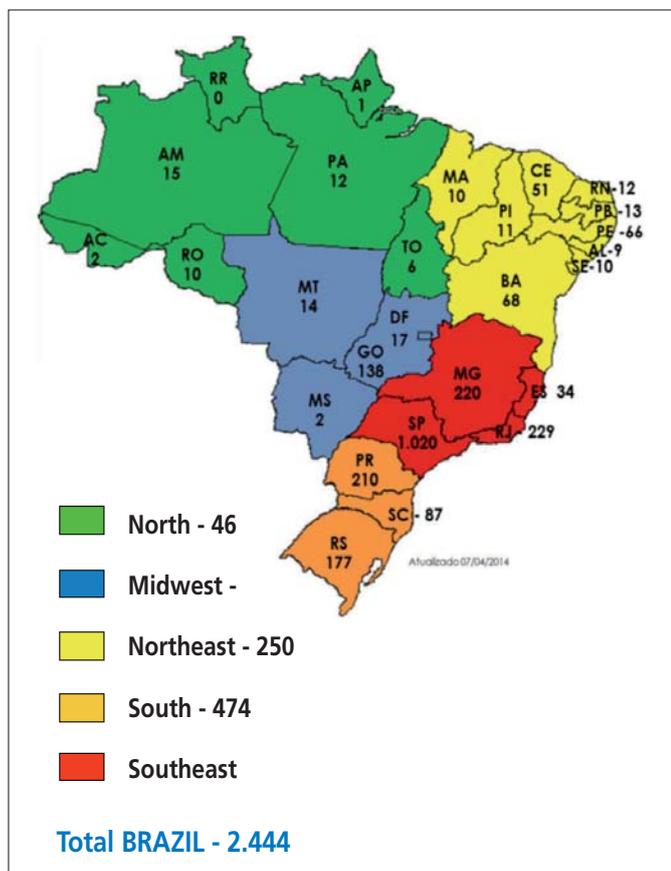
The National Classification of Economic Activities (CNAE) can be correlated with the Mercosur Common Nomenclature (NCM), which is based on the System Harmonized (SH)<sup>1</sup>.



## Market Overview – Toiletries Perfumery and Cosmetics

According to the Brazilian Agency for Industrial Development (ABDI) and the Brazilian Association of Cosmetic, Toiletry and Fragrance Industry (ABIHPEC)<sup>2)</sup>:

There are currently 2,444 companies operating in the Brazilian market for cosmetic and personal care and 20 large companies with revenue net of taxes over \$100 million representing 73.0% of total revenue. The companies are distributed by region/state as follows:



The northern region, with 46 companies grew by 77%; the Midwest, with 171 companies, grew 163% in the period with emphasis on the state of Goiás, with 138 companies, and 171% growth; the Northeast with 250 companies, grew 169% with especially Bahia, with 68 companies, and growth of 386%. In the same period, the Southeast region with 1503 grew by 56% and 69% in the South

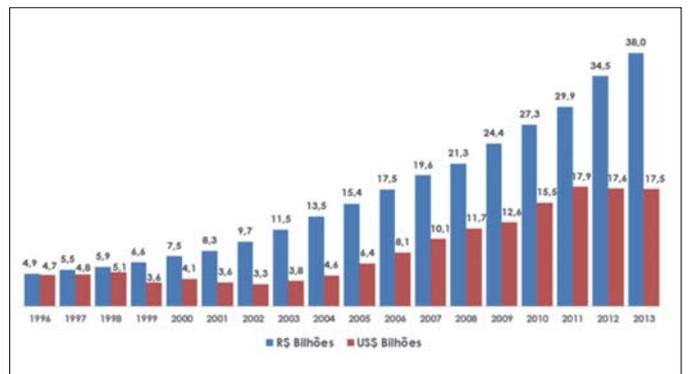
According to the Brazilian Industry Toiletry, Perfumery and Cosmetics, Brazil accounts for 9% of the world consumption of Hygienic Products, Perfumery and Cosmetics, (HPPC) and 54% in Latin America. Brazil is also the largest consumer market for deodorants and fragrances; the second largest market for products in bath, hair care, hair depilatory, children, male and sun protection<sup>3)</sup> global

	2013			
	Perfumery and Cosmetics	U.S. \$ Billion	Growth 2012 X 2013 %	Share %
Hygienic Products		(retail price)		
World		454,1	1,7	
1 United States		73,3	1,8	16,1
2 China		44,2	10,8	9,7
3 Brazil		43,0	2,7	9,5
4 Japan		39,1	-17,7	8,6
5 Germany		19,1	5,2	4,2
6 United Kingdom		16,9	1,0	3,7
7 France		16,8	4,2	3,7
8 Russia		14,2	0,1	3,1
9 Italy		12,2	2,3	2,7
10 Mexico		10,8	8,1	2,4
Top Ten		289,5	0,4	63,7

In 2013 Brazil has kept the position and the title of third largest consumer market in the world. (\$ 43 billion retail sales) according to data from the Euromonitor Institute.

markets; third in makeup oral hygiene & nails care; and the fifth largest market in the Skin care category.

The Brazilian Industry Toiletry, Perfumery and Cosmetics (HPPC) began in 2014 with expected superior performance of the 2013



The Brazilian Industry of Personal Care, Perfumery and Cosmetics, showed an average compound growth deflated near 10% per year over the past 18 years, having spent a net revenue "Ex-Factory" sales tax, of US \$ 4.7 billion in 1996 to US\$ 17.5 billion in 2013.

The sector of Hygiene Personal, Perfumery and Cosmetics Perfumery and Cosmetics (CT&F- Cosmetics Toiletries & Fragrances) has grown vigorously: 9.8% p.a. average growth in the sector against 3.0% of GDP, and 2.2% p.a. of total general industry.

As mentioned previously, the Brazilian Fragrance Market is number 1 for scents in the world, with annual sales of about \$7 billion.

Brazil accounts for more than 15% of global fragrance sales and in Latin America, the Brazilian market represents 56% by value; followed by Argentina and Mexico in the past five years. Brazilian fragrance sales rose 67.8% while Latin American sales increased 58.5%, according to Euromonitor<sup>3)</sup>.

The strong growth observed has been supported by many factors. These include, but are not limited to: rising disposable income levels, advertising campaigns during seasonal events and the shift in consumption from low-concentration mass fragrances (widely used in the northeast region in Brazil) to mid-price or better quality fragrances.

**Value sales of fragrances are expected to rise at a compound annual growth rate of 5% (at constant 2013 prices) over the forecast period. Despite the fact that Brazil is already number one in terms of volume per capita in the world it is expected to continue increasing over the review period.**

## Brazilian Habits and Preferences

To discuss the many different habits of the Brazilian people, it is necessary to understand and consider the following facts:

**Immigration:** The Brazilian population was formed originally by the union of its indigenous habitants and the millions of immigrants who arrived over five hundred years, among them the Africans, Portuguese, Italians, Spanishes, Japaneses, Germans, Arabians, and many others, from the earliest time to nowadays.

**The climate conditions:** the Brazilian territory, with its diversity of landforms, altitude and dynamic currents and air masses, enable a great diversity of climates in Brazil.

Crossed in the north by the Equator and south by the Tropic of Capricorn, Brazil is situated in most of its territory, in areas of low latitudes called inter-tropical- zones which have prevailing hot and humid climates, with average temperatures of 200 Celsius Degrees (700 Degrees Fahrenheit).

**The economic potential of the different Brazilian region:** As to the regional distribution of the population, the Southeast, North-east and South have remained as the regions with the highest percentages (42.13%, 27.83% and 14.36% of the overall population, respectively), whereas the North and Central-West regions registered the highest rates of population growth. The historic standards of regional cultural differences have remained the same over the long time period.

However, an analysis of the socioeconomic indicators has uncovered the emergence of the Central-West region., as one differing in the needs for personal care and fragrances products, since the cultural habit of this region is that Brazilians living in this region use considerably higher amount of fragrances than the rest of the country, since it a cultural habit due to the fact of the Brazilians have a strong cultural habit of using fragrances. This is particularly true, in the north and northeast regions of the country, with frequency of use up to three times per day!<sup>4)</sup> Euromonitor.

The most popular habits of using fragrances: Brazilians have a usual habit of bathing twice a day, and the refreshing feeling obtained is desirable and makes all the difference. The use of perfumes, splahs or colognes is part of the routine, after showering.

## Highlights about the Most Important Brazilian Brands

**Brazilians use, on average, three times more fragrances by volume than consumers in the U.S., the next most valuable market.** The fragrance has a decisive factor when buying cosmetics, especially in perfumes and deodorants.

- As a whole, two national brands control 60% of the market share,
  - Boticario and Natura.

### Leading Companies in the Market:

- O Boticário is leader in the perfumery. Euromonitor<sup>5)</sup>
- Natura
- Avon
- Coty
- Jequití
- L'Oreal
- LVMV - Louis Vitton, Cristian Dior, Givanchy, Kenzo
- P&G - Dolce & Gabana, Hugo Boss, Seiva de Alfazema
- Puig Brasil
- Suissa

### Olfactive Trends:

Lavender, Herbal, Citric, Fougere, Floral, Fruit, oriental Gourmand, Sensuality: Vanilla, Tonka Bean, Almonds, Chocolate.

### Trends:

One important movement in mass fragrances was the re-launch of classics containing new scents - which are fragrances based on a successful formulation, but with a new note or two added in. This approach has reflected in positive sales for this category.

## Part II:

### The Technical Push: A Focus on Developing Perfume formulations

Consumer Pull requires an appropriate Technical Push. In its broadest sense, the definition of a perfume is a pleasant emanation to smell, which emanates from certain aromatic substances with odorous properties. Its name derives from the Latin *per fumum* or *pro fumum*, meaning "through smoke".

Subjective in nature, the scent acts on cognitive psychophysiological sensations of the human being. This definition was first described

Nuremberg, Germany

11 - 14.2.2015

For trade  
visitors only  
Zutritt nur  
für Fachbesucher

# VIVANESS2015

into natural beauty

International Trade Fair for Natural Personal Care  
Internationale Fachmesse für Naturkosmetik

in the work of French chemist Rene-Maurice Gattefossé, who began the study of modern Aromatherapy.

Odoriferous substances are characterized by their odor, aromatic compositions, fragrances or bouquets. They are inserted and exude, in different forms and categories of cosmetic and personal care products such as creams and lotions, soaps, shampoos, deodorants, and particularly in perfumes. These substances are employed in various concentrations, which, in the commercial market are variously known as extracts, colognes, splashes and other products.

In the Cosmetic and Perfumery Dimension, the fragrances are mixtures of various aromatic compositions which have the ability to exude scents that are interpreted by the brain as a "smell". Based on their olfactory characteristics and selection, the fragrances add a major contribution to the appeal of personal care products and perfume composition. With such a significant impact the fragrance(s) indeed qualify as adding significant value to the constituent elements of a formula, leading to achieving optimal results relative to the consumer's acceptance.

## AROMATIC SUBSTANCES

Due to their complexity, and from a more practical point of view, we consider aromatic substances, compounds having flavor or odor. These characteristics depend on the source:

### - PHYSICAL AND CHEMICAL

- Scent: They have great potential for flavoring;
- Vaporization: evaporate at different rates under normal conditions of temperature and pressure, altering the content of an active composition;
- Solubility: They have lipophilic characteristics enabling solubility in oils, fats and alcohol. Some have surfactant water-insoluble lipophilic characteristics;
- Sensibility to photosynthesis: Essential oils have reactions to light, changing its color in constant presence of light;
- Instability: They are susceptible to oxidation reactions and heat;
- Volatility: They are highly volatile in steam's currents .

### - LEVELS OF VOLATILITY:

This last property associated with evaporation is responsible for the quality and the yield of perfumes, relating to Phases of Olfactory Perception as described below.

### - TOP NOTES:

These are the first impression perceived when the bottle has been opened and we smell a perfume. They are composed of VOLATILE products with high vapor pressure. At this phase it is felt the Potency and Intensity of the perfume.

## CERTIFIED QUALITY. SUSTAINABLE BEAUTY.

The latest products, the most unusual ideas and the most important international trends. At Novelties, the top place to go for tomorrow's natural cosmetics – vegan too, the trend category for 2015. Refreshingly different: young labels and new brands at Breeze. Where? Naturally at VIVANESS.

## KONTROLLIERTE QUALITÄT. NACHHALTIG SCHÖN.

Die neuesten Produkte, die ausgefallensten Ideen und die wichtigsten internationalen Trends. Bei Novelties, der ersten Adresse für die Naturkosmetik von morgen – auch in der Trendkategorie 2015 Vegan. Erfrischend anders: Junge Labels und neue Marken bei Breeze. Wo? Natürlich auf der VIVANESS.

[VIVANESS.COM](http://VIVANESS.COM)

SAVE THE DATE  
DIRECTLY IN YOUR DIARY  
TRAGEN SIE DEN TERMIN  
DIREKT IN IHREN KALENDER EIN.



### ORGANIZER / VERANSTALTER

NürnbergMesse GmbH  
Tel +49 (0) 9 11.86 06-49 09  
Fax +49 (0) 9 11.86 06-49 08  
[visitorservice@nuernbergmesse.de](mailto:visitorservice@nuernbergmesse.de)

**- BODY or MIDDLE NOTES:**

These provide the main fragrance theme; an intermediate phase that defines the scent and tenacity of the perfume. The high and lower level of volatilization allows their Diffusion into the atmosphere.

**- BASE NOTES:**

This is the residual phase that remains after a prolonged evaporation of the fragrance. It consists of very low volatility products, responsible for the fixation, producing a continuity of the scent and prolonging odor life. The ingredients used are often referred to as fixatives.

Thus, the **POTENCY**, **DIFFUSION** and **FIXATION** are the elements that define the category of a good perfume, noting that t/hey must be harmoniously distributed and balanced<sup>6)</sup>.

## Developing of perfume

The creation of the fragrance through the art of the perfumer often demands combinations of several ingredients that customize and characterize the different and sophisticated perfumes. In developing perfumes, we resort to the selection of fragrance that is provided by the manufacturer (i.e. the fragrance houses).

We restrict the current discussion here to the preparation of alcoholic solutions, according to the range of concentration of fragrance used in each product, not detailing the use of other possible ingredients as antioxidants, solubilizers, emollients, UV filter out colors in the formula, as following:

FRAGRANCE	PRODUCTS	%
Concentrated extract -	(parfum)	25% to 40%
Extract -	(eau de parfum),	15% to 25%
Toilette Water -	(eau de toilette)	10% to 15%
Cologne -	(eau de cologne)	5% to 10%
Water Splash -	(eau de splash)	2% to 5%

The percentages of fragrances to be applied depend on the solubilization of them, the potential of flavoring, fixation, volatility, diffusion; the results of quality control tests, as well as the origin, the cost and types of products to be developed.

The categories of products versus their percentages of fragrances, generally follow a universal classification. However, these may vary according to the quality of the aromatic compositions, the production processes of manufacturers, different consumer markets and their consumer habits.

## Conclusions

The successful development of fragrances and perfumes is built on a complex integration of consumer needs, available sources of appropriate botanicals, extraction technology, knowledge of the impact of mother nature on appropriate plants as they are affected by climatic variations and more. Brazil represents a rapidly growing market for sources and uses of these complex organic molecules. This article touches on some of the key elements of the complex cultural mixture and needs of various intermixed nationalities- each having their special needs and all impacted by the high temperatures of the region which result in much larger usage of such products than required in the rest of the world. Brazil is an ideal market and resource for the Next Big Fragrance Market.

## References:

- 1) <http://www.abiquim.org.br/>
- 2) <http://www.abibpec.com.br>
- 3) [http://www.bappi.com/issues/2014-06-02/view\\_latin-america-news/why-brazils-still-on-top-of-the-fragrance-world/](http://www.bappi.com/issues/2014-06-02/view_latin-america-news/why-brazils-still-on-top-of-the-fragrance-world/)
- 4) <http://www.euromonitor.com/fragrances-in-brazil/report>
- 5) *Euromonitor*
- 6) *PERFUME - THE ART AND SCIENCE OF SCENT - CATHY NEW MAN*



**Enilce Maurano Oetterer**

holds a Chemical Engineering Degree with MBA in Executive Business Management in the field of Administration and Innovation areas, with extension at the Business Innovation Seminar - Berkeley University - California USA and Macroeconomic Risk Management at Emergent Markets Seminar - Columbia University/

SIPA School of International and Public Affairs. - New York USA (2010). Her Career has included work with national and international companies in the cosmetics and fragrances segment as well as with distributors of cosmetic ingredients. She is currently director of ENCOSMETICA Consultancy Ltda.

Contact: [enilce@encosmetica.com.br](mailto:enilce@encosmetica.com.br)