

# EXCEPTION FRAGRANCE

## EXECUTIVE SUMMARY

OCTOBER 2023



L'ORÉAL  
LUXE



# WHAT IS THE **NEW EXCEPTION CONTRACT** ?

BASED ON THE ANALYSIS OF **12 BUSINESS SUCCESS STORIES**



WITH INSIGHTS COMING FROM OUR **MOST EXPERT SOURCES**

Social Media Listening

Perfumer Interviews

Fragrance Expert Consulting

CMI Market Data

# OUR STARTING POINT SET

12 SKUs	Sell-Out (source: NPD ; FY 2022)
Baccarat Rouge 540 – Maison Francis Kurkdjian	121M
Aventus - Creed	79M
Oud Wood – Tom Ford	46M
Lazy Sunday Mornings – Maison Margiela	32M
Delina – Parfums de Marly	29M
Santal 33 – Le Labo	6M
Coveted Duchess Rose – Penhaligon's	5M
Erba Pura - Xerjoff	3.4M
Rose of no man's land - Byredo	2.5M
La fille de Berlin – Serge Lutens	1.1M
Bois d'Argent - Dior	0.2M
Gris Dior - Dior	0.1M

# KEY TAKEAWAYS

## 01 | EXCEPTION IS THE ELDORADO OF THE FRAGRANCE CATEGORY

- **7.5 billion sell-out** value in 2022 with biggest growth of **+29%** vs LY among fragrance categories
- Growth expected to outpace prestige in the next 5 yrs (+13% vs +8% WW)
- Supported by the US (26% SOM), W.Europe (24%) & Asia (20%)
- L'Oréal Luxe is ranked #3 after Lauder Group and LVMH
- Mainly Gen Y/Gen X consumers, but Gen Z is booming especially in China (17% vs 10% in the US and 8% in France)






## 02 | THE DYNAMICS IS SUPPORTED BY A DUAL TARGET WHO STRETCHES THE MARKET...

1. **Expert consumers:** native target who seek excellence and avant-garde scents
2. **Newcomers:** who mainly associate their exception fragrance as an extra fashion item to code their identity

→ Two paths are therefore offered to Exception players

## BUT BOTH ARE DRIVEN BY A COMMON INTANGIBLE MOTIVATION: ELEVATION & DISTINCTION

The desire of **elevation** manifests differently depending on the country/zone and the target.

- Elevation through **UNIQUENESS**     
EXPERT TARGET
- Elevation through **STATUS**     
NEWCOMERS
- Elevation through **COMPLIMENTS**     
NEWCOMERS

## 03 | AND A VERY TANGIBLE ONE: A ONE-OF-A-KIND JUICE

- The juice is the entry point to the category
- Top level technique is a must-have
- For perfumers, the genesis of an exception juice must come from a strong original inspiration (a memory, a place, a sensation) that will be easily identifiable in the final product. **Few mods, simple story, true to the artistic pulse** that first triggered the desire of creating a perfume.

## 04 | SOPHISTICATED NARRATIVES ARE ALSO EXPECTED TO PROVIDE DREAM

- While Prestige meets the need of archetyped incarnation, Exception fulfills a **broader desire of imaginaire**.
- Conceptual brands do 50% of the business while they have 1/3 share of offer.

## 05 | VIRALITY IS A NECESSARY BUT NOT SUFFICIENT SUCCESS BOOSTER

- Virality is here to **strengthen an already exceptional proposition** : killer juice + aspirational mix

## 06 | HOWEVER, POS EXPERIENCE KEEPS LAGGING BEHIND ALTHOUGH IT IS KEY FOR PERFUME DISCOVERY

- Consumers highly value the in-store experience as it provides them with advice, knowledge, and the feeling of being 'special'

## 07 | NO ONE SIZE FITS ALL RECIPE. EACH SUCCESS HAS ITS OWN MAGICAL, IMPONDERABLE DREAM FACTOR.

- **Artistic creation** at the heart of the mix
- A different **notion of time** vs prestige that allows magic to happen

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# EXCEPTION FRAGRANCE IS THE NEW ELDORADO OF THE FRAGRANCE CATEGORY

## SELL-OUT

**7.5 B €**

In 2022

**17%**

of total fragrance market

**+29%**

of growth vs 2021 (vs. 19% Prestige, 16% Access Luxury)

**+13%**

of growth expected in the next 5 years (vs. 8% Prestige)

## GEOGRAPHY

**N.America**

**26%**

(+25%)

**W.Europe**

**24%**

(+29%)

**N.Asia**

**20%**

(+20%)

! S. ASIA 4% + 38%

**Travel Retail**

**16%**

(+67%)

## SEGMENTATION

**#1 Pure Players**

**58% SOB WW**

(vs. 69% in China)

#1 Jo Malone

#3 Diptyque

**#2 Couture Brands**

**30% SOB WW**

#1 Tom Ford

**#3 Perfumer Brands**

**10% SOB WW**

**#4 Beauty Brands**

**2% SOB WW**

## SHARE OF MARKET

**#3 L'ORÉAL**

**LUXE 8.4%**

(#1 Lauder Group and #2 LVMH)

**#7 MAISON**

**MARGIELA**

(driven by **Lazy Sunday Morning** w/ +74% of growth)

**#13 ARMANI**

**PRIVÉ**

(W/ +73% of growth)

**#22 ATELIER**

**COLOGNE**

(W/ -29% decrease)

## DEMOGRAPHICS

**MAINLY GEN Y & GEN X**

(~180 dollars for a bottle)

**GEN Z ON THE RISE**

(especially in China: 17% vs. 10% in the U.S. vs. 8% in France)

**PRICE POINT IS NOT AN ISSUE**

(60% of purchase are gift to myself driven)

# 2 THE DYNAMICS IS SUPPORTED BY A DUAL TARGET WHO STRETCHES THE MARKET

## 1. THE EXPERTS FRAGRANCE DRIVEN

- they expect confidentiality, avant-garde scent, technique, olfactory surprise, originality



FRAGRANCE  
COLLECTORS &  
EXPERTS



AVANT-GARDE  
SCENT  
CONNOISSEUR

EXPERT ADVOCACY

+

Media activation

+

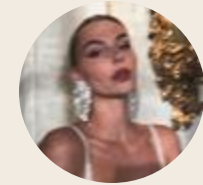
Celebrity/KOL endorsement

## 2. THE NEWCOMERS STATUS DRIVEN

- they are status driven and look for buzzy perfumes



LUXURY  
SOPHISTICATION  
LOVERS



IRRESISTIBLE  
ENCHANTERS

In charge of

**DISCOVERY & EXPERT VALIDATION**

In charge of

**ENHANCED VIRALITY & MASSIVE APPROVAL**



Once a reference/brand has been taken over by newcomers, Experts are most likely to abandon it in order to continue their perfume journey somewhere more confidential



**+ BUT BOTH TARGETS ARE DRIVEN BY A COMMON INTANGIBLE MOTIVATION: ELEVATION**

3 MAJOR WAYS TO SEEK

**ELEVATION & DISTINCTION**

Through  
**UNIQUENESS**



Linked to **confidentiality** and the feeling of wearing something **unique & refined**



EXPERTS  
AVANT-GARDE  
CONOISSEURS

Through  
**COMPLIMENTS**



**45%** of American consumers say they expect their exception fragrance to trigger compliments. Compliments often imply **seduction** power.



IRRESISTIBLE  
ENCHANTERS

Through  
**STATUS**



 : wearing Exception means that you have **education & knowledge**.

 : highly linked to the “**smell rich**” trend that suggests social achievement



LUXURY  
LOVERS  
AVANT-GARDE  
CONOISSEURS

# 3 A ONE-OF-A-KIND JUICE IS HOWEVER THE COMMON TANGIBLE ASPIRATION FOR ALL TARGETS

## THE JUICE IS THE ENTRY POINT TO THE CATEGORY

**30%**

of the conversation on social media are about scent profiles and notes

**29%**

Of the virality is based on scent profiles

## EXPERT CONSUMERS LOOK FOR

- Signature scents
- Unusual note combination
- Precious ingredients
- Technical performance
- Olfactive accidents

## NEWCOMER CONSUMERS LOOK FOR


- An “It-bag” scent : luxury, statutory but still safe choice.





# PERFUMERS TELL US WHAT MAKES A JUICE AN EXCEPTION SCENT

## What are the characteristics to create a Killer Juice ?

- All 12 perfumes of our selection convey an **immediate message**: simple and qualitative olfactory message. The scent can ever be "raw" : close to an accord (Baccarat Rouge and Santal 33) 
- A strong "partis pris", often an ingredient played in overdose that creates an **olfactive incident**
- **Follow one direction** (a memory, ingredient, emotions...) and keep this red thread along the whole process.
- Since exception allows the **deconstruction of the classic pyramid** top-heart-bottom, there isn't always an immediate crush (vs prestige). Time must be given to **skin revelation**. The crush will sometime only appear at heart or/and bottom.

## Different segments do not follow the same creative process

**Pure player brands**: can be more polarizing, less consensual, pure, extreme, radical, even non identifiable to something already existing.

**Couture brands**: more multi-layered and complex, with powerful notes, premium scents but less radical



## MAJOR INSIGHT

Just like ready-to-wear is designed to meet most consumers' taste and expectations, prestige is designed to trigger immediate crush and massive approval. On the other hand, **exception is to fragrance what couture is to fashion**: the consumer comes here to be offered **a vision, result of a creative pulse**.

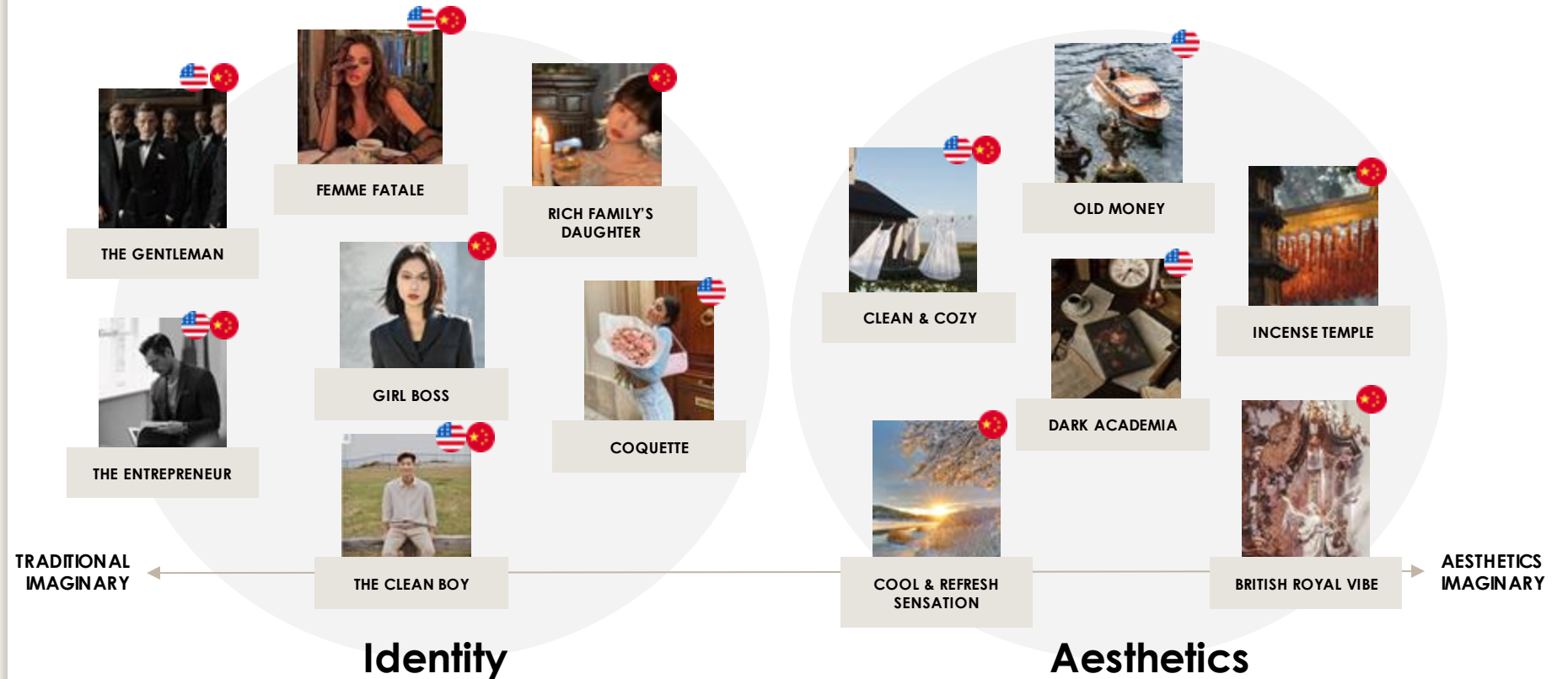
# 4 SOPHISTICATED NARRATIVES ARE ALSO EXPECTED TO PROVIDE DREAM

CONCEPTUAL BRANDS DO BETTER IN TERMS OF BUSINESS THAN INGREDIENT BASED ONES:

1/3  
Of the offer

50%  
of the business

EMOTIONAL TERRITORIES ARE BOTH IDENTITY AND AESTHETICS DRIVEN:



## MAJOR INSIGHT

While prestige meets the need of an archetyped incarnation, exception fulfills a broader desire of imaginaire.