



Passport

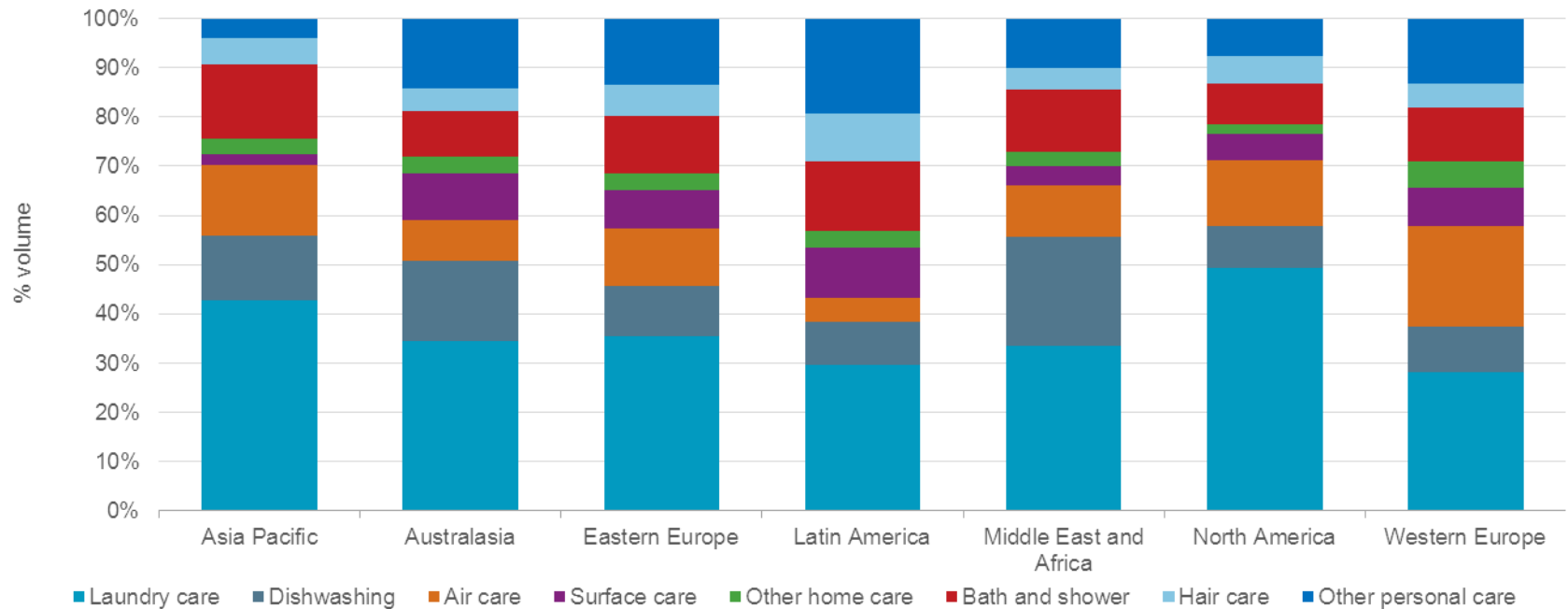
FRAGRANCES: LOOKING BEYOND THE SCENT

January 2012

Laundry care applications lead fragrance use

- Laundry care is the largest single category for fragrance usage in all regions, with a particularly high share in North America, of almost 50% of volume. Other regions see shares ranging from 28% (Western Europe) to 42% (Asia Pacific). Air care is ranked second in Western Europe and North America, while dishwashing takes the second largest share in the Middle East and Africa, and Australasia. Bath and shower products represent the second most important fragrance application in both Asia Pacific and Latin America.

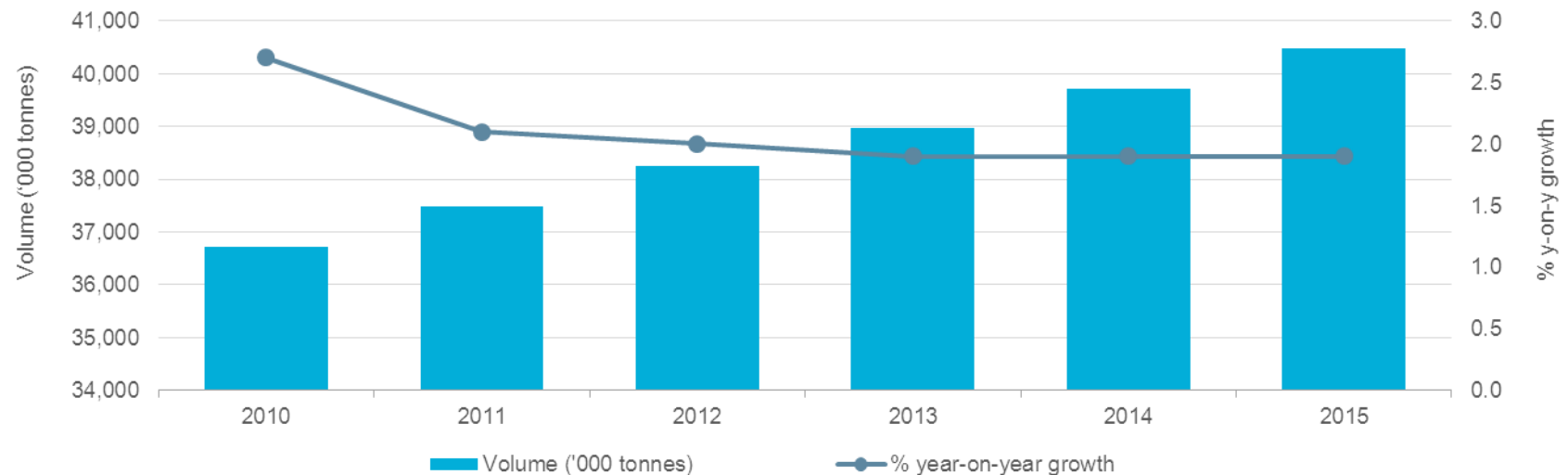
Fragrances: Regional Volume by Category 2010



Moderate growth for bath and shower, but great diversity

- Usage of fragrances in the bath and shower category totalled 36,717 tonnes in 2010, equating to 13% of total fragrance volumes. This is forecast to increase at a CAGR of 2% to 40,480 tonnes in 2015.
- Overall, fragrance use in bath and shower is increasing at a slower rate than in the total beauty and personal care market (3% CAGR over 2010-2015) but this is due mainly to slower overall volume growth in finished products and does not reflect the variety of fragrance being used by this market, which is far more diverse and adventurous than in most other personal care categories.
- The strongest growth in bath and shower products is coming from developing markets, particularly those in Latin America and the Middle East and Africa. Despite static or declining sales in certain categories, the developed world is still seeing growth in fragrances for liquid soaps and body wash/shower gel products.

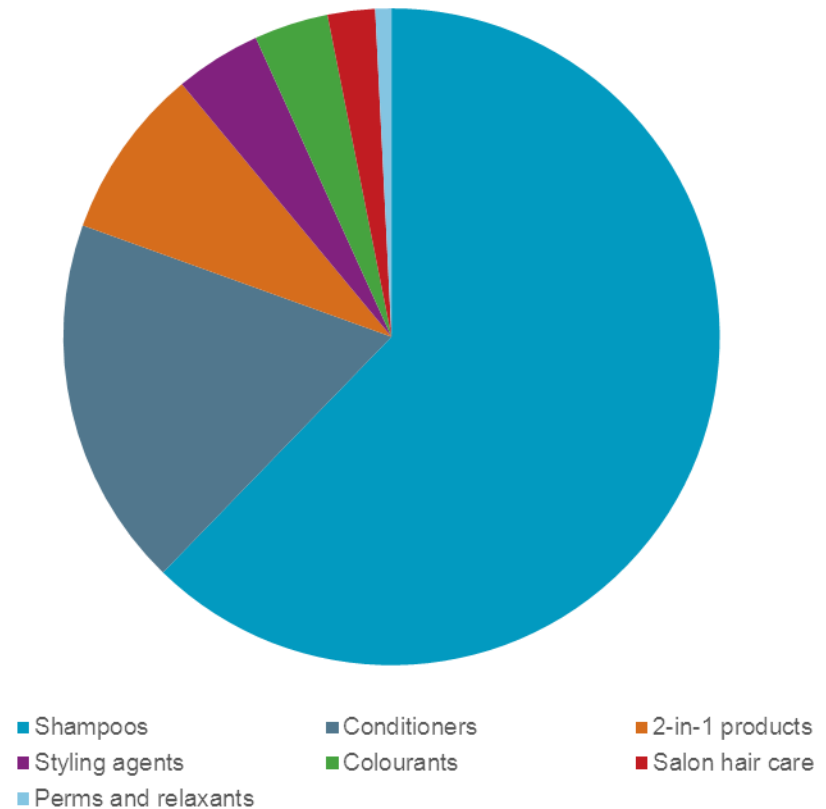
Fragrances in Bath and Shower: Global Market Volume 2010-2015



Shampoos drive fragrance development

- Shampoo is the single most important category for hair care fragrances, accounting for over 62% of 2010 usage in 2010, ahead of conditioners and 2-in-1 products,
- In terms of expected growth, colourants will lead the way, with a forecast CAGR of 4% over 2010-2015. This is indicative of the rising interest in DIY hair care in developed markets.
- However, shampoo will drive absolute volume growth with a highly respectable CAGR of 3% over the same period, while other important growth categories are conditioners (CAGR 3%) and salon hair care (CAGR 2%).
- Continued growth for fragrances in the more mainstream shampoo and conditioners markets reflects rising awareness and usage of more sophisticated hair care products in the developing world.

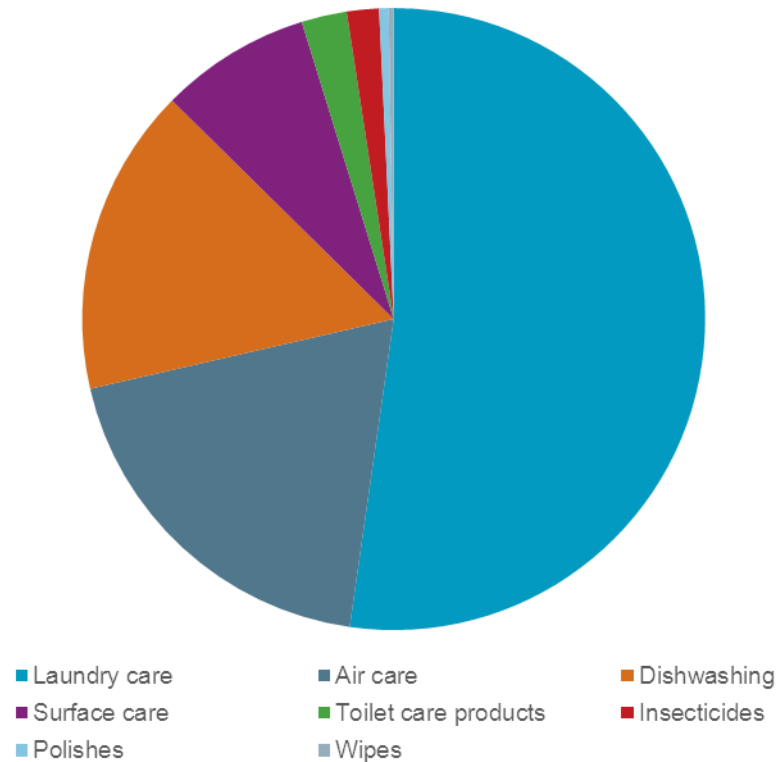
Fragrances in Hair Care: Volume Sales by Category
2010
(% volume)



Top four categories will drive innovation

- Laundry care is the single most important home care category for fragrance, accounting for over 52% of volume, ahead of air care and dishwashing.
- The fastest forecast growth over 2010-2015 will, however, come from one of the smaller sectors, insecticides (CAGR of 5%). Other sectors growing ahead of the category average will be dishwashing (3%), laundry care (3%) and toilet care products (2%). Overall, though, laundry care will drive actual volume growth in tonnage.
- More functional categories, such as insecticides, toilet care, polishes and wipes are unlikely to see as much fragrance innovation as areas like laundry, air care and dishwashing, so these latter categories will remain the core focus for fragrance developers.

Fragrances in Home Care: Volume Sales by Category 2010
(% volume)



Top four markets take over 90% of fragrance volume in all regions

- Laundry care leads the way in fragrance use in most regions, ahead of either air care or dishwashing. The exception is Latin America, where surface care takes second place, while polishes are also relatively strong in this region, reflecting more traditional home cleaning methods. In contrast, wipes tend to be more established in developed regions, where consumers have a greater choice of cleaning materials. Unsurprisingly, insecticides feature more prominently in hotter climates, including Asia Pacific, Latin America and Australasia.

Fragrances in Home Care: Regional Volume by Category 2010

