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Middle East • Jewellery Report • Fragrances

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FRONTIER

Blanking it out

After putting provisions in place to ban cigarettes on display from as early as April 2012 for large stores, the UK government has announced another measure aimed at curtailing cigarette sales. The proposal is to look into the possible benefits of forcing tobacco companies to sell cigarettes in blank packets, with no logo and no distinguishing colours or markings.

This is the latest step in what some could view as a crusade against tobacco companies, and it is not quite clear what the British government's aim is in the long-term. After all, cigarettes are a perfectly legal product and individuals should be allowed to pursue what is an adult activity without being stigmatised or feeling that they are doing something morally reprehensible. If they really do think smoking is morally reprehensible, then governments should perhaps outlaw it rather than look into ways to curb it whilst still raking in billions of pounds' worth of taxes.

There are many factors that can contribute to someone taking up smoking, and governments' desire to protect the young is understandable. However, forcing tobacco companies to remove branding from packets does not seem to be the way to go – and for several reasons.

Firstly, it would be an attack on intellectual property rights. Brands are valuable and expensive to build and maintain, and they belong to the companies and individuals that created them. Telling tobacco companies to remove branding from packets would be tantamount to expropriating them. Not the type of activity we would expect to see in a democratic environment.

Secondly, the ones who stand to benefit most from the removal of branding on cigarette packs are counterfeiters and smugglers. It will indeed be much easier for them to produce blank packets than having to painstakingly match fonts, colours and other distinguishing characteristics. It will also be much cheaper to reach the end-result, giving them more incentive to produce counterfeit cigarettes and increasing their profit margins substantially.

Governments want to show they care about the well-being of their citizens, but curtailing their right to pursue a legal activity and targeting tobacco companies relentlessly is not the way to go to achieve this goal. Efforts should be directed towards educating the younger population and money spent on programmes to help smokers to quit if they want to do so – not finding supposed fixes that are, ultimately, an attack on individuals' basic rights and freedoms.



Marek Kolasinski
Managing Editor



This month's cover is courtesy of Imperial Tobacco



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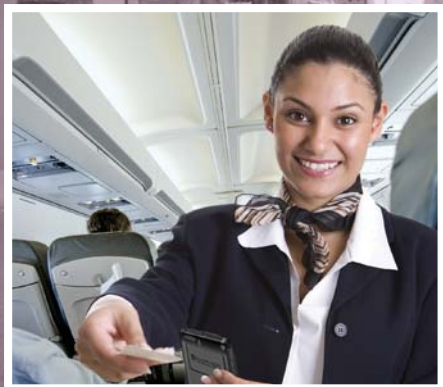
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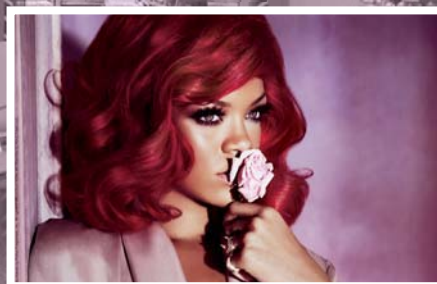
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FRENCH FANCIES



Marek Kolasinski finds out more about The Group Arthès, a perfume company that eschews the frills of fragrances to offer quality perfumes at affordable prices

The Groupe Arthès is a family-owned business created by Bernard Perrin in 1978. His son, Thibaud, has now taken the position of general manager, and both father and son are at the head of the company.

“The first 10-15 years, we focused on the export market and developed the Jeanne Arthès brand in countries like Russia, the Middle East and Indonesia where the brand became very strong,” says Aude Genesté-Barera, marketing director for Groupe Arthès. “When he created the company, Mr Perrin had seen that people in these markets were looking for quality perfumes at affordable price; Made in France products.”

Then, 15 years ago, Bernard Perrin decided to develop the company further and enter the French mass market. In 1998 the Groupe Arthès signed an agreement with retail group Auchan, marking the beginning of the Jeanne Arthès experience in France.

After this everything went very quickly: in 1999 the family Perrin signed with E. Leclerc, a hypermarket chain, and Système U, a cooperative. More recently, in 2009, they signed with Carrefour, and today France represents about 20% of the group’s turnover.

In the meantime, the export market has continued to develop and last year Groupe Arthès opened the Chinese market with Auchan. This was of considerable importance because China is still a relatively new market in the fragrances industry, especially in the mass market, making it very important for Jeanne Arthès to be there at a formative stage.

In 2009-2010 as part of its ongoing development, the group created the Private Label division. This decision was the result of three motivations: the desire to further develop the Arthès activity; the desire to operate the production facility – a state-of-the-art complex in Grasse capable of producing more than 100,000 bottles of perfume a day at full capacity; and



(Clockwise from left)
Jeanne Arthès Femme;
the Groupe Arthès
facility in Grasse;
Jeanne Arthès Homme;
the Boum fragrance;
Thibaud Perrin

the increasing number of companies that were contacting the group wanting to make perfume under their own brand and who were looking for a big production unit capable of making perfume with the Made in France label.

The Groupe Arthès has already been working with other brands for a few years, such as the Cosnova Group in Germany, which makes

the popular Essence brand, and the two perfumes they made for Cosnova in 2009 are both performing very well.

“In addition to brands contacting us, we also contact brands in various sectors, such as in the fashion industry, for instance, as well as all the mass distribution chains and sports brands,” says Genesté-Barera. “The main production unit is for perfume, but we can manufacture any kind of perfumed product, including home or car fragrances, soap, shower gel and more.”

At the moment, the group is particularly interested in developing the Private Label division, because companies who come with a brand and a brief already know how to distribute it, making it a more effective partnership for both parties. “It is a very simple and very reactive kind of partnership. So we prefer to focus on this than on the licences,” explains Genesté-Barera.

Of course, the group is also interested in licences, of which they already have some, but they believe there is more development potential for the company with private labels.

All aspects of the production take place in the group’s facility in Grasse, where it has 75 maceration tanks to make the perfume. The composition of each product is developed in conjunction with specialised perfumers both in Grasse and in Paris, some of whom work with the bigger brands.

The point of difference of the Groupe Arthès is the price point of its products. Jeanne Arthès’s positioning is to offer the best price for the best quality Made in France perfume. Therefore, Jeanne Arthès is positioned in the mass market as one of the most accessible perfumes on the shelf. When the company started, this positioning was booming around the world and the company turnover started growing very quickly.

When they entered the French market, it was again a fast-moving market, although in the last five years it has become

more stagnant and highly competitive. Both the quality of its perfumes and the price point at which they are offered means that the company’s brands are still performing way above the market trends, with the women’s perfume growing by 12% and the men’s perfume growing by 17.5% in 2010, according to Nielsen figures.

Affordability does not mean that the brand is static and lacking in creativity, and the Groupe Arthès makes sure it remains relevant by launching over 10 new products every year. It also has a specialised sales team and very efficient distribution partners around the world who know how to support the brand.

“Twenty years ago, a woman would buy a perfume and keep it,” explains Genesté-Barera. “Nowadays, you wake up in the morning and, depending on your mood, you will want one perfume or another. The seasons change and you will want your summer perfume and your winter perfume. You have your day perfume and your night perfume. If there’s a novelty, you want to try it. Especially on the teenage market, it’s changing all the time. So you have to have a collection that changes every year.”

The heart of the Jeanne Arthès brand is its Made in France label. “This gives us a competitive advantage,” says Genesté-Barera.

Consumers may want to spend less, but they will not compromise on the quality of the product. If they buy something that is not of high quality, they are unlikely to buy it again. And judging from the company’s performance, its customers seem to keep on coming back for more. ■

