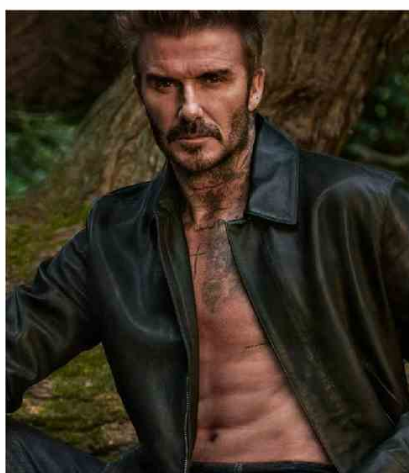




Inside Coty's multi-pronged fragrance strategy

The beauty multinational is betting on Gen Z-friendly formats and science-backed innovation to spur sales against a challenging backdrop.

By Nateisha Scott



Fragrance remains beauty's growth engine as the broader market cools post-pandemic. But for Coty, the slowing market for prestige fragrances and tough comparisons with 2024's blockbuster year of innovation are piling on the pressure.

The company is pinning its hopes on fresh science-backed innovation, tapping into trending scent profiles and expanding into modern, Gen Z-friendly formats like pen sprays and body mists to spur growth. "These aren't just new products," says CEO Sue Nabi. "They're signals. Each reflects how consumers are evolving, and we're meeting them where they are."

These bets will need to deliver. In May, the US-French beauty giant revealed that its net revenues declined 3 per cent on a constant currency basis to \$1.29 billion in the third quarter, adding that 2025 remains a "transition year". "In [the] prestige [beauty sector], we are absorbing the triple headwind of a slowing fragrance market, lapping a blockbuster innovation year and depleting elevated retailer inventory, all of which was particularly acute in the US," the company added. Weeks earlier, Coty announced that it was cutting 5 per cent of the workforce, equating to around 700 jobs. In June, rumours began to circulate that Coty is considering a sale, though the company declined to comment.

Fragrance is the core of Coty's business, accounting for 75 per cent of its prestige portfolio and half of its mass offering. It holds long-term fragrance licences for brands like Chloé, Gucci, Tiffany & Co, Burberry, Hugo Boss, Marc Jacobs and Calvin Klein. Over the past year, the group has also snapped up licences for Etro, Marni and Swarovski. Nabi and Coty co-founder Nicolas Vu also spearheaded the launch of its in-house fragrance line, Infiniment Coty Paris (ICP).

In 2023, blockbuster hits like Burberry Goddess and Gucci Flora drove strong momentum for Coty, which remains smaller than rivals like The Estée Lauder Companies (ELC) and L'Oréal Group. These were followed by launches from the likes of Burberry, Kylie Cosmetics and Marc Jacobs in 2024. But while this led to growth, sustaining momentum has posed a challenge. Analysts observe less differentiation between the franchises in 2025, leading to tough year-on-year comparisons.

How can it stand out amid stiff competition, including dupes?





Responding to evolving habits

Nabi plans to lean heavily on Coty's internal fragrance teams and technology. "The fragrance market is vast, and we are all competing in a sea of sameness. But one of our greatest strengths lies in our in-house experts," she says. "We have a dedicated internal olfactory studio where the team has a critical role in creating unique scents that then bring our own fragrances and brand's scents to life."

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SAYS SUE NABI

Recently launched tool EmoChar is a prime example, says Nabi. The technology uses scientific analysis to map the emotional responses that perfumes evoke. By positioning fragrances on a seven-dimensional spectrum (from stimulation and pleasure to tenderness and joy), the tool helps Coty tailor scents more precisely to consumer trends, improving both product development and marketing.

The company first deployed EmoChar in its ICP range and most recently in the Adidas Vibes hair and body mist line, launched in June. Nabi says it's a big bet. "The [Adidas] collection is our largest consumer beauty launch in 10 years, and with this technology innovation, we're hoping the emotionally charged innovation will surprise and prove successful among younger consumers," she says.

The early results are promising, according to Coty. However, it has yet to prove that EmoChar can scale commercially across its broader portfolio. Owned IP only drives value if it translates into sustained retail momentum, particularly in the highly competitive mass market category.

Reaching younger consumers is a priority. Coty is investing in Gen Z-friendly formats such as mists and sprays, with products including Adidas Vibes and Calvin Klein mists, then pen sprays arriving in 2026. Sales of value-based, layer-friendly products like body and hair mists surged 94 per cent and 32 per cent, respectively, in 2024, according to data from market research firm Circana. The research company predicts that affordable formats with mood-boosting or functional benefits will become essential amid economic uncertainty for younger consumers. "We have to respond quickly to evolving fragrance habits," says Jean Holtzmann, the group's chief brand officer for its prestige category. "We want to encourage that experimentation and play."

Yet, there's a risk of a margin trade-off. "If consumers shift from high-margin eau de parfum to entry-level mists, revenue may flatten even as unit sales rise," says Olivia Tong, managing director at investment bank Raymond James. "You want new formats to be addictive, not dilutive." Tong adds that brands like Elf Beauty and Sol de Janeiro excel by meeting consumers where they are, particularly on TikTok Shop. For Coty, the challenge will be using speed and mass-market channels to drive growth, without diluting the high-brow allure of brands like Gucci or Chloé.

Leather in a bottle

To differentiate in an increasingly crowded market, Coty is also leaning into signature ingredients and technical olfactive innovation, particularly those that enhance scent longevity. According to Circana, long-lasting fragrance profiles, typically formulated with higher concentrations, are currently among the strongest growth drivers in the US prestige fragrance market.

One standout for Coty is leather, a note that has prominently featured in recent launches, including David Beckham's Exquisite Leather, Boss Bottled Beyond, and upcoming debuts with Burberry Goddess (August) and Gucci Guilty (September). "Leather is increasingly resonating across consumer segments. It's familiar as a luxury material, but it also carries a distinctive olfactive identity. We're seeing a clear demand for this leather experience as consumers gravitate towards scents with greater sensoriality,





longevity and differentiation,” says Holtzmann. Unlike traditional formulations that reserve leather for the finish on the skin, Coty has integrated it from the top note through to the base, creating what Holtzmann says is a more immersive and longer lasting fragrance experience.

Meanwhile, higher concentration versions of Gucci Flora and Chloé are slated for launch in September 2025. These more potent iterations are designed not only to meet rising consumer demand for longevity, but also to support price laddering (both perfumes will be \$10 more than its eau de parfum version) and tiered brand storytelling.

It is hoped that this, alongside Coty’s focus on neuroscience and fresh formats such as featherweight mists, will help to diversify its portfolio. Whether this multi-pronged approach can reinvigorate sales across the second half of 2025 and into 2026 will depend not only on what Coty launches, but how well it times those launches to hit the cultural and consumer moment.

In June, reports emerged that Coty, which is owned by JAB Holding company, is exploring a potential sale. While unconfirmed — the company tells *Vogue Business* it doesn’t comment on rumours and speculation — the speculation has raised questions around its current positioning and future direction. “It could mean a lot of things,” says Tong. “On one hand, it suggests others may see value in Coty’s portfolio and believe they can capitalise on its recent challenges. On the other hand, it highlights some of the inherent risks, especially given Coty’s heavy reliance on licensed brands.”

Nabi remains confident: “Our fragrance research and development and consumer insights mean that we are setting up to meet the trends. We have exclusive IP to create long-lasting scents, which consumers are looking for, and we have an unparalleled portfolio of global brands that span different positionings and price points to accelerate growth immediately.”

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