

World Flavors & Fragrances

Study # 1886

January 2005

\$5100

Global demand to increase 4.4% per year through 2008

Global demand for flavors and fragrances is forecast to increase 4.4 percent per year to US\$18.6 billion in 2008. Developing nations will continue to record better growth than industrialized regions such as Western Europe, North America and Japan; and blends will grow faster than both aroma chemicals and essential oils. Pricing pressures will also remain an issue primarily due to a shrinking customer base. However, some slight easing is expected due to growing requirements for better quality, higher value consumer goods, where quality is often associated with scent or taste, thus providing some opportunities for higher cost flavors and fragrances.

Developing regions to present best growth prospects

The large populations and growing per capita incomes of the developing areas of the world provide potentially huge markets for various flavor and fragrance consuming items. In particular, demand in the Asia/Pacific region (excluding Japan) will be espe-

cially strong, advancing 7.3 percent per year through 2008. Growth in the world's most developed markets will continue to be moderate, restrained by market maturity, consolidation in flavor and fragrance using industries and strong downward pressure on prices.

Historically, flavor and fragrance production has been dominated by the US, Japan and Western Europe -- in particular, France, the United Kingdom, Germany and Switzerland. However, these areas will lose market share through 2008 to developing areas of the world, where producers are attracted to above-average growth in flavor and fragrance demand, as well as low labor costs and the availability of raw materials at a lower cost.

Flavor blends to remain largest product segment

Flavor blends will continue to be the largest product segment through 2008, aided by strong gains in developing countries that are increasing their consumption of products such as fast food, soft drinks, snacks and other convenience foods. These products generally require higher loadings of flavor



chemicals than more basic foodstuffs. Demand for fragrance blends and essential oils will benefit from increased interest in natural and exotic aromas, which are more expensive than their synthetic counterparts. Aroma chemicals are expected to see modest growth through 2008 as they continue to face pricing pressures and competition from blends.

Soft drinks, snacks among lead markets

Among the major market segments for flavors and fragrances, food and beverages is the largest, accounting for 47 percent of total demand in 2003. Fastest market growth is expected in soft drinks, snacks, convenience

foods, health foods and nutraceuticals, confections, cosmetics and skin care products, pharmaceuticals, and niche markets such as aromatherapy.

Study coverage

These and other findings are examined in **World Flavors & Fragrances**, a 362-page Freedonia study available for \$5100. It provides historical demand data through 2003 plus forecasts to 2008 and 2013 by product, market, world geographic region and for 17 major countries. The study also considers market environment factors, details industry structure, evaluates company market share data and profiles 24 leading manufacturers and suppliers of flavors and fragrances worldwide.

List of Contents/Tables/Charts

each table includes forecasts through 2008 & 2013

* Tables for each region & country provide historical data through 2003 plus forecasts to 2008 & 2013 for the following :
Flavors & Fragrances Supply & Demand
Flavors & Fragrances Markets
... plus key macroeconomic indicators

Introduction

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ASIA/PACIFIC

TABLE VI-8

CHINA: FLAVORS & FRAGRANCES SUPPLY & DEMAND
(million US dollars)

Item	1993	1998	2003	2008	2013
Population (million persons)					
\$ flavors & fragrances/capita					
Flavors & Fragrances Demand					
Flavor Blends					
Fragrance Blends					
Aroma Chemicals					
Essential Oils & Natural Extr					
+ net exports					
Flavors & Fragrances Production					

Source: The Freedonia Group, Inc.

China: Markets

Demand for flavors and fragrances

\$ n p b f a N f limit demand for tobacco flavors

SAMPLE TEXT
Explanations that support each table's data and projections

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ASIA/PACIFIC

Food and beverage processing was the largest market for flavors in China in 2003. The largest markets for flavors include beverages, mainly soft drinks, sweets such as confections and ice cream, and condiments. However, fast gains are being registered in savory flavors for use in the growing snack food industry as well as in convenience foods such as instant noodles. Popular flavors include cola, citrus, fruit and vanilla for soft drinks and sweets, and pork, shrimp, fish and chicken flavors for savory snacks. Taste is a key factor in consumer purchases of food products, especially impulse items like snacks and sweets. This has been a challenge for foreign flavor suppliers who have had difficulty developing products suited for local palates. This has given an advantage to other Asian suppliers who are more familiar with flavors such as cuttle fish, prawn, lichee and red bean, which are native to the region.

Fast growth is also expected in the toiletries and cleaning preparations sector, led by strong gains in toothpaste and other toiletry products. Toilet soap is the leading application for fragrances in China, although most other end uses will register faster gains. Other key applications include toothpaste, shampoo, skin care products, cosmetics and fine fragrances. Laundry detergents are also a significant market, with growth in this sector expected to accelerate along with recovery in the domestic detergent market. Most leading international producers of toiletries and detergents have now entered the market through wholly owned subsidiaries or joint ventures. Some of the leading international fragrance producers have also

Other markets for flavors and fragrances include household and personal care applications. China is the leading market for household and personal care products.

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COMPANY PROFILES

Presented for 24 global competitors such as Firmenich, International Flavors & Fragrances, Symrise GmbH and Takasago

ASIA/PACIFIC

in the world, accounting for about one-third of global output. However, the outlook for the Chinese tobacco industry is weak, as the country faces increasing international competition, and cigarette consumption both domestic and foreign. The government has taken steps to reduce cigarette consumption and this will have a negative effect on the industry. Other markets are anticipated in the pharmaceutical industry to register rapid growth through 2008. While a part of traditional Chinese medicine, aromatherapy has not yet developed

SAMPLE TEXT
Data illustrated with the aid of over 100 tables and charts

Freedonia's methods involve:

- Establishing consistent economic and market forecasts
- Using input/output ratios, flow charts and other economic methods to quantify data
- Employing in-house analysts who meet stringent quality standards
- Interviewing key industry participants, experts and end-users
- Researching a proprietary database that includes trade publications, government reports and corporate literature

TABLE VI-9

CHINA: FLAVORS & FRAGRANCES MARKETS
(million US dollars)

Item	1993	1998	2003	2008	2013
Gross Domestic Product (bil 2000 US\$)					
\$ flavors & fragrances/000\$ GDP					
Flavors & Fragrances Demand					
Food & Beverages					
Toiletries & Cleaning Preparations					
Other					
% China					
Asia/Pacific Flavors & Fragrances					

Source: The Freedonia Group, Inc.

SAMPLE TABLE
Historical data for 1993, 1998 and 2003 as well as Freedonia forecasts to 2008 and 2013

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World Pesticides

Pesticide manufacturers will continue to face the challenge of maintaining profitability in an industry with product registration costs, limitations on patent protection and fierce cost competition. This study examines the US\$30 billion world pesticide industry to 2009 and 2014 by product, market, world region and major country. The study also considers market environment variables, evaluates company market share and profiles global industry participants, leading off-patent producers and major regional players.

#1927 05/2005 \$5100

Fermentation Chemicals

This study analyzes the US market for chemicals produced through a fermentative process. It presents historical demand data (1994, 1999, 2004) and forecasts to 2009 and 2014 by market (e.g., fuel, food and beverages, drugs and nutritionals, animal feed, biotechnology, detergents and cleaning products, cosmetics and toiletries, plastic fibers); and by product (e.g., alcohols, enzymes, organic acids, vitamins, polymers, biogums). The study also evaluates company market share and profiles leading competitors.

#1921 04/2005 \$4200

World Dyes & Organic Pigments

Global demand for organic colorants will grow 4.9% annually through 2008. Pigments will continue to outpace gains in dyes; the dominant textiles market will continue to trail advances in printing inks and other segments. The Asia/Pacific region will supplant North America as the largest regional market. This study analyzes the US\$8.4 billion global dye and organic pigment industry to 2008 and 2013 by product, market, world region and for 15 countries. It also evaluates market share and profiles major firms.

#1875 12/2004 \$5100

Food Additives

Increased food production and gains in value-added sweeteners, nutraceuticals and natural additives will drive US food additive demand up 4.8% annually through 2008. Flavors and flavor enhancers will remain the largest segment, while alternative sweeteners grow the fastest. Grain mill products, pet food and snack food show best market prospects. This study analyzes the \$4 billion US food additive industry to 2008 and 2013 by product and application. It also details market share and profiles major firms.

#1846 09/2004 \$4100

Flavors & Fragrances

Demand for flavors and fragrances in the US will reach \$4.4 billion in 2007. Growth will be supported by ongoing consumer preferences for more expensive natural ingredients and growing interest in more complex and authentic flavors and fragrances. Fragrance blends will lead gains, followed closely by essential oils and natural extracts. This study analyzes the 283 million pound US flavor and fragrance industry to 2007 and 2012 by product and market. It also details market share and profiles major firms.

#1748 12/2003 \$3900

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