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 especially 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.

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- Flavors & Fragrances Supply & Demand
- Flavors & Fragrances Markets
- plus key macroeconomic indicators
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
World Flavors & Fragrances
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 nutraceuticals, 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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