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[Table of Contents 2](#)

[List of Tables & Charts 3](#)

[Study Overview 4](#)

[Sample Text, Table
& Chart 5](#)

[Sample Profile, Table &
Forecast 6](#)

[Order Form & Corporate
Use License 7](#)

[About Freedonia,
Custom Research,
Related Studies, 8](#)

Flavors & Fragrances

US Industry Study with Forecasts for **2017 & 2022**

Study #3044 | August 2013 | \$5100 | 285 pages

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Table of Contents

EXECUTIVE SUMMARY

MARKET ENVIRONMENT

General	4
Macroeconomic Outlook	5
Demographic Trends	8
Personal Consumption Expenditures	12
Historical Market Trends	16
Pricing Patterns	19
Environmental & Regulatory Issues	22
Flavors	23
Fragrances	26
International Activity	30
Foreign Trade	32
Imports	33
Exports	35

MARKETS

General	37
Food	39
Industry Overview	40
Flavor Demand	42
Processed Food	47
Dairy Products	50
Bakery Products	54
Candy & Confectioneries	55
Other Food	58
Cosmetics & Toiletries	61
Industry Overview	62
Flavor & Fragrance Demand	64
Perfumes & Colognes	69
Soaps & Body Washes	72
Skin Care Products	74
Other Cosmetics & Toiletries	77
Cleaning Products	79
Industry Overview	79
Fragrance Demand	81
Laundry Detergents	84
Polishes & Sanitation Goods	87
Dishwashing Detergents & Other Cleaners	90
Beverages	93
Industry Overview	94
Flavor Demand	96
Carbonated Soft Drinks	100
Other Beverages	102

Environmental Fragrance Goods	106
Industry Overview	107
Fragrance Demand	110
Air Fresheners & Deodorizers	112
Candles	115
Potpourri & Other Environmental Fragrance Goods	117
Other Markets	118

PRODUCTS

General	122
Flavor Blends	125
Savory	130
Fruity	131
Cheese & Other Dairy	133
Meat	134
Other Flavor Blends	136
Fragrance Blends	138
Product Characteristics	141
New Applications	142
Essential Oils & Natural Extracts	144
Citrus Oils	147
Lemon Oil	150
Orange Oil	153
Other Citrus Oils	155
Mint Oils	157
Peppermint Oil	160
Spearmint & Other Mint Oils	163
Other Essential Oils & Natural Extracts	166
Aroma Chemicals	169
Demand by Class	171
Synthetic	172
Natural	174
Demand by Type	175
Terpenoids	176
Benzenoids	178
Musks & Other Aroma Chemicals ..	179

INDUSTRY STRUCTURE

General	181
Market Share	185
Mergers & Acquisitions	192
Competitive Strategies	195
Product Differentiation	195
Market Segmentation	197
Cooperative Agreements	198

Research & Development	202
Natural Flavors & Fragrances	204
Biotechnology	205
Delivery Systems	207
Production Methods	209
Marketing & Distribution	212

COMPANY PROFILES

Agilex Flavors & Fragrances	215
Aromatech SAS	216
BASF SE	218
Bedoukian Research	220
Bell Flavors & Fragrances	221
Cargill Incorporated	223
Comax Flavors	224
ConAgra Foods	225
Firmenich SA	226
Flavorchem Corporation	229
Givaudan SA	231
Hasegawa (T.) Company	235
ICC Industries	237
International Flavors & Fragrances	239
Kao Corporation	244
Kerry Group	246
Mane (V.) Fils	248
McCormick & Company	250
Michael (David) & Company	251
Naturex SA	253
Renessenz LLC	255
Robertet SA	257
Royal DSM	259
Sensient Technologies	261
Solvay SA	264
Symrise AG	266
Takasago International	270
Treatt (RC) plc	272
Ungerer & Company	274
Vigon International	275
WILD Flavors	278
Other Companies Mentioned in Study ..	281

List of Tables

EXECUTIVE SUMMARY

1 Summary Table..... 3

MARKET ENVIRONMENT

1 Macroeconomic Indicators 8
 2 Population & Households..... 12
 3 Personal Consumption Expenditures 15
 4 Flavor & Fragrance Market,
 2002-2012 18
 5 Flavor & Fragrance Pricing 22
 6 Flavor & Fragrance
 Supply & Demand 33

MARKETS

1 Flavor & Fragrance Demand
 by Market..... 38
 2 Food Shipments 42
 3 Food: Flavor Demand 46
 4 Processed Food: Flavor Demand ... 50
 5 Dairy Products: Flavor Demand 53
 6 Bakery Products: Flavor Demand ... 55
 7 Candy & Confectioneries:
 Flavor Demand 57
 8 Other Food: Flavor Demand 61
 9 Cosmetic & Toiletry Shipments 64
 10 Cosmetics & Toiletries: Flavor
 & Fragrance Demand 68
 11 Perfumes & Colognes:
 Fragrance Demand 72
 12 Soaps & Body Washes:
 Fragrance Demand 74
 13 Skin Care Products:
 Fragrance Demand 76
 14 Other Cosmetics & Toiletries: Flavor
 & Fragrance Demand 78
 15 Cleaning Product Shipments..... 81
 16 Cleaning Products:
 Fragrance Demand 84
 17 Laundry Detergents:
 Fragrance Demand 87
 18 Polishes & Sanitation Goods:
 Fragrance Demand 90
 19 Dishwashing Detergents & Other
 Cleaners: Fragrance Demand 93
 20 Beverage Shipments 96

21 Beverages: Flavor Demand 99
 22 Carbonated Soft Drinks:
 Flavor Demand 102
 23 Other Beverages: Flavor Demand . 106
 24 Environmental Fragrance
 Goods Indicators 109
 25 Environmental Fragrance Goods:
 Fragrance Demand 111
 26 Air Fresheners & Deodorizers:
 Fragrance Demand 114
 27 Candles: Fragrance Demand 117
 28 Potpourri & Other
 Environmental Fragrance
 Goods: Fragrance Demand 118
 29 Other Markets: Flavor &
 Fragrance Demand 121

PRODUCTS

1 Flavor & Fragrance Demand
 by Product 124
 2 Flavor Blend Demand 129
 3 Fragrance Blend Demand 141
 4 Essential Oil & Natural
 Extract Demand..... 147
 5 Citrus Oil Demand..... 150
 6 Lemon Oil Demand 152
 7 Orange Oil Demand 155
 8 Other Citrus Oil Demand 157
 9 Mint Oil Demand 160
 10 Peppermint Oil Demand 163
 11 Spearmint & Other
 Mint Oil Demand 166
 12 Other Essential Oil & Natural
 Extract Demand..... 169
 13 Aroma Chemical Demand 171
 14 Synthetic Aroma Chemical Demand 173
 15 Natural Aroma Chemical Demand.. 175

INDUSTRY STRUCTURE

1 US Flavor & Fragrance Sales
 by Company, 2012 183
 2 Selected Acquisitions
 & Divestitures..... 194
 3 Selected Cooperative Agreements. 200
 4 R&D Spending Patterns: Selected
 Flavor & Fragrance Suppliers 203

List of Charts

MARKET ENVIRONMENT

1 Flavor & Fragrance Market,
 2002-2012 19
 2 World Flavor & Fragrance
 Demand, 2012 32
 3 US Flavor & Fragrance Imports
 by Source, 2012 34
 4 US Flavor & Fragrance Exports
 by Destination, 2012 36

MARKETS

1 Flavor & Fragrance Demand
 by Market, 2012..... 39
 2 Food: Flavor Demand, 2012..... 47
 3 Cosmetics & Toiletries: Flavor
 & Fragrance Demand, 2012 69

PRODUCTS

1 Flavor & Fragrance Demand
 by Product, 2012..... 125
 2 Flavor Blend Demand
 by Type, 2012 130

INDUSTRY STRUCTURE

1 US Flavor & Fragrance
 Market Share, 2012..... 186

Demand will benefit from favorable wellness, demographic, and macroeconomic trends that will increase consumption of goods containing flavors and fragrances.

US demand to rise 4.6% annually through 2017

The market for flavors and fragrances in the US is forecast to advance 4.6 percent per year to \$7.1 billion in 2017. Demand will benefit from favorable wellness, demographic, and macroeconomic trends. Increasing consumption of goods that contain flavors and fragrances -- along with regular reformulation of and innovation in these goods, and thus in flavors and fragrances -- will drive growth. The most rapid demand gains are expected for essential oils and extracts, reflecting burgeoning consumer interest in natural ingredients.

Healthier foods to require more flavor blends to make them palatable

Rising attention to health issues such as obesity, diabetes, and high blood pressure has increased consumer demand for food and beverages lower in fat, sugar, and salt. In order to maintain the taste of these items, manufacturers will continue to employ increased amounts and higher value types of flavor blends, helping to drive growth in these blends through 2017. Additionally, demographic trends such as the aging of the population and the prevalence of households in which all adults work will favor the purchase of convenient meals that are either processed or prepared in bulk outside the home, increasing demand for flavor blends to compensate for the impact of processing techniques



on the taste of the food. The growth of the Hispanic population and the coming of age of the millennial generation are also expected to prompt interest in food with spicier and more exotic profiles. Continued healthy growth of beverages other than carbonated soft drinks and demand for innovative beverage flavors will also stimulate ongoing growth in flavor blend demand.

Cleaning products to be fastest growing market for fragrance blends

The cosmetic and toiletry industry suffered during the recession-impacted 2007-2012 period, during which consumers were less likely to purchase discre-

tionary items such as perfumes and colognes, skin care products, and cosmetics, though rising prices drove up fragrance market value during this period. As growth in production of cosmetics and toiletries accelerates and prices moderate, fragrance blend demand will post respectable gains during the forecast period. Fragrance blend demand in cleaning products will grow the fastest through 2017, driven by manufacturers' efforts to promote the notion of a "cleaning experience" -- feeling relaxed, invigorated, or transported -- through fragrance in detergents and cleaners. Similar marketing approaches will support above average growth in fragrances for body washes.

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Sample Text, Table & Chart

MARKETS

Carbonated Soft Drinks -- Demand for flavors used in carbonated soft drinks is forecast to grow by 1.5 percent a year to \$1.7 billion in 2017. While this is a slower growth rate than the 2.5 percent growth in flavor demand, it nevertheless represents a significant increase over the 2007-2012 period. This is due to increasing consumer interest in complex, ethnic and natural flavors. Additionally, the use of natural flavoring agents will continue to gain momentum, as these are more expensive than synthetic flavors. Future gains will be restrained by continued sluggishness in soft drink sales.

Maturity in the cola sector will likely limit demand for carbonating agents, while more rapid growth in fruit-flavored soft drinks will promote demand for various fruit flavors, including berry, orange and other citrus fruits (excluding the more mature lemon-lime category). Though consumer desire for new and novel flavors is projected to be on the rise, beverages incorporating such flavors will still account for a relatively small part of the overall soft drink market in 2017. Continued interest in natural versions of these flavoring agents will allow them to continue to penetrate the market despite their higher cost relative to synthetic flavors.

In an effort to increase consumption of carbonated soft drinks throughout the day, PepsiCo introduced a MOUNTAIN DEW soda in 2013 that is marketed as a breakfast drink. KICKSTART contains as much caffeine as a cup of coffee, 5 percent fruit juice, and vitamins, and is offered in artificially sweetened "Orange Citrus" and "Fruit Punch" flavors. Such efforts bolster flavor demand by helping to maintain carbonated soft drink sales.

Recent years have seen a rise of new low-sugar carbonated soft drinks that are designed to appeal to consumers who do not purchase "diet" sodas but may be interested in beverages with fewer calories.

100

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SAMPLE
TEXT

TABLE IV-2

FLAVOR BLEND DEMAND
(million dollars)

Item	2002	2007	2012	2017	2022
Food & Beverage Shipments (bil \$)					
\$ flavor blends/000\$ food & bev					
Flavor Blend Demand*					
By Type:					
Savory					
Fruity					
Cheese & Other Dairy					
Meat					
Other Types					
By Market:					
Processed Food					
Dairy Products					
Bakery Products					
Candy & Confectioneries					
Other Food					
Beverages					
Other Markets					
% flavor blends					
Total Flavor & Fragrance Demand					

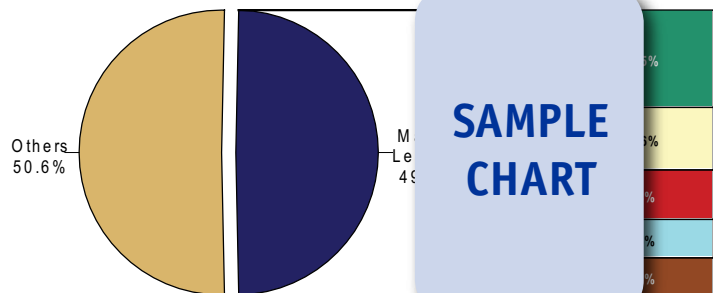
SAMPLE
TABLE

* Includes mixtures that incorporate spices, flavor enhancers, & sweeteners

Source: The Freedonia Group, Inc.

CHART V-1

US FLAVOR & FRAGRANCE MARKET SHARE
(\$5.7 billion, 2012)



SAMPLE
CHART

Sample Profile, Table & Forecast

TABLE III-3
FOOD: FLAVOR DEMAND
 (million dollars)

Item	2002	2007	2012	2017	2022
Food Shipments (bil \$)	42	47	50	53	56
\$ flavors/000\$ food	1.2	1.3	1.4	1.5	1.6
Food Flavor Demand	50	55	60	65	70
Processed Food	35	38	40	42	45
Dairy Products	10	11	12	13	14
Bakery Products	3	3	3	3	3
Candy & Confectioneries	1	1	1	1	1
Other Food Markets	0	0	0	0	0
% food	1.2	1.3	1.4	1.5	1.6
Total Flavor & Fragrance Demand	36	39	42	45	48

SAMPLE PROFILE

STUDY COVERAGE

This Freedonia study, *Flavors & Fragrances*, offers historical data (2002, 2007, 2012) plus forecasts for 2017 and 2022 by market and product. The study also examines key market environment factors, analyzes the industry structure, evaluates company market share and profiles 31 competitors in the US flavor and fragrance industry.

COMPANY PROFILES

Agilex Flavors & Fragrances Incorporated
 140 Centennial Avenue
 Piscataway, NJ 08854
 732-885-0702
<http://www.agilex.com>

Annual Sales:
 Employment:

Key Products:
 and candles

care products,

Agilex Flavors & Fragrances is a privately held manufacturer of fragrances and fragrance technologies for use in the production of air care products, personal care products, and candles. In December 2012, the Company was acquired by MidOcean Partners (New York, New York), a private investment firm.

The Company competes in the US flavor and fragrance industry through the manufacture and sale of fragrances and fragrance technologies. Specific products include AROMASPHERES and TREASAIRES macro-encapsulated, water based gel fragrance crystals; METAGEL and AROMAGEL gel matrices; THERMOCLEAR thermoplastic air freshener fragrance; AROMAREED fragrances for reed diffuser products; VANILLAWHITE vanilla fragrance supplement; SENSITECH malodor-reducing fragrance compound; AROMAPOLY fragrance polymer encapsulations; AROMAPUFFS foamed fragrance polymer beads; and NEUTREX odor counteractants. Agilex's proprietary fragrance technologies include BIMETAL, a temperature activated fragrance delivery system; and SOLID SPRAY, a thixotropic spray technology

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OTHER STUDIES

World Nutraceutical Ingredients

This study analyzes the world nutraceutical ingredient industry. It presents historical demand data for 2002, 2007 and 2012, and forecasts for 2017 and 2022 by product (e.g., nutrient ingredients, herbal and related ingredients, mineral and vitamin ingredients), world region and major country. The study also considers market environment factors, details industry structure, evaluates company market share and profiles industry players.

#3079 *October 2013* \$6300

Janitorial Equipment & Supplies

This study analyzes the US janitorial equipment and supply industry. It presents historical demand data (2002, 2007, 2012) and forecasts for 2017 and 2022 by product (e.g., manual cleaning products, bags and containers, automated floor cleaning equipment), market (e.g., office buildings, institutional buildings, commercial buildings, industrial buildings, residential buildings), purchaser (in-house cleaner, contract cleaner) and US region. The study also considers market environment factors, evaluates company market share and profiles industry competitors.

#3086 *October 2013* \$5100

Natural Polymers

US demand for natural polymers is forecast to expand 6.9 percent annually to \$4.6 billion in 2016. Cellulose ethers, led by methyl cellulose, will remain the largest product segment. Exudate and vegetable gums will enjoy the most rapid gains in demand. The oilfield market will grow the fastest, driven by rising demand for guar gum in hydraulic fracturing fluids. This study analyzes the \$3.3 billion US natural polymer industry, with forecasts for 2016 and 2021 by market and product. The study also evaluates company market share and profiles industry players.

#2963 *November 2012* \$4900

World Flavors & Fragrances

Flavor and fragrance demand will rise 4.4 percent annually to \$26.5 billion in 2016. The most robust gains will be realized in the developing economies of the Asia/Pacific region, Central and South America, and the Africa/Mideast region. Increasing consumer interest in more expensive natural products will drive value demand. This study analyzes the \$21.3 billion world flavor and fragrance industry, with forecasts for 2016 and 2021 by product, market, world region and for 18 major countries. The study also evaluates company market share and profiles industry players.

#2952 *September 2012* \$6100

Cosmetic & Toiletry Chemicals

US demand for cosmetic and toiletry chemicals will rise 4.9 percent yearly to \$9.4 billion in 2016. Botanical extracts will lead gains based on their favorable natural profile, which many consumers perceive as being more healthful and beneficial than synthetic chemicals. Emollients and moisturizers will be the fastest growing chemicals by function. This study analyzes the \$7.4 billion US cosmetic and toiletry chemical industry, with forecasts for 2016 and 2021 by product, function and market. The study also evaluates company market share and profiles industry players.

#2865 *April 2012* \$4900

About The Freedonia Group

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