Through 2020, global demand for flavors and fragrances -- flavor blends, fragrance blends, essential oils and natural extracts, and aroma chemicals -- is forecast to grow well above the rate seen in the 2010-2015 period. Greater consumer demand for more natural products, driven in part by health concerns regarding artificial ingredients and a desire for transparency in labeling, will impact demand, particularly in developed countries. In developing countries, rising personal consumption expenditures will drive demand for goods containing flavors and fragrances, such as packaged foods and cosmetics and toiletries. Although Western Europe and North America will remain significant markets for flavors and fragrances, the Asia/Pacific region will become the largest global market, driven by strong growth in developing countries, particularly China and India.

Globally, flavor blends will continue to be the largest flavor and fragrance segment by value, with advances spurred by increasing demand for processed foods in developing regions. Growth in essential oils and natural extracts will outpace the other major segments as consumers around the world increasingly demand products with natural and organic ingredients. Demand for fragrance blends and aroma chemicals will be supported by growing production of cosmetics and toiletries, particularly in developing countries where consumers are increasingly more able to purchase products formerly seen as luxury items.

Market maturity to limit advances in developed economies

Historically, the developed economies of North America, Western Europe, and Japan have been the dominant markets for flavors and fragrances, sustained by large food, beverage, cosmetics and toiletry industries, as well as high levels of consumer spending. Going forward, the maturity of these markets will limit growth in demand for flavors and fragrances, as will the greater popularity of reduced-salt and reduced-sugar prepared foods. The best driver of growth in developed countries will be consumer interest in natural and organic products, which will drive demand for essential oils and natural extracts. Demand for aroma chemicals will see below average growth, as consumers in developed countries often choose natural products over synthetic ones.

Growing middle class to benefit developing economies

Solid gains in demand for flavors and fragrances will be seen in the developing economies of the Asia/Pacific and Africa/Mideast regions. In these areas, a growing middle class and increases in personal spending will fuel demand for fragrance-containing cosmetics and toiletries, as well as processed foods and carbonated beverages. The increasing popularity of these products will boost demand for fragrance blends, aroma chemicals, and flavor blends.

Study coverage

This study examines the worldwide flavors and fragrances market. It presents historical data (2005, 2010 and 2015) plus forecasts (2020 and 2025) for supply and demand, as well as demand by product, in 6 regions and 20 countries. The study also considers key market environment factors, assesses the industry structure, analyzes company market share, and profiles 33 industry competitors worldwide.
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UNITED KINGDOM: SUPPLY & DEMAND

Demand for flavors and fragrances in the UK totaled $727 million in 2015, accounting for 12 percent of West European demand -- although the share of regional demand is diminishing given the market maturity of end-user industries. Through 2020, the market for flavors and fragrances in the UK is forecast to rise 2.6 percent per annum, below the regional average, to $828 million.

The flavor and fragrance industry is a major part of the food manufacturing industry in the UK, or 55 percent of total flavor and fragrance demand in the country. The food manufacturing industry in the UK is among the largest in Western Europe. Furthermore, there is significant production of packaged foods, snacks, and candy. The food manufacturing industry will advance at a slow pace due to the maturity of the market. However, boosting growth will be government programs aimed at reducing salt, sugar, and fat in the diets of consumers through initiatives such as the Change4Life program in England and Wales, the Change4Life Scotland, and Tesco's traffic light style labeling system. It is likely that consumers will be less willing to buy these products, as they may assume those foods are less palatable than conventional foods.

Demand for fragrances in toiletries and cleaners will realize slower growth relative to the rest of Western Europe, rising through 2020 at 2.6 percent yearly. Demand in the detergents and cleaners segment will remain the major limiting factor in growth of the fragrance market, as shipments are linked to GDP growth. The toiletries and cleaners segment is highly sensitive to changes in the consumer's perception of fragrances. Growth in these segments will be driven by the Boeing and Airbus A380 passenger aircraft demand, as well as the health and wellness trends in the population. The building and industrial segment is expected to grow through 2020 at 3.2 percent annually, driven by the aerospace and defense sector, although demand is highly cyclical due to the sensitivity to government spending on defense.

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Other Studies

Food Containers: Rigid & Flexible
US demand for food containers will rise 2.8 percent yearly to $31.2 billion in 2020. Plastic containers will continue to supplant paperboard, metal and glass as the product mix shifts toward flexible packaging. Novel formats such as clear plastic cans and squeezable spouted pouches will continue to emerge as package redesigns outpace new food products. This study analyzes the $27.1 billion US rigid and flexible food container industry, with forecasts for 2020 and 2025 by product and market. The study also evaluates company market share and profiles industry players. #3367............. February 2016 ............... $5400

Dental Products & Materials
US demand for dental products and materials will rise 3.4 percent yearly to $12.7 billion in 2019. Cosmetic and repair/restorative products will be the fastest growing professional products. Among consumer products, value-added formulations will drive the dominant toothpaste segment. Polymers, ceramics and minerals will lead gains in dental materials. This study details the $10.7 billion US dental product and material industry, with forecasts for 2019 and 2024 by product and raw material. The study also evaluates company market share and profiles industry players. #3359............... January 2016 ............... $5200

Wine Packaging
Demand for wine packaging in the US will increase 4.4 percent annually to $3.0 billion in 2019. Glass bottles will remain dominant but will face increasing competition from alternative formats and sizes, such as single-serving plastic bottles, aseptic cartons, aluminum cans, and cups and goblets, as well as bag-in-box packaging. This study analyzes the $2.4 billion US wine packaging industry, with forecasts for 2019 and 2024 by container, closure, accessory and bulk packaging type. The study also evaluates company market share and profiles industry competitors. #3308...............August 2015 ............... $5300

Waxes
US demand for waxes will rise 1.8 percent annually through 2019 to three billion pounds, with value demand reaching $3.2 billion. Petroleum and mineral waxes will remain the dominant types, while synthetic waxes will grow the fastest. The leading industrial market will provide the best opportunities, particularly in the production of coatings and inks, adhesives, and building boards. This study analyzes the $2.4 billion US wax industry, with forecasts for 2019 and 2024 by type and market. The study also evaluates company market share and profiles industry players. #3271.............. May 2015 ............... $5200

Freedonia’s methods

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

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