



AN OVERVIEW OF THE GLOBAL FLAVOURS AND FRAGRANCES MARKET

IAL Consultants is pleased to announce the publication of a new study with worldwide coverage for the flavours and fragrances sector.

The world market for flavours and fragrances has been estimated at \$11.6 billion in 2003 and split almost equally between the two sectors. Forecast growth for the combined sectors is placed at 3.1% pa, deriving from expected growth of 3.3% in flavours and 2.9% in fragrances. In both cases the best market prospects are found in Eastern Europe, together with the Middle East and Africa for flavours but with South America for fragrances.

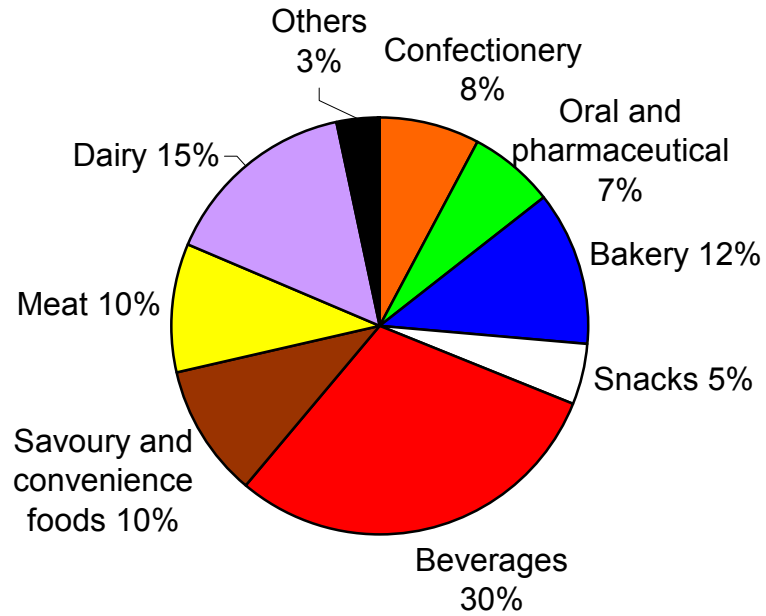
A wide range of influences – and many new ones – is seen to operate in the flavours sector, especially in Western Europe. Here, the emergence of low-calorie and low-fat foods in the convenience sector has created a wellspring of demand for flavourings associated with healthier cuisine, while more functional consumer products such as tooth-whitening chewing gums confer a rebound upon the confectionery sector, which in Western Europe is weaker than other regions for demographic reasons. After a long period of traditional consumer goods in Western Europe, companies are introducing products with more unusual flavours such as lemon-flavoured toothpaste, which have enjoyed more success in the childrens' market, and drinks with more exotic flavours where guava and kiwi flavours are added to the more conventional choices of apple and orange.

In Eastern Europe, strong growth can be expected in many parts of the market. For example, soft drinks based on fruit juices are a relatively new innovation while functional foods and drinks continue to draw interest. In some less developed regions of Eastern Europe infrastructure is lacking for the supply of fresh food, which translates into strong demand for tinned food (which tends to contain more flavours).

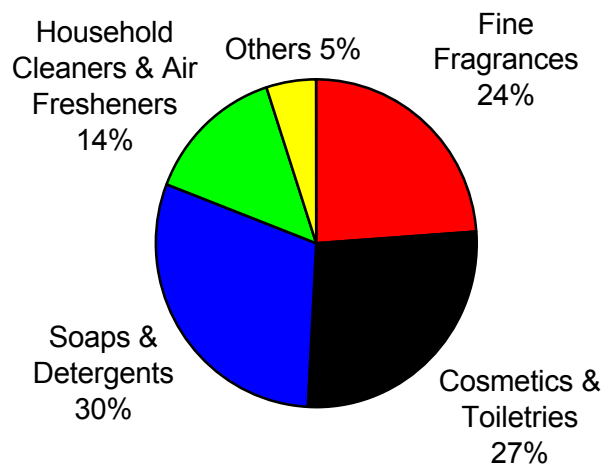
The fragrances sector in North America continues to be driven by relatively new market sectors. Male cosmetics and skincare will maintain its position as a strong growth market within the cosmetics and toiletries sector, in contrast to the male perfume sector whose market performance has disappointed. Again, the introduction of more functional products targeted at the baby-boom generation, such as cosmoceuticals for skincare and nutracosmetics for various health benefits, brings with it new opportunities for the fragrance sector. Home fragrance products such as candles and timer-operated air fresheners are major growth areas, while vinegar has reappeared as a traditional scent for cleaning products, through the association of its smell with cleanliness.

The following two charts illustrate the end uses of flavours and fragrances in Western Europe and North America:

Western European Market for Flavours by Value, 2003 (%)



North American Market for Fragrances by Value, 2003 (%)



Source: IAL Consultants

An Overview of the Global Flavours and Fragrances Market is now available in four parts from IAL Consultants, price \$3,500. The report is available in three separate regional volumes, with the fourth volume – a global summary – available when the complete study is ordered. The volumes are as follows:

1. Europe, Middle East and Africa (*individual price \$2,000*)
2. The Americas (*individual price \$1,250*)
3. Asia-Pacific (*individual price \$1,250*)
4. Global Summary (*only available with the purchase of all of the previous parts, 1, 2 and 3*)

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