

Industry structure

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Industry Overview

- The global aroma chemicals market size was valued at USD 5.5 billion in 2019 and is expected to grow at a compounded annual growth rate (CAGR) of 5.8% from 2020 to 2027
- The aroma chemicals market is growing as the demand for have increased perfumes, body deodorants, cosmetics and toiletries. Medical products and treatments using aromatic ingredients will spur the growth of the industry.
- End-users are actively interested in synthetic perfume ingredients, labels that specify ingredients, perfume ingredients by brand and perfume chemical ingredients among others which have been influencing market growth.
- Synthetic aroma chemicals are still preferred over natural chemicals by cosmetics and personal care formulators as the use of synthetic ingredients can produce a strong scent without hampering the characteristics of other chemicals used in cosmetic formulations
- Lack of availability of raw materials, along with the high cost to produce fragrance by natural aroma chemicals, will hamper the growth of natural aroma chemicals.

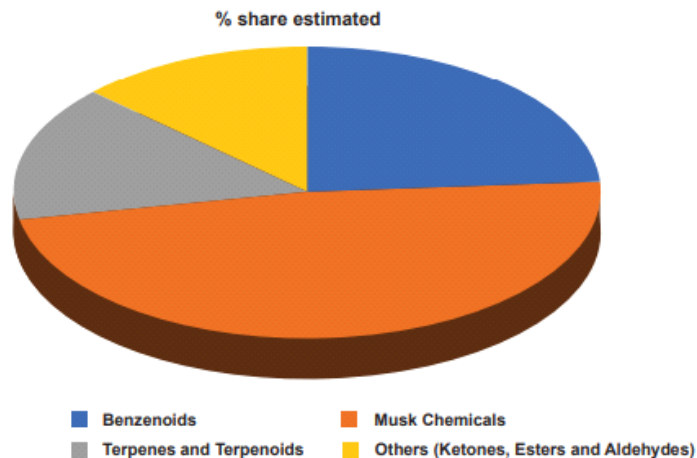
Aroma Chemical Insights by Categories

- **Terpenes & Terpenoids**

Terpenes & Terpenoids emerged as the largest chemical segment with a volume share of over 30%. Terpenes & Terpenoids possess effective medicinal properties, such as antiseptic, anti-carcinogen, and anti-microbial properties. Continuous usage of terpene for pharmaceutical and nutraceutical applications is estimated to propel the growth of the segment

- **Musk chemicals**

Musk chemicals are a special type of aroma chemical that are extracted naturally as well as synthetically. Natural musk is obtained from animals and plants, which include roots as well as seeds as well as the rump gland of the musk deer, muskrat, and civet cat. Musk chemicals find scope in different applications, such as soap, detergents, cosmetics and personal care, food, and household products



(Source: Grand view research)

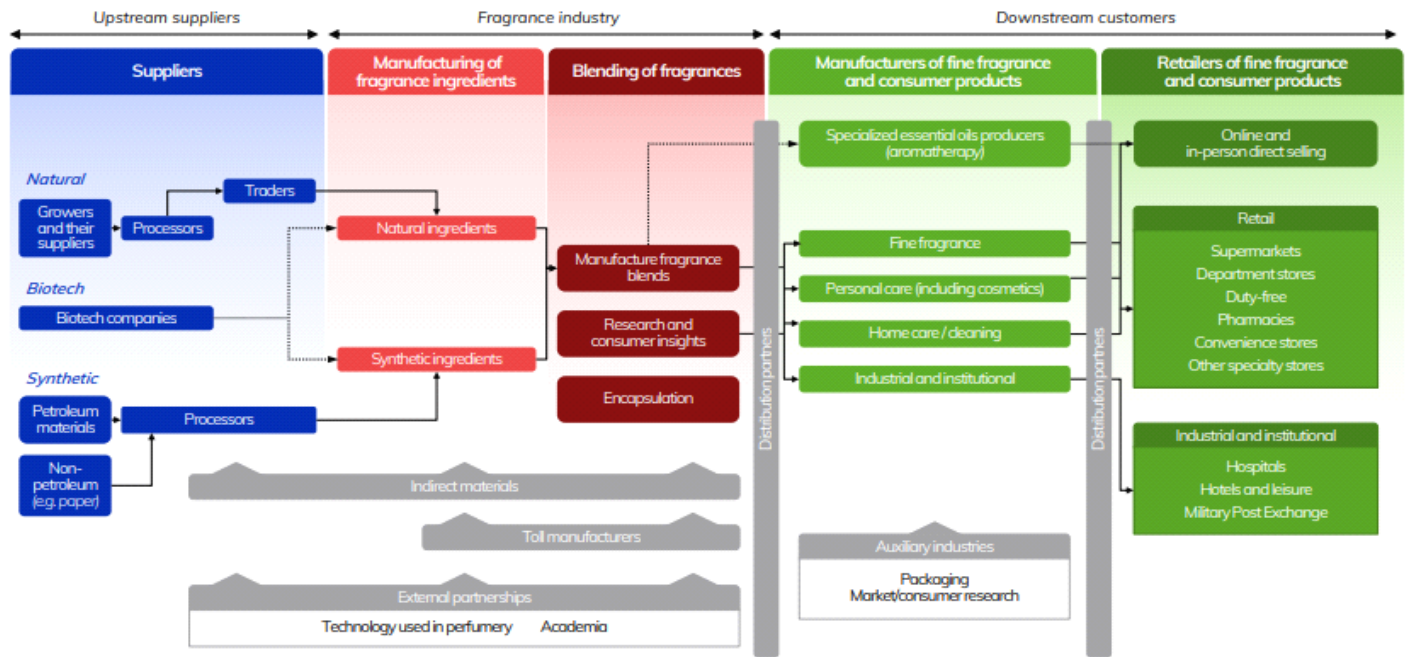
Aroma Chemicals Regional Insights

- The Asian-Pacific region is the regional market for aroma chemicals with a revenue share of nearly 30% in 2019-2020 and is expected to dominate the global market over next few years.
- The market for flavors differs in countries as consumers have varied taste preferences

Market scenario in India

- The fragrance market in India is anticipated to grow at a compounded annual growth rate (CAGR) of about 15% from 2019 to 2025.
- Lately, pocket perfumes have gained popularity because they are convenient to carry around, therefore acting as one of the major growth drivers for the market.
- The fragrance products market is segmented into perfumes, deodorants and other fragrance products. In 2019, deodorants held the largest share (~60%) followed by perfumes (32%) in terms of revenue.
- The Indian deodorant market is expected to grow with a CAGR of more than 15% over next five years out of which the aerosol/spray deodorant is expected to continue its dominance.

Value chain of Fragrances industry



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Source: PwC, 'The Value of Fragrance', June 2019

Find out more at ifrafragrance.org/value #ValueofFragrance

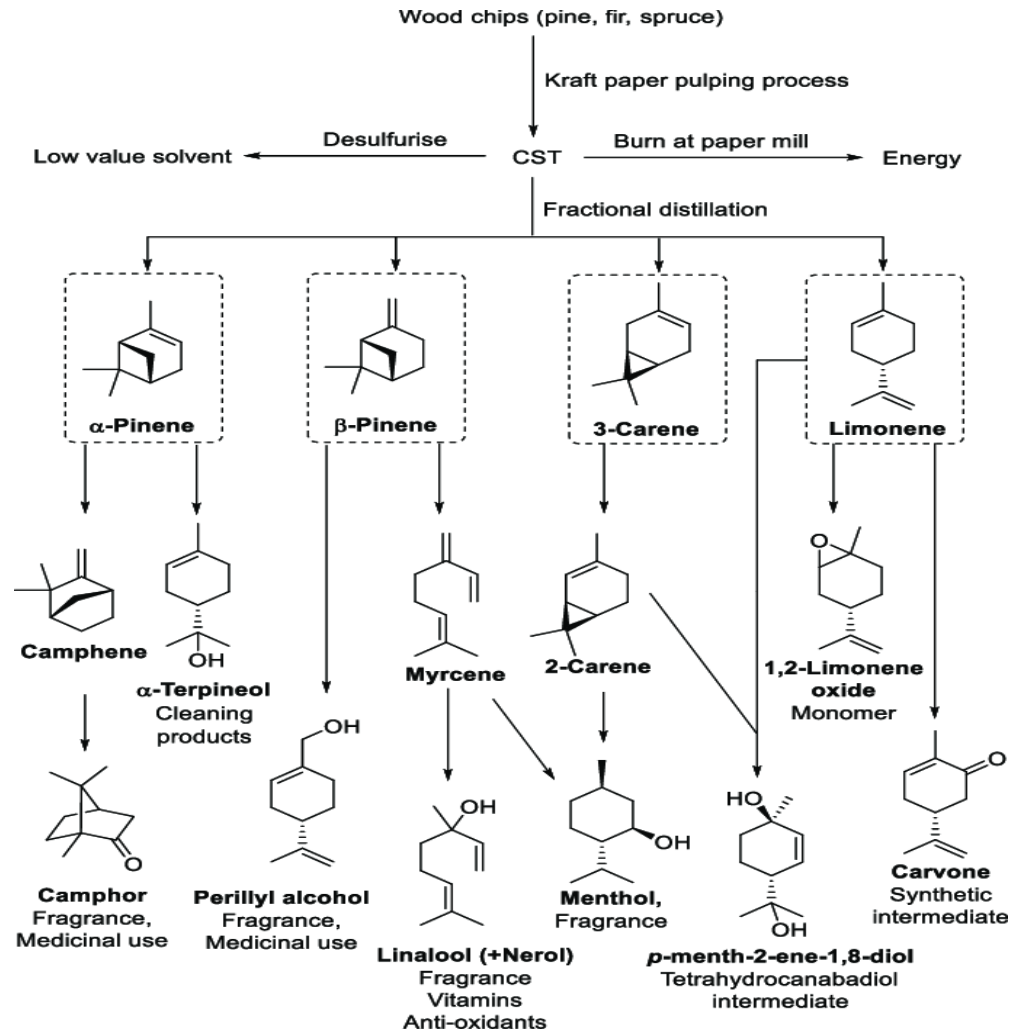


Difference between aroma and fragrance

Both refer to pleasant smells: while aroma refers more to plants, spices and food, fragrance is more associated with perfume and flowers.

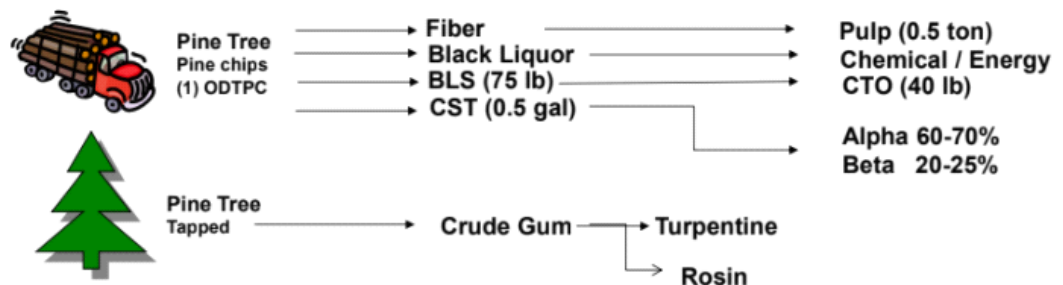
What is Crude sulphate turpentine (CST) and its process?

Crude sulphate turpentine (CST) from paper or pulp mills using the kraft process is a commercially important source of α - and β -pinene, which are renewable, biomass-derived raw materials used in the synthesis of aroma/flavouring products.



- The distillation process of crude sulfate turpentine is a bit of costly process. Distillation of crude sulfate turpentine involves high cost and recovery of pure crude sulfate turpentine post kraft process is least.

What is the Pine Chemical Industry?



Pine Chemistry refers to the recovery and distillation of bio renewable co-products from a Pine Tree, via the Kraft Pulping Process or Tree Tapping, that are then typically upgraded into ingredients used in a variety of materials we all see in our everyday lives. Some of these applications include; adhesives, paints and coatings, inks, soaps and detergents, lubricants, fuel additives, tires, roads, fragrances, and chewing gum.

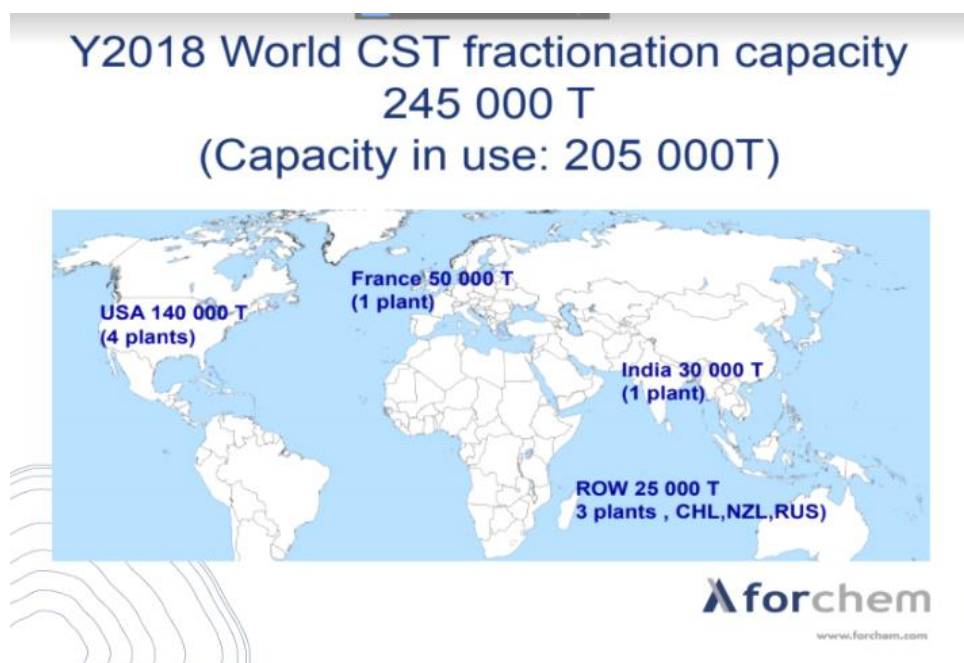
Who are the major players in CST?

The major players identified in the global crude sulfate turpentine derivatives market includes:

- Pine Chemical Group (Finland)
- Lesokhimik (Russia)
- Kraton Corporation (Arizona Chemical Company, LLC. Subsidiary of Kraton)
- Weyerhaeuser Company

Key participants in the supply chain of the crude sulfate turpentine market are crude sulfate turpentine manufacturers. The key players that are profiled in the report include Renessenz LLC (U.S.), International Flavors & Fragrances Inc. (U.S.), Privi Organics Limited (India), Dujodwala Paper Chemicals Ltd. (India), Arizona Chemical Company LLC (U.S.), Derives Resiniques et Terpeniques (France), Lawter Inc. (U.S.), Harting S.A. (Chile), and Pine Chemical Group (Finland).

World's CST capacity



Research report on CST:



Research
paper on ...

Why CST can't be replaced?

Consumers now look for product that can satisfy them but not compensate them. Oil, Soap, perfume & deodorant are on demand and consumers now demand various type of such commodities owing to the benefits and properties it can offer.

Such industries are on growth across globe. With rise in production of these industries, subsequently demand for raw materials will soar up. Such demand will

catapult the demand of crude sulfate turpentine, as it is one of the main ingredient in various products, which cannot be replaced with some alternatives. These factors will drive the crude sulfate turpentine market.

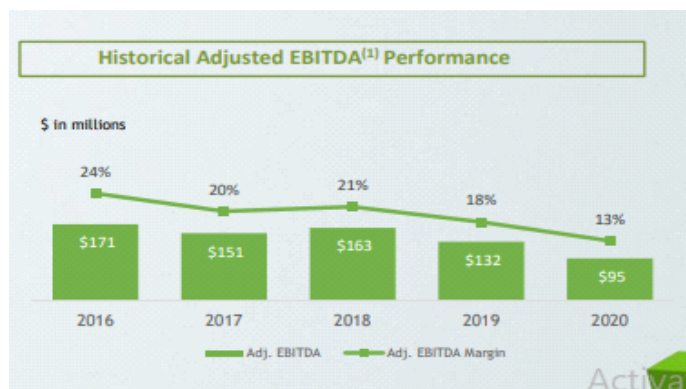
What is DHMOL?

Dihydromyrcenol is a well-known fragrance material, which is used increasingly in the fragrance industry. Based on a turpentine feedstock, DHMOL can be made by the hydration of dihydromyrcene (citronellene), and this is currently done commercially using large quantities of strong aqueous sulphuric acid.

Kraton Corporation

For Arizona Chemical, seasonality typically affects the availability of CTO and CST, our primary raw materials. Yields of CTO and CST are higher during the first half of the year, generally peaking during the early summer months, due to the natural growth and associated chemical yield cycles of trees in addition to higher yields from kraft pulping during the cooler months.

The **EBITDA margins** for Kraton Corporation in CST and CTO:



<https://kraton.gcs-web.com/events-and-presentations/presentations>

<https://kraton.gcs-web.com/financial-information/annual-reports>

Some information on perfume value chain

<https://samplius.com/free-essay-examples/overview-of-the-ecosystem-and-value-chain-of-the-perfume-industry/>