

BUSINESS OPPORTUNITIES IN ESSENTIAL OILS, PERFUMERY AND AROMATHERAPY.– A PERSPECTIVE

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PROFILE - DR G S RANADE

- Education : M Sc in Natural Products
 - Doctor in Medical Herbalism.
 - Worked over 40 years in F&F at Unilever, RHL/P&G, BBA/IFF Globally.
 - Retired as Director Perfumery ,International Region –BBA/IFF.
 - Now Consultant to selected F&F Industries in India including FFDC/BIS.
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BACKGROUND

- 1) Historically India is the home of perfumery.
 - 2) We lost this heritage due to secrecy.
 - 3) The progress became stagnant.
 - 4) Govt considered this as Luxury industry.
 - 5) Loaded with prohibitive taxes and duties.
 - 6) After 1992 liberalisation, industry grew.
 - 7) In the last 20 years it progressed well.
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BACK GROUND – CONTD.

- ⦿ The effect of this progress on Indian Aroma Industry is felt after western experiments and experiences. In Indian Aroma Industry however, this change is definite and will spread at a much larger markets than the west because of sheer market size and growth.
- ⦿ One of the effect of western influence is the enhanced use in Soaps, Cosmetics & *Personal perfumes*.
- ⦿ *Prior to 1990 we had very few brands of Soaps (e.g. Lux ,Rexona, Hamam, Jai & Mysore sandal), Cosmetics (e.g. Ponds ,Nivea ,Lakme, Pears, Snows) ,Tata EDT, Attars etc.*
- ⦿ *Now over 25 types of Soaps, Over 40 types of Cosmetics, many Beauty aids and Personal Care Products and many more.*
- ⦿ *Personal Perfumes and Male cosmetics have become day to day necessities.*
- ⦿ *Fragrance Market has taken quantum jump in the last 25 years.*

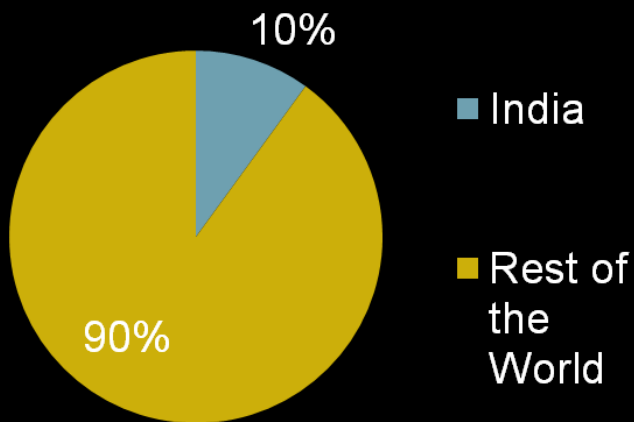
NATURE AND SCOPE OF F & F INDUSTRY

- It is estimated that the total global market size of F & F and allied industry is of the order of USD 20 billions (Rs. 100,000 Crores). Indian share is about 10 % of the globe, which is USD 2000 Millions (Rs. 10000 Crores).
- Indian population is however is 17.8% of the globe which indicates potential growth.
- I have assumed 1USD = Rs 50 for conviniences\.

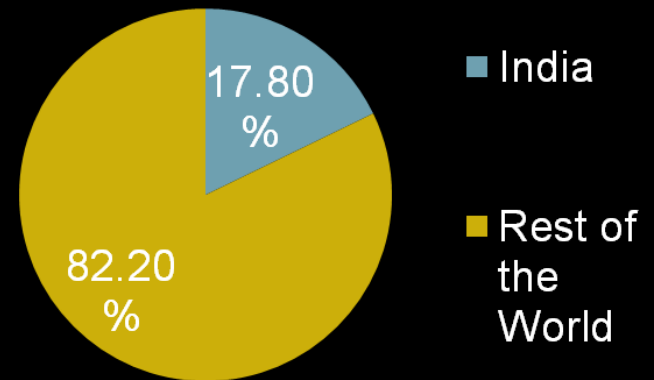
This can be represented in the next slides.

INDIA – MARKET SHARE

Market Share



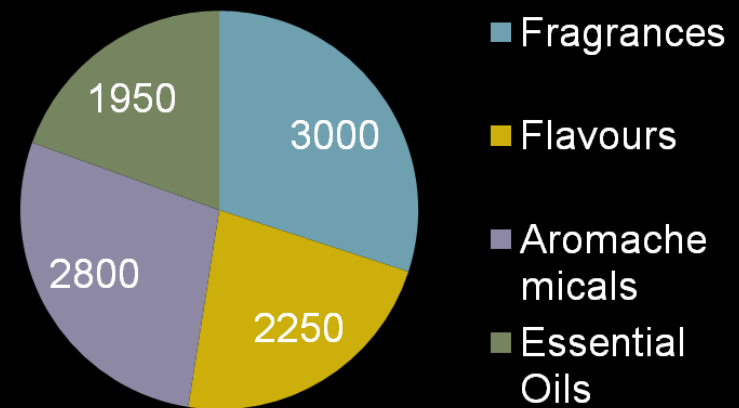
Population



BREAK UP OF INDIAN F & F INDUSTRY

- Fragrances : Rs. 3000 Crores
- Flavours : Rs. 2250 Crores
- Aroma chemicals : Rs. 2800 Crores
- Essential oils : Rs. 1950 Crores

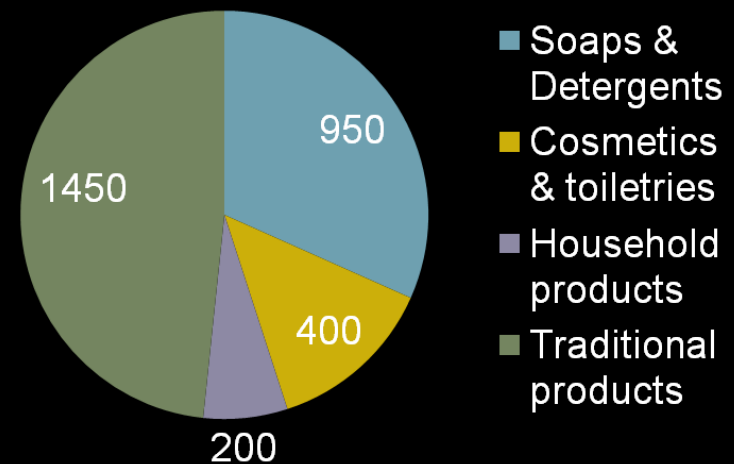
Turnover (Rs. crores)



FRAGRANCE CATEGORIES

- The fragrance turnover is arrived at based on the data available from various sources.
- Soaps and detergents: Rs 950 Crores
- Cosmetics and toiletries : Rs 400 Crores
- Household products: Rs 200 Crores
- Traditional products: Rs 1450 Crores(This will drastically reduce due to Govt ban)

Sales (Rs, crores)



- It is estimated that 35 % of the global population uses 65 % of Fragranced Products.

This is almost Saturated Market.

- Remaining 65 % of the global population uses 35 % of the Fragranced Products.

Here lies the Future of Fragrance Business in
Developing and Underdeveloped countries

- With this Background let us discuss the future of Aroma Technology in India

With reference to:

- Fragrance Creation
 - Essential oils & Isolates
 - Technical application
 - Regulatory/Environmental
 - Economics
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FRAGRANCE CREATION

- ⦿ Expanded availability of highly scented body-care, bath-care and shower-gels have reduced the sales of fine fragrances .Women can experience fragrance while using these products Now men,s Toiletries market is growing much faster to compete with Womens cosmetics.& apply separate personal fair and handsome products.
 - ⦿ This trend is new in Indian Markets.
 - ⦿ Natural Essential oils & Natural Extracts have become a USP via Aromatherapy additive.
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FRAGRANCE CREATION

- Classical Fragrances will continue to stay. New creations will be the modification in the same odour category but using RCO Essential oils.

New launches in Women Fragrances, every couple of years will become necessary to maintain the growth. Existing fragrances would become slow-moving/obsolete forcing the need for new launches in line with fashion with the story of Naturals.

FRAGRANCE CREATION

- New launches are becoming very expensive hence the trend would be to
twist the top notes of established Fragrances and re-engineer them.
- .In functional fragrances the growth would be moderated by continued interest in fragrance-free or unscented products.
(chemical-allergy phobia)

FRAGRANCE CREATION

- India will not face similar situation in the near future as no original fine fragrance market exists.
- It may happen to a few elite consumers who will fulfil their needs by imports.

In mass-market however traditional attars will continue but with western top –notes.

COSTS OF FRAGRANCE INGREDIENTS (RS./KG)

- | | 1970 | 1990 | 2015 |
|-------------|------|------|-------|
| Geraniol | 500 | 600 | 1000 |
| PEA | 120 | 200 | 600 |
| Sandal oil | 650 | 6000 | 90000 |
| Lemon grass | 45 | 200 | 900 |
- In addition to the cost there is shortage of some key essential oils of natural origin.

USE OF ESSENTIAL OILS

- ⦿ The use of natural essential oils in perfumes will reduce substantially due to cost of the oil.
 - ⦿ However genuine natural oils will be needed for Aromatherapy products.
 - ⦿ This is because of efficacy of Natural oil.
 - ⦿ One of the ways to make essential oils available at affordable cost is to go for coop agriculture or invent high yielding variety.
 - ⦿ Egyptian Jasmin has half the cost of Indian Jasmin.
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COSTS OF FRAGRANCE - LEVIES

- Import duties have dropped considerably in the last 30 years.
- In 1970 duties were 150 to 200%
- In 1990 these were 60 to 100%
- In 2006 these are 25 to 30 %
- In 2014 duties are < 10%
- Imported oils are finding more use in India.

COSTS OF FRAGRANCE

- In the near future import duties may be nominal which will create level field and will give rise to competition with global players .Pressure on Costs.
- Need Technology of Reformulations and new odours.
- Compliance with global regulatory norms & quality, Indian F&F industry would definitely compete successfully.

RESOURCES IN INDIA

- Potential for Traditional market in India like Agarbathi, Chewing Tobacco, Pan Masala and other masticatories was huge, even bigger than Soap & Detergents. Because of Govt bans on Tobacco the need for F&F will come down substantially and become very expensive. There are over 500 SMEs struggling for survive due to greater awareness of young generation to avoid tobacco products.
- All that we need to do is to standardise essential oils & fragrances and make regulatory compliant products.
Export for these products are also decreasing.

RESOURCES

- ⦿ There many exotic plants with New odours which have not been studied systematically. Some of them are:
 - ⦿ Sona Champa :flower of Paradise
 - ⦿ Parijat :Wish of grand Tree
 - ⦿ Mitti :The fragrance of the earth.
 - ⦿ Bakul : Indian garland flower.
 - ⦿ Keora: Indian Flower King
 - ⦿ Mogra: moon light of the ground
 - ⦿ Hina : India's Mystery perfume
 - ⦿ Lotus: essence of Perfection
 - ⦿ Gulhina:Fragrance of Paradise
 - ⦿ Ruh Khus: oil of Tranquillity.
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RESOURCES

- ⦿ These are very popular odours in addition to Sandalwood, Patchouli, Chameli, Nagarmotha, Valerian, Marigold etc.
 - ⦿ These odours are novel and unique and perhaps new to the world.
 - ⦿ We should analyse these oils, identify active odour molecule and synthesise.
 - ⦿ It would be unique Indian speciality.
 - ⦿ It is high time we should spend a lot on R&D of this type in our F&F industry.
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R&D IN INDIAN INDUSTRY

- We must spend time, money and our scientific manpower to isolate and synthesize molecules present in our unique natural oils mentioned in the previous slides. This will enable us to offer new unique oriental odours to global F&F industry. This should be our priority for Future cutting edge-technology.
- There is tremendous potential in finding new odour molecules from Indian flowers but it requires lot of efforts and strong R&D resources. All these new molecules will have very high export potential and exclusivity for Indian Fragrances & Flavors.

FUTURE OF FRAGRANCES – SURVEY

- ⦿ We should study likes and dislikes of odours and their preferences in India, region wise and develop products suitable for that region. The success of our Regional SMEs is that they know their regional preferences well.
 - ⦿ To push global brands, MNCs need to heavily advertise on national medias which SMEs can not afford. SMEs definitely can try niche markets. “Fragrance Map of India” shows odour preferences/familiarity of the regions.
 - ⦿ There is general impression that “imported perfumes are stronger and long lasting. Why Indian perfumes are not strong and long lasting.
 - ⦿ No doubt we need to upgrade our skills of Creativity but also we need to change our MINDSET that all that is imported is superior to that of Indian.
 - ⦿ We need to upgrade our Presentation and packaging in attractive containers.
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FRAGRANCE MAP OF INDIA



CONCLUSION

- India's future is highly fragrant and vibrant.
 - We should use our strengths in R&D.
 - We need to follow International norms to offer safe and standardised F&F to our traditional products.
 - Our packaging of F&F and Cosmetics, Toiletries and traditional products must match those of international standards and quality.
 - We will be then able to expand and export our "Heritage" fragrances.
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THANK YOU
