



Industry Insight

with Hugo Bovill

How are current economic conditions affecting the flavor and fragrance industry? What are the current trends, and what is happening in the area of citrus? For help in answering these and many other questions, *Perfumer & Flavorist* recently sat down with Hugo Bovill, managing director of Treatt plc (Bury St. Edmunds, UK).

P&F: Tell us a little about your background and how you got your start in the flavor and fragrance industry.

Bovill: The Bovill family has had a passive investment in Treatt since the 1930s. I worked at the company in the 1970s during school holidays. After leaving school, I joined the company as their products and uses intrigued me. After a year working in various departments, I attended the flavor and fragrance school L.I.S.I.P. in Versailles, France. Following my studies, I returned to Treatt in the UK, specializing in purchasing and sales. I was promoted to marketing director in 1982. In 1985, I was appointed to the board of directors of the company and became managing director in 1987. I have now served 25 years in the industry.

P&F: Please give us a little background on Treatt and the products it manufactures.

Bovill: Treatt plc is a world-leading independent ingredients supplier to the flavor and fragrance industries. The company was founded in 1886 by Richard Court Treatt, an essential oil merchant in the City of London. In the 1930s, Treatt became associated with the L. Rose Co. (famous for its lime juice), now Cadbury Schweppes, and it developed its strength in citrus as a result of this relationship. Today, Treatt operates out of the United Kingdom, Florida and Singapore and has a network of agents throughout the world.

Treatt manufactures and supplies a vast inventory of products, both natural – essential oils and their fractions, innovative natural distillates – plus a full range of synthetic nature-identical aromatic chemicals. Our customer base

includes flavor and fragrance manufacturers plus food, beverage, soap, perfumery, cosmetic and pharmaceutical companies.

P&F: What hurdles is the industry now facing and what needs to be done to move beyond them?

Bovill: Over the last few years, the industry has continued to undergo consolidation by acquisitions and mergers. The recent acquisition by IFF of Bush Boake Allen has caused some uncertainties in the market. I am sure, looking back, that when W J Bush, Boake Roberts and Stafford Allen merged to form Bush Boake Allen there was similar sentiment, but as a result, many small companies were created which have grown into the medium-sized companies of today. Now days, though, it will be more difficult to create a small successful company from nothing due to factors such as the need to attain core supplier status and the development of strict quality approval procedures.

P&F: How is the current economic market affecting the industry?

Bovill: At the time of writing, many flavor and fragrance products are at price levels that would seem cheap in US dollar terms compared with those of the 1970s. We believe that, in general, low prices are here to stay for the long term, with the exception of course, of a few blips as can happen in natural commodities.

Certainly, in the fragrance industry, substitution of natural products by synthetics is increasingly common. We urge



TREATT
PLC

producers of natural raw materials to take great care when pricing products in firm markets as short-term price movements can considerably reduce long-term demand. An example of this is with patchouli oil when it reached very high levels a few years ago.

P&F: Describe the overall state of the flavor and fragrance industry.

Bovill: The flavor and fragrance industry remains one of the most successful industries with good consistent growth. People continue to eat and drink and use fragrance products.

We must continue to take note of consumer concerns and invest in our global trade associations, whilst at the same time allowing small national companies the opportunity to voice their concerns at country levels.

P&F: Please describe the state of the industry in regard to citrus-related products.

Bovill: With regard to citrus, there has been an increasing

tendency since the 1980s for large flavor companies to acquire citrus oil processors. The original examples were Hercules (PFW) acquiring Redd Citrus and Firmenich acquiring Intercit. In Florida, there remain only two independent flavor ingredient companies of which Treatt is one and we are proud of our independence.

The citrus oil market is certainly a specialist one as these oils can be rapidly affected by supply changes and significant increases in demand. Given that it can take four to five years from planting a tree before it can bear fruit, this can substantially alter the dynamics of the market. With increasing knowledge of the biological

make-up of plants, growers and processors are obtaining greater yields by use of modern technology.

P&F: What do you see as the current trends in the industry?

Bovill: I believe that the flavor/fragrance industry top 10 will continue to consolidate. However, I am positive that through these consolidations many smaller companies will

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be established throughout the world, in particular, in those areas that have traditionally been the marketplace for flavors and fragrances, rather than the originators.

I also believe that in areas such as Singapore, there are great opportunities for specialized local companies to become established rather than solely the multi-nationals. These local companies, in particular in the flavor industry, have a far greater comprehension of the local tastes and specific requirements of the local consumer.

P&F: What, in your opinion, does the future hold for the flavor and fragrance industry?

Bovill: In the last few years, price has been considered key. However, with significant changes in the raw material supplier base in 2001, I hope and believe that purchasing departments will concentrate on building long-term relationships. In addition to this, customers must ensure that their suppliers are financially strong and have the required inventories to service their needs, rather than rely on possible false claims about their depth of stocks.

P&F: In what areas will you be focusing your attention in 2002 and moving forward?

Bovill: In 2002, Treatt will focus on two areas. We will continue our investment program in information technology and distribution facilities at Treatt's centre in Bury St Edmunds, UK. We will also be opening our new US facility in Lakeland, FL. These changes will enable us to develop our business to meet our customers' increasingly sophisticated needs and bring new levels of efficiency and customer service.

We have physically been in the US market for over 11 years and believe that there are considerable opportunities for a company such as ourselves specializing in natural flavor and fragrance ingredients.

P&F: What industry achievements are you most proud of?

Bovill: When I joined Treatt in the 1970s, it was a small company with limited export business. Since then, the company has become far wider in its global coverage and financially stronger. Today, the company exports to over 80 countries and has a product range of over 3,000. We are an innovative company but also service-orientated. Treatt is no longer solely a merchant but also a creator of unique natural ingredients for use in a variety of products. ■