

Last Word: Vanilla, Ethics, and Market Drivers

A conversation with Scott May, VP, global sweet goods, Givaudan

“Despite that most natural material prices have gone through the roof in the last several years, vanilla has remained quite stable,” says Scott May, VP of sweet goods at Givaudan. This stability has resulted from a recent oversupply of natural product, and a recent lack of natural disasters in growing regions. As a result, says May, vanilla supply has equaled or exceeded market demand. “There’s a lot of inventory out there that people are carrying; I don’t think prices are going to [escalate significantly] unless there’s some sort of natural disaster.” Of course May and his colleagues are knocking on wood.

May explains that vanilla prices have benefited from steady, but manageable growth in demand, in addition to regional preferences for non-natural vanilla flavors. “Vanilla flavors using vanilla extract are only [common] in Western Europe, the United States, the developed markets of Asia-Pacific such as Japan, and Australasia,” he says. “If you look at developing countries, those flavors are all typically artificial and don’t [tend to] rely on vanilla extract. There is growth for vanilla in the developing markets, but it’s not really pulling on the extract side. Consumers in the developing markets are so used to the vanillin- and ethyl vanillin-type of profiles that I don’t believe we’ll see consumers move in the same direction as the United States and Western Europe.” While May doesn’t preclude the possibility that developed market-type natural vanilla flavors in products such as ice cream could spur new demands in developing markets, pricing constraints will still reign in demand.

“The [annual vanilla flavor] growth we’re seeing in Western Europe and the United States is [but a few] percent, which is about what the flavor market in total is growing,” May continues. “I don’t see a huge increase in the use of vanilla extracts at this point. Where you do see growth is a move from more traditional extracts to ethically sourced, traceable, high quality [options].”

Givaudan’s ethical sourcing program for vanilla—part of a larger sustainability initiative that has focused on key materials such as sandalwood from Australia, tonka beans from Venezuela, benzoin from Laos, and ylang ylang from Mohéli—pushes beyond facets of traceability and sustainability, focusing on support for local growing communities.



“We’ve taken a holistic approach with everything going on in Madagascar [growing communities], because it’s such a big chunk of the overall global supply,” says May, adding that other traditional growing regions such as India and Indonesia have fallen away due to competition from more lucrative crops. The goal is to help local communities thrive while making vanilla cultivation and production a sustainable business. “We’ve got to invest in Madagascar to ensure that they’re going to be around for a very long time,” says May. “One of the things we found early on was the fact that the [local] government really doesn’t have the ability to fund an education program in Madagascar. The schools

in the villages where vanilla is grown were in disrepair. We wanted to make sure [locals] had school facilities that were adequate so they could have the children in the villages going to school, being educated, so they could continue growing as a [community].”

Next came a focus on food crops. “We wanted to improve not only how [locals] grow the vanilla, which is their only cash crop, but also rice, which is what they use to sustain themselves,” May explains. “Growing rice is not an easy thing to do—they spend the majority of their time [cultivating it]. So we put together a program that helped them improve their yield in their existing rice paddies by as much as 50%, without cutting down any more forest.”

Having reinforced the infrastructure of growing communities, the company then focused on traceability, the keystone of any ethical sourcing program. “If a customer is looking to have full traceability from their extract all the way to where the beans were grown and the farmer who grew them, we can actually provide that,” says May. “Our customers have been asking for the ability to have complete traceability for the supply chain of vanilla. They’re looking to make it part of a requirement of supply. If you’re familiar with the Madagascar supply chain, you know it’s not easy. You may have 1,000 vanilla farmers in one growing region. Each one has a very small plot. You can imagine that as they start collecting these beans and during the curing process you lose that traceability if you don’t have some type of program [set up]. You have to have a program that includes the farmers, the collectors, the exporters—the net program has to encompass all of those.”

In addition to traceability, quality is crucial. And so Givaudan has experts working with the local supply chain to optimize planting, *Fusarium* root rot treatment and curing. “The right procedure for curing the vanilla bean is important for delivering the right quality of vanilla,” says May. “We’re working on a controlled curing process that will enable us to take it to the next level. We’re going to be working with the farmers and collectors on implementing that in the coming years.”

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