

The Market for Flavors in Emerging Markets

What impact will the dramatic slowing of growth in global food and drink markets over the next five years have on the opportunity for flavors in emerging markets?

Jamie Rice, RTS

All market information provided herein is sourced from Foodtrending.com, a global food ingredients market intelligence tool.

—Editor in Chief



The Global Market for Food and Drink

The global market for food and drink is currently worth an incredible \$7,765 billion (F-1). This figure represents total expenditure by consumers through all retail and foodservice channels, which is essential to effectively analyze the total opportunity for flavors and ingredients in food and drink.

Emerging Markets

Despite being defined as a so-called emerging market, Asia Pacific has overtaken Western Europe and North America to become the largest market for food and drink globally in value and volume terms. In fact, Asia Pacific now accounts for one third of all expenditures on food and drink, making the region the powerhouse of the global food and drink industry, driving value and growth.

Today, the market for food and drink in Asia Pacific, which includes China and India, has reached \$2,630 billion. While the market for food and drink in Central and South America is much smaller, valued at \$739 billion, it has been growing rapidly, as has the Middle East and Africa, where expenditure on food and drink has reached \$459 billion.

However, the rapid growth these regions have enjoyed in the past five years is set to slow dramatically. In turn, this will have a significant impact on the demand for flavors and flavoring materials.

Opportunities for Flavors

Herein is an analysis of the market for flavors in food and drink in the following regions: Asia Pacific, Central and South America, and Middle East and Africa. The analysis also reviews the following flavor markets: natural flavors (F-2); artificial flavors (F-3); industrial seasonings, herbs and spices (F-4); and flavoring materials (F-5; see Definitions).

Asia Pacific

The Asia Pacific region is a significant opportunity for flavors in food and drink. The demand for all flavors and flavoring materials is worth \$4,577 million. The opportunity for natural flavors in food and drink is worth \$1,053 million and growing rapidly at a rate of 12.1% per year, while use of natural flavor materials is growing at a rate of 8.3% per year. Meanwhile, demand for seasonings, herbs and spices is worth \$1,844 million, while artificial flavors still accounts for a significant share of the market at \$1,397 million.

Central and South America

The opportunity for flavors and flavorings in food and drink in Central and South America is worth \$1,356 million and, like

Definitions

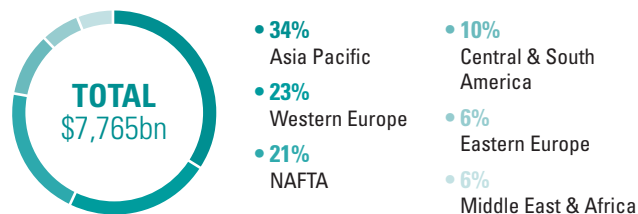
Natural flavors: Flavoring substances obtained from plant or animal raw materials by physical, microbiological or enzymatic processes.

Artificial flavors: Flavoring substances not identified in a natural product intended for human consumption, whether or not the product is processed.

Seasonings, herbs and spices: Industrial usage of mixtures and blends of herbs, spices and other ingredients, essential to the creation of some types of cuisine.

Flavoring materials: Natural foodstuffs, often in a concentrated form.

F-1. The global market for food and drink, 2013



Source: www.foodtrending.com

Asia Pacific, growing rapidly. The use of natural flavors in food and drink is growing at a rate of 8.2% per year in value terms, currently worth \$309 million. Meanwhile, the opportunity for seasonings, herbs and spices has grown to \$474 million, while demand for artificial flavors also continues to grow.

Middle East and Africa

Usage of flavors and flavorings in Middle East and Africa is worth \$700 million. While growth in natural flavors and flavoring materials has been rapid, artificial flavors and seasonings, herbs and spices remain the largest flavor markets.

Over the next five years, growth in use of natural flavors and flavor materials is set to continue across all these regions as the natural trend grows. However, the issues of cost, availability and supply are becoming more and more critical, and manufacturers are increasingly looking to technological advances, including fermentation and synthetic biology, to satisfy this ever increasing demand.

Address correspondence to Jamie Rice, RTS; jamie.rice@rts-resource.com.


The Flavor Enhancer Market in Asia & Beyond

New product launches in Asia containing flavor enhancers had an average compound annual growth rate (CAGR) of 37% between 2010 and 2013, compared to 16% CAGR for new product launches in Asia overall, according to a recent report from Innova Market Insights (www.innovadatabase.com). Asia comprises 47% of total new product launches containing flavor enhancers as of 2013, compared to 17% in Western Europe, 10% in Latin America, and 8% in both North America and Eastern Europe (other: 10%). The leading flavor enhancers in new product launches as of 2013 are:

- Monosodium glutamate (MSG): 80%
- Disodium 5'-ribonucleotides: 12.7%
- Disodium 5'-inosinate: 11.8%
- Disodium 5'-guanylate: 11.0%
- Flavor enhancer, unspecified: 5.4%

The top categories for applied flavor enhancers are snacks (24%); meat, fish and eggs (19%); sauces and seasonings (16%); ready meals (14%); bakery (7%); soups (7%); approximately 26% of 2013 soup launches contained flavor enhancers, according to Innova; and other (12%).

Recent launches highlighting these trends, cited by Innova, include flavored corn chips with MSG, disodium 5'-ribonucleotides and yeast extract (Philippines); fried chicken floss containing MSG, sodium 5'-inosinate, sodium 5'-guanylate and sodium succinate (Taiwan); a white cheddar and spring onion-flavored potato snack flavored with a "flavor enhancer" but no MSG (South Africa); and a cream of spinach soup product containing MSG and sodium inosinate (Argentina).

To purchase a copy of this article or others, visit www.PerfumerFlavorist.com/magazine. 

F-2. The market for natural flavors in emerging markets, 2013



- 26% Asia Pacific
- 8% Central & South America
- 4% Middle East & Africa
- 62% Rest of World

Source: www.foodtrending.com

F-3. The market for artificial flavors in emerging markets, 2013



- 27% Asia Pacific
- 9% Central & South America
- 4% Middle East & Africa
- 60% Rest of World

Source: www.foodtrending.com

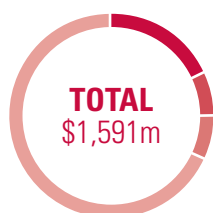
F-4. The market for seasonings, herbs and spices in emerging markets, 2013



- 26% Asia Pacific
- 7% Central & South America
- 7% Middle East & Africa
- 64% Rest of World

Source: www.foodtrending.com

F-5. The market for flavoring materials in emerging markets, 2013



- 18% Asia Pacific
- 7% Middle East & Africa
- 7% Central & South America
- 69% Rest of World

Source: www.foodtrending.com