

# The Essential Oil Market in 1934<sup>a</sup>

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Bury St. Edmunds, England 66 years later

***The original (1934) text, below, is periodically interrupted by the italicized comments of the Editor, inserted in 2000.***

Essential oils are mostly the products of tropical and sub-tropical countries. Africa, climatically, would appear to be very well suited to the industry, but till quite recent years the only African country exporting essential oils was Algeria, where the distillation of Geranium Oil has long been an important local industry. *Today, it is still thought by many in the industry that the African continent could become a major producer of essential oils for the world's flavor and fragrance industry by utilizing its extensive resources. As economic development encourages alternative land use, and local workers increasingly turn to urban areas for more lucrative rewards, the essential oil market will have to seek new natural sources or rely on chemical alternatives. The new natural source for the perfumer and flavorist?*

After the First World War, however, a few enterprising settlers in Africa began distilling essential oils experimentally and laid the foundations of a new industry.

The distillation of essential oils is so speculative and requires in all its departments such close supervision, that one sometimes wonders why so many are attracted by it. *Is the distillation process less speculative now that the oils and their components are now far more familiar? Further, the supervision required is now the function of quality assurance departments and technological advancements that could have only been dreamt about in 1934.*

The principal, if not the only, economic advantage of

essential oils over other crops to the farmer is their high value in proportion to their bulk which is an important factor when transport is a serious consideration. The novelty of the process of distillation so foreign to the activities of the ordinary farm appeals to those mechanically minded or in search of variety in their work, while the agreeable nature of the finished product may, perhaps, weigh with others. *Whatever attracts them it is to be feared that many are drawn to the industry with little appreciation of the responsibilities it entails. Are the essential oil producers today mechanically minded? Perhaps some. Are perfumers and flavorists drawn by the agreeable nature of the finished product? Yes. The author makes a good point: it is often said those within the industry have a love for it. This remains as true today as in 1934.*

The growing of the crops from which the oils are to be distilled needs skill and constant attention. *These two adjectives perhaps best describe the required attributes of the grower today. The growth of a consistently high quality of a natural material is a celebrated art form in some industries, (e.g. the wine industry), so should it be so in our own? Quoting the Senior Agricultural Chemist of Kenya, "The production of essential oils is perhaps more chancy than most farming propositions ; it most certainly requires closer attention and more supervision than most, and, with certain rare exceptions, does not pay much more highly." <sup>1</sup> Are there many who would disagree with this statement today? It brings home the necessity for the farmer to make*

<sup>a</sup>Reprinted from the *Journal of the African Society*

*a profitable living from their crops, which enables the perfumer or flavorist to enjoy the vast array of products they have access to today.*

Those new to the industry are to-day fortunate in being able to obtain plenty of technical advice. The costly experiments of the pioneers and research by Departments of Agriculture have shown which oils can and—perhaps more important to the settler—which cannot be produced in Africa. Expert advice on the growing of the plants and on methods of distillation is easily available. Consequently production is well understood and oils of good quality are being shipped to Europe.

The marketing side of the new industry, however, has so far received very little attention. Failure to appreciate the difficulties of finding a market for new oils has led to blunders which, had the necessary advice been available, might have been avoided. These brief notes have been put together in the hope that they may be helpful to new producers and lighten the task of those essential oil merchants, who, like the writer, have to find markets for new oils.

Although there are always enterprising manufacturers who are ready to look at samples of new products, it is, as a general rule, very difficult to persuade consumers to consider seriously a product, whether it be an essential oil, or a fibre, or a wax or anything else, from a new and unknown source. This attitude is not so much due to narrow prejudice as to bitter experience. *This bitter taste lingers in the mouths of many flavorists, perfumers and purchasing managers.*

The substitution of a new product for an old one almost invariably involves changes in formulae and in methods of manufacture. Moreover, no matter how closely the two products appear to resemble each other, there is always the risk of a difference in the finished article. Therefore, before manufacturers can use a new material they have to spend time and money on experiments which, more often than not, yield disappointing results. Supposing the experiments are favourable to the new product and a small trial order satisfies the manufacturer that it yields better results than the old, here then arises the vital question of supplies. Will he always be able to obtain the new product and at a reasonably steady price? Those of us dealers who spend much time introducing new articles know only too well the abject humiliation of having to tell a manufacturer that we can no longer supply the product which we implored and worried him into trying, and which he now wants to use regularly. It is as infuriating to dealers as it is to manufacturers. Not only has our hard work been to no purpose but we have injured our goodwill by upsetting a

customer, and it will be years before we again dare to ask him to try another new product. *There are many lessons to learn from this statement.*

Other matters of concern to the manufacturer are the maintenance of quality and suitability of packing. Varying deliveries in unsound and inconvenient packages are often a source of expense. Claims for dirt or loss in weight which are always difficult to settle amicably and usually leave all parties dissatisfied, are generally due to carelessness in the country of origin. *The industry is still amicable, fortunately, but the claims and difficulties continue to strain relationships.*

These are the principal reasons why all manufacturers are apt to be prejudiced against all new products. But when the new product happens to be an essential oil, the “sales resistance,” to use the jargon of the advertising world, is far fiercer. *People who have tried to introduce a new oil or source to the market will know only too well what the author means by sales resistance.*

Essential oils, largely because they are liquids, are easy to adulterate in ways which are difficult to detect and—it must be admitted they very frequently are adulterated.

*Fortunately, at least, our powers of detection have now made adulteration far easier to detect.*

*In 1935, the author gave a number of examples where he thought a large amount of oil from certain specified origins had never seen the origin or indeed the true plant species itself. He also commented on the worldwide consumption of certain essential oils which were far in excess of the actual worldwide production capacity. A manufacturer using*

essential oils learns to trust certain established sources of supply, or, if not to trust them, at least to depend upon their observing a decent limit in their frailties.

Essential oils, moreover, are used for their odour and flavour, and very slight variations are apt to become apparent to the senses of smell and taste of the ultimate consumer of the finished article, be it soap, perfume, food-stuff or floor-polish. It is therefore necessary for the manu-

facturer to exercise the utmost care in selecting his essential oils. *The same utmost care must be demonstrated today; the supplier/customer relationship remains the vital key.*

Enough has been said to show what good reasons there are for the manufacturer's prejudice. Let us now consider how the distiller may overcome it and market his oils to the best advantage. *The growers' view.*

The production of essential oils is very dependent on conditions of soil and climate. Not only does the yield vary locally, but so does the character of the oil. Therefore, before attempting to produce any oil on a commercial scale the cautious producer will first distil a sample of a pound or so from experimental plots. To ascertain its commercial value the sample should be sent for analysis, report and valuation.

The new producer is often puzzled to know to whom he should send his sample. It should, unquestionably, be sent direct to one of the well-known firms of specialising in essential oils. Much of the firm's time is devoted to buying and selling essential oils, they are familiar with every oil on the market, and in close touch with consumers all over the world, and is therefore better qualified than anyone else to form an opinion on the commercial value of the sample, and, what is even more valuable, he is in a position to collect opinions from actual users of similar oils. I am a *specialist*, and am therefore perhaps biased, but it is my honest conviction that the inexperienced producer has an immense amount to gain by placing himself in direct touch with a dealer whose specialised knowledge en-

ables him to give advice on the multitude of small difficulties which are inseparable from the early stages of any new enterprise.

*It is interesting to note that the author says the broker would be familiar with all the oils in the market. The same cannot be said today. As we say today, "horses for courses." Specialization is now the key to global success; the greater the knowledge the greater the value added. Even with this specialization, how many genuinely new sources of oil (of any kind) appear on the market each year? How many of these are successful?*

The sample should be accompanied by some indication of the cost of production or of the lowest remunerative selling price, and an estimate of possible production, and any other information which may be helpful to the dealer in his search for buyers. If the sample represents a known oil from a new source, the dealer will be able to form a pretty good idea of its saleability as soon as he gets his analyst's report on it. If, however, the oil is something entirely unknown to the market he will be very diffident in expressing an opinion before he has shown the sample to some of his friends to whom he hopes the oil may ultimately prove interesting. *In an era in which some people have predicted the lessening importance of the dealer, partly due to easing of communication between the source and user, here is a good demonstration of the value that a dealer can bring the industry.*

If the dealer thinks there is a chance of selling the oil at a profit to the producer (and to himself) he will probably recommend a small experimental consignment. The producer must exercise the utmost care to see that his first consignment is identical with the original sample. If it is not, confidence in the quality of future shipments will be gravely shaken. The odour and the physical constants as shown by analysis must be the same, and the oil must be of the same colour, and as clean as the sample. It is often thought that because essential oils are used chiefly for their odour and flavour their colour does not matter. This is far from being the case. The darker an oil the greater the danger of discolouration in the finished product and, as a rule, the lighter and brighter oils are preferred. The absolute necessity of maintaining a standard quality cannot be too strongly stressed. One "off-quality" shipment may take years to live down. *This necessity, and the cost of an 'off quality' shipment, should never be underestimated by those new to the industry.*

At this very time I am dealing with the consequences of the failure of a distiller to appreciate the importance of maintaining a standard quality. He produces two valuable and rather similar oils.

In order to complete a drum of the cheaper one he has seen fit to add to it 20 per cent. of the better one. The result is that the drum is unsaleable as either of the two oils already introduced by us to the market, and we are having to deal with the almost impossible problem of disposing of an entirely new oil of unknown properties which, we hope, we shall never see again. The problem is not so much what we can get for it as, can we sell it at all? *A question that is still occasionally asked today.*

Besides standardising his quality the distiller should standardise his packing, choosing the containers best suited to his product and to the convenience of consumers.

Whatever type of container the distiller chooses he will do well to adhere to it so that when his oil is offered on the market everyone knows how it is packed. Producers of the same oil in any one country would be well advised to co-operate in this respect and adopt a standardised packing.

When production on a commercial scale commences, the distiller has to consider how he is to market his essential oils.

A potential consumer getting offers from more than one source (possibly at varying prices) will conclude that ample supplies are available and that he can more or less fix his own price, and proceed to do so by playing one dealer off against another. *Something many producers still fail to appreciate. Now, with the luxury and ease of electronic communication, material can be offered worldwide at the click of a button. A note for the consumers of these items: by requesting numerous offers from many producers for the same item, an impression of over demand can be created, driving prices upwards.*

This is the rosy side of the picture. More often than not what actually happens is that as, and when, each dealer discovers that others are offering the same article he loses all interest in it, or even becomes definitely hostile if its sale (under conditions of cut-throat competition) interferes with his sales of any other oils which he regularly and profitably handles.

If, however, the distiller places himself in the hands of one dealer only (on a commission basis) the position is very different. That dealer sees the possibility of a monopoly carrying for himself larger, instead of smaller, profits than

the regular line. His interest is thus linked directly with that of the producer, and he has an incentive to force consumers to examine, try out, and experiment with the new oil. After all, selling force is what the producer needs more than anything else, and only by going direct and confining himself to one dealer can he hope to get it. *Today there are many examples of good trusting partnerships and understanding, but equally numerous are examples of partnerships and arrangements failing.*

In these days one often hears it said that the producer should place himself in direct touch with the consumer and thereby eliminate intermediate profits. *This was written 66 years ago and, today, we continue to hear the same story.* Setting aside for a moment the wisdom of this policy, it is usually very difficult for a producer either to find the right consumer or to interest him in his product. Even the dealer, in daily touch with consumers of every variety of essential oil, is often puzzled to know who is the most likely buyer of some new or obscure oil. But supposing the producer does succeed in finding the consumer, it is very improbable that he will reap the benefits which “selling direct” is supposed to confer. The consumer, probably a master in the art of buying, will take very good care that he, before anyone else, is going to benefit by the elimination of intermediate profits. Not only does the producer in the long run usually fail to get full value, but he also effectively prevents his goods becoming known, for a manufacturer making successful use of a new material is, naturally, going to keep as quiet as possible about it. *A valued point, which is still much forgotten today.*

But a still more serious objection to selling direct to the consumer is that by doing so the producer forces himself to work in the dark. It is essential to his business that he should keep closely in touch with all market information—such as price movements, crop prospects, probable consumption, etc.—about not only his own oils but about those allied ones which indirectly affect his market. An important part of a dealer’s business is to

collect this sort of information, both for his own guidance and for that of the producers who rely upon him for it. The producer cannot get this vital service from consumers who do not command the same sources of information as dealers and who will in any case, and rather naturally, only hand on such information as suits them. In this information driven world, not even the Internet can supply all the information that is required by a producer to stay in touch with the market.

In estimating costs and planning for the future it is necessary to remember that the prices of essential oils are subject to very wide fluctuations. For example, Distilled Lime Oil rose from 2s. 6d. per lb. (£0.12 per lb.) in 1923 to 42s. 6d. ~fl 1931 (£2.12 per lb.); Bourbon Geranium Oil, which stood at about 36s. per lb (£1.80 per lb) in 1923 and 1924, was below 10s. (£0.50 per lb) in 1926, but rose to 24s. (£1.20 per lb) in 1932. *Note that these wild price fluctuations were occurring around the time of the great Wall Street crash.* None of the important essential oils have maintained a reasonably steady price in the last ten years. It should also be remembered that if Kenya, let us say, can produce an oil equal in quality to the best oil from an established source, the new oil will not realise at first the full price. For the reasons already explained the interest of manufacturers must be attracted by the offer of a price advantage.

A final word of warning. Essential oils do not enjoy a very free market, and some oils, which are regularly overproduced, often remain unsaleable for a considerable period, and producers must sometimes be prepared for long and aggravating delays in disposing of their consignments.

For all these reasons those embarking on the production of essential oils will do well to supplement the technical advice available to them locally with exhaustive enquiries regarding the market before committing themselves to production on a commercial scale. *This remains as true today as in 1934. Is there as much help to a new producer in this era as there was in 1934?*

## Conclusion

*When reviewing this document, I was extremely surprised at how much remains true to this day. That is not to say the industry has not undergone some dramatic changes, it will undoubtedly undergo some more. The document does, however, highlight the importance of many of the traditional features of our industry. While these may not all be of relevance today, they are worth remembering in order to ensure the long-term viability of our natural resources and the industry on which it was built. I have also tried to raise some questions within my commentary as to where the industry stands today.*



*A note on the original author of this document: E.W.Bovill began his association with the industry when he joined the board of R. C. Treatt & Co. Limited in 1924. In the mid 1930's he traveled extensively in east Africa in connection with the company to encourage production of geranium oil in Kenya. His journeys also resulted in the company becoming sole agents for the seychelles production of cinnamon leaf oil. Bovill secured the sole licence to distil clove oil on the island of Zanzibar. He was Chairman of RC Treatt from 1942 to 1961.*

*E.W.Bovill is the grandfather of Hugo Bovill, the managing director of Treatt plc, and of Giles Bovill, their group marketing manager.*

*While the origins of R.C.Treatt were that of a broker, the company is no longer a broking house, but a manufacturer and distributor of flavor and fragrance ingredients. R.C.Treatt's holding company, Treatt plc ([www.treatt.com](http://www.treatt.com)), became public in 1989.*

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#### References

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1. V. A. Beckley, MC., *Essential Oils*. Department of Agriculture, Nairobi, 1931. p. 25

