

Exporting essential oils for aromatherapy to Europe

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As consumers become more aware of the importance of healthy lifestyles, aromatherapy and natural remedies grow increasingly popular in Europe. Cosmetic manufacturers respond to this trend by using essential oils, including high-value and low-volume oils, to create cosmetic products that have an aromatherapy benefit. Europe is the largest market for essential oils and one of the two key markets for aromatherapy products.

Contents of this page

1. [Product description](#)
2. [What makes Europe an interesting market for essential oils for aromatherapy?](#)
3. [Which requirements must essential oils for aromatherapy comply with to be allowed on the European market?](#)
4. [What competition do you face on the European market for essential oils for aromatherapy?](#)
5. [Through which channels can you get essential oils for aromatherapy on the European market?](#)
6. [What are the end-market prices for essential oils for aromatherapy?](#)

1. Product description

An essential oil is a complex mixture that can contain over 100 chemical compounds. Essential oils are colourless to pale yellow or brown and oil-soluble. Various plant parts can be used to extract essential oils, such as flowers, leaves, bark, resins and fruit.

Around 80 essential oils are commonly used in aromatherapy, according to industry experts. [Popular oils](#) include:

- lavender (*Lavandula angustifolia*)
- bergamot (*Citrus aurantium var. bergamia*)
- immortelle (*Helichrysum italicum*)
- chamomile (*Chamaemelum nobile*)
- eucalyptus (*Eucalyptus globulus*)
- frankincense (*Boswellia caterii*)
- tea tree (*Malaleuca alternifolia*)
- black pepper (*Piper nigrum*)
- peppermint (*Mentha piperita var. vulgaris*)

Which extraction method you need to use depends on the raw material that is extracted. Most essential oils are extracted using steam distillation. Other extraction methods include:

- water distillation
- expression (common for citrus peels)

- solvent extraction
- enfleurage (from flowers)

This fact sheet focuses on essential oils used as ingredients for an aromatherapy effect, rather than on aromatherapy oils or blends that are used as final products. Whether or not an essential oil for aromatherapy is regulated as a cosmetic product depends on how it is marketed in Europe. If the final product is marketed as a medicinal product, an essential oil needs to comply with pharmaceutical requirements. This situation is more common for aromatherapy oils. However, some pure oils are also marketed as cosmetic products.

In terms of products, this fact sheet focuses on cosmetic products with an aromatherapy effect. These products are the most common in the skin care, hair care and toiletries segments.

Examples of final cosmetic products with an aromatherapy benefit include:

- aromatherapy body creams
- perfumes
- hand cream
- calming bath salts
- lipsticks with relaxing or refreshing properties
- relaxing shampoo

See Table 1 for the classification of various essential oils for aromatherapy. These codes and ingredient names are used to identify a product in documentation (as listed in CosIng and with a CAS number) or in trade (through Harmonised System codes).

Table 1: Classification of essential oils for aromatherapy

Source	Classification
CosIng: European Commission database with information on the International Nomenclature of Cosmetic Ingredients (INCI) cosmetic substances and ingredients	<p>CosIng lists numerous essential oils, although these oils are not exclusively used in aromatherapy. Essential oils for aromatherapy include:</p> <ul style="list-style-type: none"> • <i>Lavandula angustifolia</i> herb oil (lavender) • <i>Pelargonium graveolens</i> oil (rose geranium) • <i>Boswellia carterii</i> gum oil (frankincense)
Chemical Abstract Service (CAS) Registry Numbers	<ul style="list-style-type: none"> • 84776-65-8 (Lavender oil) • 90082-51-2 and 8000-46-2 (Rose geranium oil) • 89957-98-2 (Frankincense oil) • 84787-70-2 and 8024-35-9 (Sandalwood oil)

Harmonised System codes (trade)

Essential oils:

- 3301.12 – Sweet and bitter orange
- 3301.13 – Lemon
- 3301.19 – Citrus fruit oils not elsewhere specified
- 3301.24 – Peppermint
- 3301.25 – Other mint oils
- 3301.29 – Other essential oils
- 3301.30 – Resinoids
- 3301.90 – Oleoresins

Source: [European Chemicals Agency](#), CosIng

2. What makes Europe an interesting market for essential oils for aromatherapy?

Renewed interest in aromatherapy and other natural remedies

There is a renewed interest in aromatherapy and other natural remedies as a result of the healthy living trend in Europe. As daily life becomes more stressful, consumers are more aware of the importance of healthy lifestyles. They take more responsibility for their personal health, integrating mental and physical wellbeing.

This increased interest in aromatherapy is also reflected in the massive and growing amount of information that is available to consumers and companies on aromatherapy. Some essential oils do not even need product claims and information on applications, because consumers already know or can easily find information on how and to what effect they can use these oils.

In response to this trend, cosmetic brands use essential oils with aromatherapy benefits in product innovations. They market these scents as relaxing, comforting, balancing or energising, based on the properties and the traditional use of the oils that they include.

Tips:

- Show your buyers how your ingredient can help consumers to maintain their health. However, it is up to the cosmetic brand which claims they use.
- Never make medicinal claims in your product promotion! These claims are not allowed for cosmetic products. Support any cosmetic claims that you make with sufficient data. See our study of [Aromatherapy for health products](#) for additional information on the health uses and requirements for aromatherapy oils.
- For examples of cosmetic claims, look for aromatherapy cosmetics already on the market. Look at the websites of companies that sell aromatherapy products in Europe. Examples are [Farfalla Essentials Ltd](#) (Switzerland), [Neal's Yard Remedies](#) (the United Kingdom) and [Primavera Life](#) (Germany).
- Build up a library of documents that refer to the properties, benefits and claims associated with the essential oils used in aromatherapy. Refer to publications, press releases and advertisements from competitors, and so on.

Western Europe is a key player on growing global market for aromatherapy

Grand View Research expects [the global aromatherapy market](#) to grow by 9.3% annually, starting in 2016, to

reach over \$ 2.35 billion in 2025 (€ 2.0 billion). North America and Western Europe, the two dominant markets, are expected to account for more than half of the global market by 2025.

Over [85% of the global aromatherapy market](#) consists of sales of:

- pure essential oils
- carrier or base oils - vegetable oils used to dilute essential oils (such as apricot kernel oil, grapeseed oil, rose hip oil or pomegranate seed oil)
- blends of essential oils

Growing cosmetic applications for aromatherapy include:

- skin and hair care (such as a calming face cream)
- relaxation and spa products (such as uplifting body scrub)

In Europe, there are strong markets for aromatherapy in France, Germany, Austria and Switzerland. In these countries, aromatherapy is also commonly used as a medicine.

The United Kingdom and the Netherlands are good markets as well. Here, aromatherapy is mostly marketed as a cosmetic product.

Even in countries where aromatherapy is seen as a medicine, there are good opportunities for aromatherapy oils in cosmetics. Aromatherapy is an important category for numerous personal care companies in the United Kingdom, France, Switzerland and Germany.

Tips:

- Focus your exports on western Europe. This area is one of the key markets for aromatherapy products.
- If you want to target the “medical” aromatherapy segment, you need to comply with requirements for herbal medicinal products. See our study of [Buyer requirements for natural ingredients for health products](#) for more information.
- If you produce vegetable carrier oils, see our studies of vegetable oils for additional information, such as [fruit seed oils](#) and [vegetable oils for conditioning](#).

Growing importance of marketing stories

European consumers are increasingly interested in the story behind the cosmetic products that they use. Cosmetic manufacturers use this information to build marketing stories. Ingredients can be an important component of such stories; for example, [Natura](#) (Brazil) and [RAIN](#) (South Africa) have been very successful in marketing their products based on a key ingredient.

You can use several elements to build marketing stories for essential oils for aromatherapy:

- traceability - the species, variety and origin of an oil all affect its chemical composition (see [Quality requirements](#));
- traditional use - together with the oil's image, this element forms the basis for its use in aromatherapy. You can also refer to publications on the aromatherapeutic use of your oil;
- origin - especially when this element fits with the aromatherapeutic benefit for which it is traditionally used. For example, highlighting the country of origin as an exotic location where you can wind down helps to build the story for relaxation oils;
- certification - this element may add value to your oil, especially Organic certification. As consumers and manufacturers of aromatherapy cosmetics are particularly concerned with the purity of essential oils, you

can use Organic certification as a guarantee of the oil's quality. However, the potential of Organic certification depends on your prospective buyer. In addition, as seen above, certification supports traceability.

Tips:

- Create thematic marketing stories for aromatherapy oils that include how these oils are traditionally used. Try to link up with available literature. Clearly communicate the country of origin so your buyer can communicate this information to end-users.
- For relaxation oils, use words such as relieving, calming, balancing, relaxing and soothing. Examples of oils with an exotic origin that can be attractive in marketing include ylang-ylang from the Comoros or [rose geranium oil](#) from Réunion.
- For energising aromatherapy oils, focus on uplifting and energising terms. Examples include citronella (*Cymbopogon nardus*) and lemongrass (*Cymbopogon citratus*) oil.
- If the oil has traditionally been used for a certain aromatherapeutic benefit, emphasise this aspect in your promotional material. Focus on the benefits identified and their potential use in cosmetics.
- If you want to certify your oil, see the section on [Requirements for niche markets](#) for additional information. Always discuss these options with your buyers.

Growing European imports of essential oils

According to industry sources, around 20% of essential oils imported into Europe are used in aromatherapy oils and cosmetics. This is a mere estimation, due to the lack of public data on essential oil use in cosmetics.

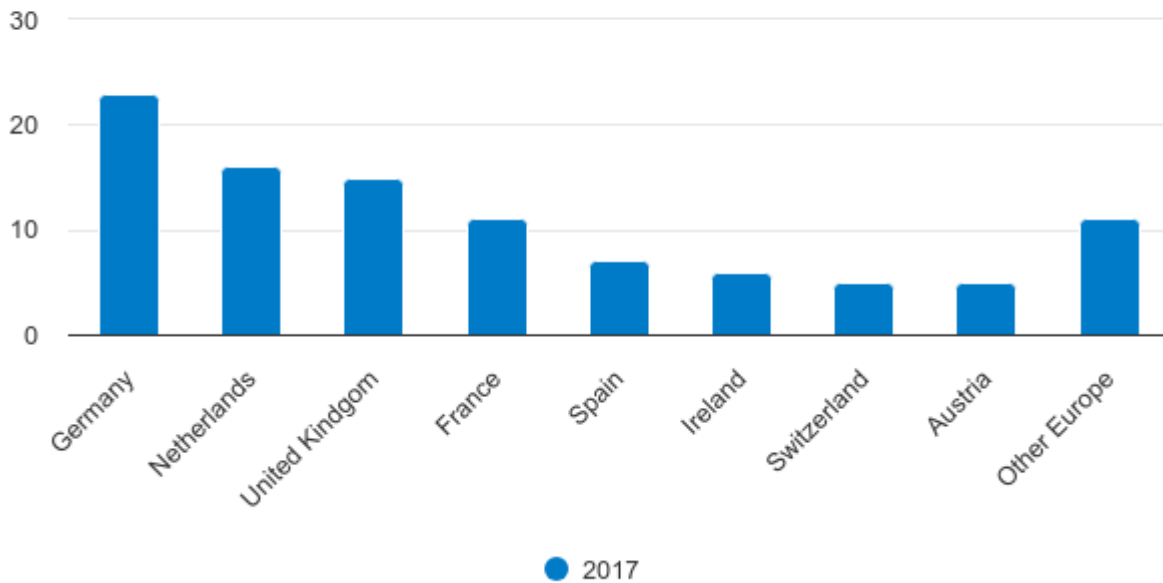
Europe is the leading market for essential oils, accounting for 43.5% of global demand in 2015. Various market research organisations expect a strong growth in the global market for essential oils. Projections from [Allied Market Research](#) and [Statistics MRC](#) point to an expected growth in demand of 8.7% and 11.7% annually from 2016, to reach \$ 11.1 billion in 2022 and \$ 12.9 billion 2023, respectively.

Over the last five years, the value of essential oil imports in Europe grew considerably at 12% annually between 2013 and 2017. The volume of imports fluctuated in that period, peaking in 2015, then returning to 2013 levels. Imports reached almost 90,000 tonnes in 2017, with a value of € 1.9 billion. This equals an approximate average price of €21 per kg.

Developing countries play a relatively large role in the supply of essential oils, supplying 45% of the total European imports in 2017.

Figure 1: Leading European importers of essential oils

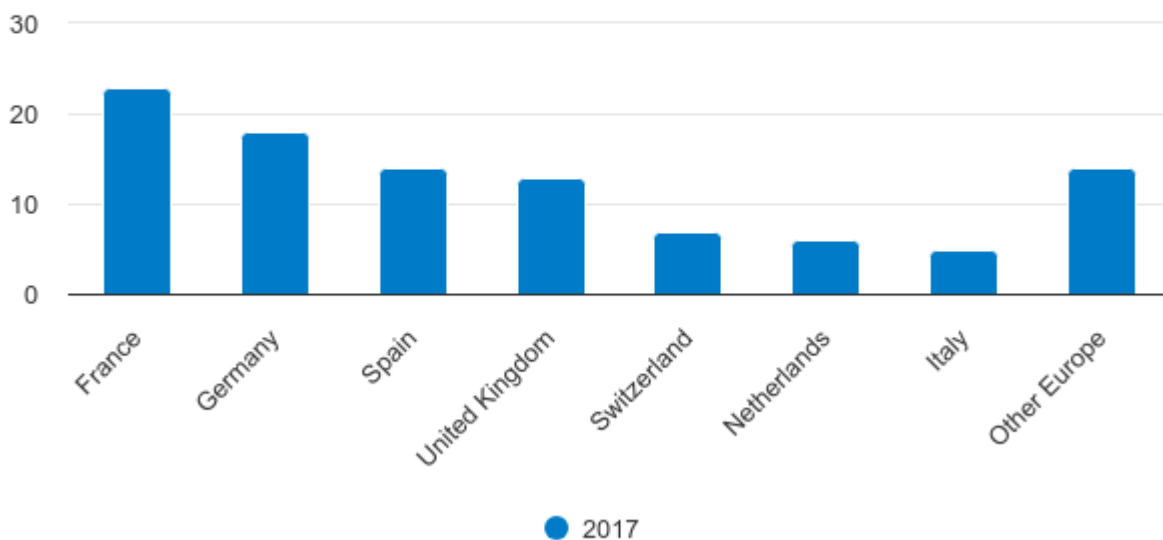
in share of total volume (90,000 tonnes)



Eurostat, 2018

Figure 2: Leading European importers of essential oils not elsewhere specified

in share of total volume (18,000 tonnes)



Eurostat, 2018

Figure 1 gives an overview of the leading European importers of all essential oils in 2017, while figure 2 gives an overview of leading European importers of essential oils not elsewhere specified (see HS codes under the section 'product description'). Essential oils used in aromatherapy mostly come from the latter product group. Among the importers in figures 1 and 2:

- Germany is a major and stable importer of orange, peppermint and other mint oils. These oils are commonly used in the food industry. Just as the rest of Europe, Germany's imports of orange oil increased substantially in value (14% annually in the past five years) due to the rising prices of orange oil;

- France is a major importer of oils that fall within the HS code “not elsewhere specified”, in particular higher-value oils used in cosmetics. This product group includes a wide range of oils such as rosemary, litsea cubeba, tea tree, ylang-ylang and chamomile. In 2017, France accounted for 23% of the total European imports in volume and for 32% of the imports in value. The French market is particularly appealing for specialty oils used in the cosmetics sector and acts as a hub for the industry across Europe;
- Ireland is the main importer of lemon oils. After a strong decrease in 2014, Irish lemon oil import volumes almost returned to the levels of 2012. Developing countries are important suppliers to Ireland, making up 80% of the country’s supplies in 2017. Irish imports of citrus fruit oils excluding lemon and orange oils increased by 18% annually, making Ireland the second largest importer of these oils after the United Kingdom;
- The United Kingdom plays a large role in imports of oils from citrus fruit excluding lemon and orange oils, oleoresins, peppermint and other mints. Over the last five years, import volume of these oils has been relatively stable, while value of imports increased. Import value of citrus fruit excluding lemon and orange oils experienced the strongest growth at 9% annually. Around 40% of these imports come from developing countries;
- The Netherlands is a strong importer of orange and other citrus oils. For both product groups, the Netherlands sources many of these oils directly from developing countries. Over 90% of its orange oils originate in developing countries and 62% of its other citrus oils (excluding orange and lemon).

From 2013 to 2017, the strongest annual growth in European imports of essential oils was in:

- citrus oils excluding orange and lemon (5% in volume and 16% in value)
- oils not elsewhere specified (3% in volume and 13% in value)
- orange oils (2% in volume and 27% in value)

In the same period, the import volumes of oleoresins, lemon oils and peppermint oils decreased slightly, between -1 and -4% annually. A change in demand for these oils does not necessarily imply an increase or decrease of their use in cosmetics. Citrus fruit and mint oils are used more extensively for food applications than in cosmetics.

Tips:

- Focus on the main importing countries mentioned in Figure 1 when it comes to your specific essential oil. However, also expect greater competition on these markets.
- Consider other, smaller markets based on a feasibility study. These markets are still large enough for small and medium-sized enterprise (SMEs) that wish to enter the European market.
- Conduct additional market research for more insight into the differences between the countries mentioned above. Use free statistical databases such as [ITC Trademap](#) or the [Trade Helpdesk](#) from the European Commission. Look for trends on websites such as [Cosmetics Design Europe](#).
- Visit or participate in trade fairs to test whether the market is open to your product, to obtain market information and to find potential buyers. Relevant trade fairs in Europe are [Vivaness](#), and in particular [in-cosmetics](#).

3. Which requirements must essential oils for aromatherapy comply with to be allowed on the European market?

Requirements for cosmetic ingredients

You can only export your essential oils for aromatherapy to the European cosmetics market if you comply with the legal [requirements for natural ingredients for cosmetics](#). These requirements include:

- relevant [European cosmetics legislation](#) (Regulation (EC) 1223/2009) which [includes criteria for the substantiation of claims](#) for finished products;

- well-structured product and company documentation to supply to your buyers;
- [Registration, Evaluation and Authorisation of Chemicals \(REACH\)](#);
- [Classification, Labelling and Packaging of chemicals \(CLP\)](#). You can also discuss this requirement with the freight forwarder or transport company, who will usually be happy to advise you.

Tips:

- Comply with market access requirements in terms of quality control, traceability and sustainability. You need to show where your oil comes from and where it is processed.
- See our [Tips for doing business](#) for additional information.
- See our workbook on [Preparing a technical dossier for cosmetic ingredients](#) for more information and tips.

Fragrance allergen legislation for cosmetic products

The European Union Cosmetics Regulation lists 26 fragrance allergens with a well-recognised potential to cause allergy. Cosmetic products need to include these allergens in the list of ingredients when their concentration exceeds 0.001% for leave-in products and 0.01% for rinse-off products.

However, in 2012, the Scientific Committee on Consumer Safety (SCCS) published an [opinion on perfume allergies](#). The SCCS concluded that the current regulations on fragrance allergens are insufficient. They identified more than 100 additional individual substances and natural extracts as probable contact allergens. The SCCS recommends that consumers should be informed of whether cosmetic products include these additional allergens as well.

As a result, European buyers expect new, stricter legislation on the testing and communication of fragrance allergens. This process could include adding more allergens to the existing lists and requiring a list of all these allergens on packaging.

In particular, buyers expect that these new rules will have a negative effect on the demand for essential oils in cosmetics. Cosmetics producers may use fewer essential oils in their products to avoid long lists of allergens on their final product or reduce the amount of oils used in particular formulations. Alternatively, they may use synthetic ingredients instead of natural ones. As removing allergenic compounds from oils is very likely to change their efficacy, this is not suitable for aromatherapy applications.

Tips:

- Keep up to date with European allergen legislation. Stay informed through your own national sector association or check the [International Fragrance Association website](#).
- Check the website of the [Scientific Committee on Consumer Safety](#) for updates.
- For changes to the cosmetics legislation, see the [EUR-Lex website of the European Union](#), where legislation and amendments are published.
- See [our study](#) of buyer requirements for natural ingredients for cosmetics for additional information.
- See our [workbook for preparing a technical dossier](#) for more information and examples of an allergen declaration.

Access and Benefit-Sharing (ABS) and the Convention on International Trade in Endangered Species of wild fauna and flora (CITES).

You also need to comply with requirements from international treaties on using and trading plant resources.

The Nagoya Protocol provides guidelines for accessing and utilising genetic resources and traditional knowledge and the [fair and equitable sharing of the benefits](#), called Access and Benefit-Sharing (ABS). European companies are legally required to ensure that the ABS legislation has been followed in the country of origin and downstream to their businesses.

You also need to comply with requirements on trading plant resources as agreed internationally under CITES. CITES aims to protect endangered plants and plant products by regulating their trade. It provides a list of plant species that you cannot export or import, where export and import is restricted and where you will need export and import permits to trade.

The European Union has translated guidelines on ABS and CITES into European law. Most likely, these are also part of your national law.

Tips:

- See our study of [Buyer requirements for natural ingredients for cosmetics](#) for more information.
- Develop a procedure to check whether ABS applies to every new genetic resource or traditional knowledge that you want to develop. This process includes knowing the local context and officials. Have a look at the [CBD website](#) for more information, which also includes country profiles.
- Read more about CITES on the [Trade Helpdesk website](#).

Additional buyer requirements

Many European buyers have requirements that can go beyond legislation and standards. These elements are established in buyer specifications and include the following requirements:

- delivering a good and reliable level of quality by following basic practices such as [Hazard Analysis and Critical Control Points](#), or [Good Manufacturing Practices of the European Federation for Cosmetic Ingredients](#) if you want to do more;
- being a sustainable supplier in order to ensure the future availability of your ingredients. Avoid overharvesting of wild plants, provide living wages to your collectors and ensure that you can deliver a stable quality and quantity of essential oils. Certification of these sustainable practices is only a requirement for niche markets;
- showing good Corporate Social Responsibility practices such as developing a code of conduct and improving your performance in key areas (for example, banning child labour and limiting damage to the environment).

Voluntary standards and certifications

Standards for cosmetic ingredients include:

- Natural cosmetics: the largest and most important niche market – [NaTrue](#) and [Cosmos](#);
- Organic cosmetics: [Soil Association](#) (the United Kingdom) and [Ecocert](#) (France) also certify according to the Cosmos standard for natural and organic cosmetics. [BDiH](#) (Germany) also has its own standard;
- You can also use the ISO 16128 standard [part I](#) and [part II](#) as an alternative minimum self-certifiable standard for natural and organic cosmetic ingredients and products. This is especially interesting for smaller producers, if certification according to a private standard is too expensive or not required;
- Fair production: a small niche market in terms of certified cosmetic ingredients – [Fairtrade](#) and [FairWild](#) (for wild-collected ingredients).

Quality requirements

The product identity of essential oils for aromatherapy is key. Make sure that you are specific as to their identity: include your oil's species, subspecies, varieties and chemotypes. Oils from different species, subspecies, varieties and chemotypes have a different chemical composition. This composition forms the basis

for aromatherapeutic benefits. For example, the different chemotypes of rosemary oil have different uses in aromatherapy.

To be used in aromatherapy – particularly on the European market – and to be of optimum quality, essential oils need to be:

- 100% natural (not adulterated through the addition of chemicals);
- 100% pure (not mixed with, or infused in, any other oils that have similar characteristics).

There are international specifications for various essential oils that lay down the oils' composition and minimum content of key compounds. Most common international standards are from the [International Fragrance Association](#) and the [International Organisation for Standardisation](#). Buyers may also have their own specifications.

The safety of essential oils is key for their use in cosmetics. The [International Fragrance Association \(IFRA\)](#) identifies the maximum quantity of components in several essential oils. Examples of these components include:

- citral, linalool and limonene in essential oils such as palmarosa, bergamot and petitgrain
- eugenol in ylang-ylang and myrrh essentials oils

Tips:

- Produce essential oils of the highest quality. Your oils need to be natural, pure and unadulterated. Ensure safety, reliability and good production practices.
- Minimise the time between harvesting and distillation to prevent quality deterioration. Improve the efficiency of your logistics in terms of harvesting and transport to distillation sites, or improve storage conditions when you cannot process raw materials immediately. Determine the feasibility of investing in mobile distillation units in order to process raw materials close to harvesting sites.
- Use the extraction method (temperature, pressure, time) that matches your buyer's preferences and specifications. Where available, refer to international specifications and standards.
- Keep facilities and equipment clean to prevent contamination with foreign materials. Avoid dilution, adulteration (for example, with cheaper essential oils or synthetics) and contamination by foreign materials in order to maintain your reputation. Importers regularly check products for adulteration.
- Have the chemical composition of all lots of your oil tested with gas chromatography. This test is a basic requirement and must be included in your product documentation. Collaborate with a local university department or laboratory to determine the composition of your essential oil.
- Do you produce organic essential oils? Dedicate your processing plant or a specific processing line to produce only organic oils. This process helps to avoid contamination from non-organic particles. If you cannot do so, clean your machinery and equipment thoroughly between conventional and organic production.
- See our studies of [essential oils for food](#), and [rose geranium oil](#) for product-specific information on oils used in aromatherapy.
- See our study of [Preparing a technical dossier for cosmetic ingredients](#) for additional information.

Labelling and documentation requirements

You need to comply with the following European requirements when labelling your essential oils for aromatherapy:

- Set up a registration system to identify and trace individual batches of your essential oils for aromatherapy, whether they are blends or not, and mark them accordingly to ensure traceability.
- Label your products in English, unless your buyer wants you to use a different language.

Your labels must include:

- product name/INCI name;
- batch code;
- place of origin;
- name and address of exporter;
- date of manufacture;
- best-before date;
- net weight;
- recommended storage conditions/

For organic essential oils, include the name/code of the inspection body and the certification number.

You also need to provide your buyer with the following [documentation](#):

- Technical Data Sheet (TDS; check [this example of a TDS for bergamot oil](#));
- certificates of analysis (check examples for different essential oils such as [patchouli](#) or [rosemary oil](#));
- Safety Data Sheet (SDS);
- GMO certificate (if requested);
- certificate of origin;
- product information sheet;
- 100% composition of the oil;
- allergen declaration; check some examples for more information, such as [lavender oil](#).

Various essential oils are classified as hazardous, such as tea tree oil or frankincense oil. For these oils, you need to include relevant hazard symbols (see Figure 3) to indicate that the oil is hazardous to the environment, flammable and harmful. You also need to include relevant risk and safety phrases.

Figure 3: Hazard labels for essential oils

Tips:

- Visit the website of the [European Chemicals Agency](#) to check the hazard classification of your essential oil.
- See [European Directive 2001/59/EC](#) for information on risk and safety phrases.
- See our study of [Buyer requirements for natural ingredients for cosmetics](#) for information on classification, labelling and packaging (CLP).
- See our manual on [Preparing a Technical Data Sheet](#) for more information (it includes information on preparing a Safety Data Sheet).

Packaging requirements for essential oils for aromatherapy

Packaging requirements differ per buyer and essential oil. However, there are some general requirements that you have to take into account in order to preserve the quality of the product. See the tips below.

Tips:

- Always ask your buyer for their specific packaging requirements.
- If your essential oil is hazardous and has a UN number, use UN-approved packaging. For more information, see the [UN Recommendations on the Transport of Dangerous Goods](#).

- Use containers of a material that does not react with components of the oil, such as lacquered or lined steel or aluminium.
- Clean and dry the containers before loading the essential oil.
- Fill the headspace in the container with a gas that does not react with constituents of the oil, such as nitrogen or carbon dioxide.
- Store containers in a dry, cool place to prevent quality deterioration.
- If you produce Organic certified essential oils, physically separate them from oils that are not certified.
- See our study of [Buyer requirements for natural ingredients for cosmetics](#) for information on classification, labelling and packaging (CLP).

4. What competition do you face on the European market for essential oils for aromatherapy?

Market entry barriers

It may be difficult to enter large, established and competitive markets. For example, lavender, citrus and mint oils are traded in large volumes. European countries also produce substantial amounts of some of these oils.

In order to enter the aromatherapy cosmetics market, you need to ensure the right product quality. The type of equipment and technical know-how that you need depend on the complexity of the extraction process. Most essential oils are extracted using distillation, but some require solvent extraction (such as flower absolutes). This process could require significant investments. To access the European market, you need to supply stable quantities of oils at a consistent quality.

You need to show good practices in terms of your supply chain:

- harvesting of raw materials
- processing
- use
- availability
- traceability

It is very important to have documented processes in order to understand how you manage risks on all of the above points. Ideally, you will certify all of those processes.

Around 80 essential oils are commonly used in aromatherapy according to industry experts. Introducing new aromatherapy oils to the market takes a long time, because of claim substantiation and marketing needs. As a result, innovation and product development are limited. According to essential oil buyers, it takes 5–10 years to introduce uncommon oils to the market, such as jatamansi from Nepal (*Nardostachys jatamansi*), even though it had a long history of use. Moreover, because of REACH legislation, it is very expensive to register truly new essential oils on the European market.

Tips:

- Comply with market access requirements in terms of quality control, traceability and sustainability. You need to show where your oil comes from and where it is processed.
- Prepare detailed product documentation on the product, its technical, safety and efficacy data, as well as professional samples. Increase your capacity for safety testing and monitoring to do so.
- Determine to what extent you can enter markets for established essential oils. Can you supply sufficient volumes at a stable quantity and an attractive price?
- If you produce oils based on wild-harvested raw materials, apply sustainable resource management practices. Look into the possibilities of [FairWild](#) certification to show sustainability. Always discuss this

option with your buyers first.

- Determine which extraction method you need for your essential oil and what investments you need to make. If investment costs are significant, cooperate with other producers of essential oils in order to share the costs of distillation or solvent extraction equipment.
- Reduce your dependency on one single essential oil and use your equipment efficiently. Once you have mastered the distillation of materials from one plant, you can use the same equipment to distil oils from other plants.
- See our [study of Buyer requirements](#) for more information on REACH legislation.
- For more information and tips, see our [Tips for doing business](#).

Product competition

Product competition is limited for essential oils used in aromatherapy. Aromatherapy benefits in cosmetics are the result of an oil's chemical composition. There is very little risk that these subtle aromas can be replicated by synthetic ingredients. Moreover, essential oils are not commonly used interchangeably, as different scents provide a different aromatherapy benefit.

Substitution with new ingredients is not attractive to manufacturers once they have included a particular essential oil in a cosmetic product or product range and have built up its market.

Company competition

In most cases, other suppliers can deliver the same product as you. To differentiate your essential oils from rivals on the market, you need to find your unique selling point. This strategy will also help to improve your negotiation position with buyers. You can do so by:

- developing interesting marketing stories;
- certifying your essential oils, especially Organic. These certifications can help you to target high-end and organic cosmetic brands;
- excelling in corporate Social Responsibility (CSR) – because buyers expect you to have some CSR, it is difficult to get a better price through this process. This aspect is becoming a basic market requirement;
- improving access to resources/sustainability of the resource.

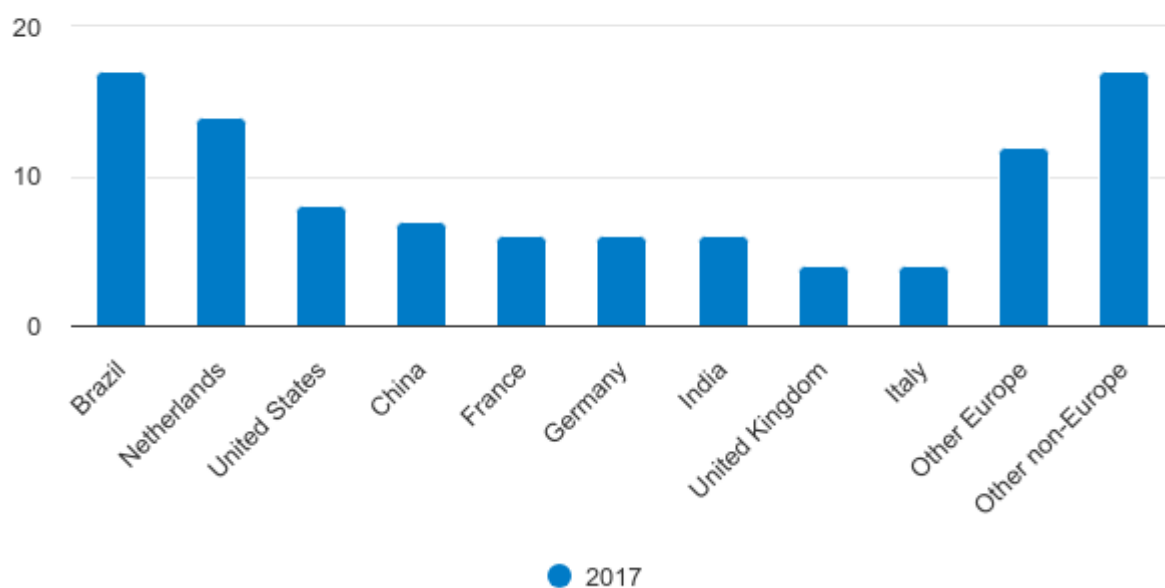
Along with finding a unique selling point for your product, you should also build your company reputation to stand out from your rivals. Industry stakeholders indicate that companies increasingly use their reputation to stand out from the competition instead of focusing on the individual products which they produce.

Having a strong company reputation based on trust may make it easier to stand out from the competition and improve your negotiation position. Buyers are less likely to switch to another supplier if they trust your company. This process also means that if you damage the relationship which you have with your buyers, they will be more susceptible to new suppliers.

Figure 4 gives an overview of leading suppliers of essential oils.

Figure 4: Leading suppliers of essential oils 2017

in share of total supply (90,000 tonnes)



Eurostat, 2018

European suppliers include both re-exporters (Germany and the Netherlands) and producers (France and Italy). Of these suppliers, France is the leading supplier of high-value essential oils both produced domestically and re-exported.

Table 2: Leading essential oil suppliers to European market

Supplier	Type of supplier	Main product	Share of total European imports (volume)
Netherlands	Re-exporter	Orange	31% - 10,000 tonnes
Germany	Re-exporter	Orange Oleoresins	4.2% - 1,300 tonnes 9.1% - 2,000 tonnes
France	Producer/ re-exporter	Essential oils n.e.s.	12% - 2,200 tonnes
Italy	Producer/ re-exporter	Lemon Other citrus oils	22% - 1,300 tonnes 12% - 600 tonnes
Brazil	Producer	Orange	41% - 13,000 tonnes
United States	Producer	Peppermint oil Mint oils n.e.s.	38% - 700 tonnes 16% - 450 tonnes

India	Producer	Peppermint oil Mint oils n.e.s.	31% – 600 tonnes 51% – 1,500 tonnes
China	Producer	Mint oils n.e.s. Essential oils n.e.s.	16% – 450 tonnes 24% – 4,600 tonnes
Indonesia	Producer	Essential oils n.e.s.	8.8% – 1,700 tonnes
Madagascar	Producer	Essential oils n.e.s.	4.3% – 800 tonnes

Source: Eurostat, 2018

Smaller suppliers of oils not elsewhere specified include Indonesia, Madagascar, Morocco, Paraguay, Egypt, South Africa and Sri Lanka.

Tips:

- Promptly answer questions and requests from your potential buyers. Be open and honest in your communications. Keep your promises and be transparent about non-compliance.
- Demonstrate that you are a reliable supplier in terms of quality consistency, delivery, packaging, service delivery and supply security.
- Organise your supply chain to differentiate your company on the market. Make sure that your supplies are traceable, sustainable and well documented.
- If you work with suppliers, give them clear standards on the collection and processing of raw materials that you buy from them in your own specifications. If your suppliers lack technical or human resources capacities, include pictures in your specifications and train them on how to comply with these standards.
- See [our tips for doing business](#) and [our study of competition on the European natural ingredients market for cosmetics](#) for additional information.

5. Through which channels can you get essential oils for aromatherapy on the European market?

Which market segments to target?

To determine which market segment you should target with your essential oils for aromatherapy, you need to answer the following questions.

1. What does your essential oil do?

Essential oils have a specific aromatherapeutic use based on their scent. For example:

- relaxing (such as lavender, [rose geranium](#) and ylang-ylang);
- uplifting or mood enhancing (such as frankincense and myrrh);
- improving concentration (such as rosemary and cedar wood);
- energising (such as citronella and lemon grass).

1. For which industry segment is your essential oil useful?

Low-volume, high-value essential oils for aromatherapy have the most potential in skin care segments.

Consumers tend to be more willing to pay a higher price for these products. Examples of products include face

cream with chamomile oil (marketed as “calming cream”) or a body lotion with patchouli (marketed as “peace and balance”).

At the same time, manufacturers of hair care products and toiletries also increasingly use essential oils with aromatherapeutic properties. These products commonly use cheaper oils. For example, shower gels with ylang-ylang and lavender marketed as “Aromatherapy – Absolute relax” or with eucalyptus oil marketed as “breathe easy”.

Perfumery is the largest segment for essential oils in general because of their fragrance. However, apart from a few dozen essential oils that are well known for their aromatherapeutic benefits, it is less common to use essential oils for aromatherapy.

1. For which kind of market party is your essential oil interesting?

Both natural and conventional cosmetic brands are interested in essential oils for aromatherapy. Essential oils are already used in a wide range of products.

If you can ensure stable quantities and qualities, large cosmetic brands offer good opportunities. If you produce a low-volume, high-value speciality essential oil, natural cosmetic brands can be a good choice.

1. What is your unique selling point?

Aromatherapy cosmetics are marketing-oriented. Helping to build a marketing story based on traditional use can enhance your appeal in the eyes of prospective buyers. Moreover, determining your unique selling point will also help you to locate the right buyer in the right segment. For example, if your oil has a unique provenance or traditional use, you should target companies that value this aspect or use it in their marketing.

Tips:

- For information on properties of essential oils in aromatherapy, have a look at sources such as the [National Association for Holistic Aromatherapy \(NAHA\)](#), the [Aromatherapy Bible](#) or [Forum Essenzia](#).
- Collaborate with a local university department or laboratory to determine the composition of your essential oil. You need to include this information in your product documentation.
- Have a look at websites such as [Cosmetic Analysis](#), where you can find cosmetic products that use specific essential oils. This information can help you determine what your essential oil is used for and by what type of cosmetic producers.
- See our study [Aromatherapy in Europe](#) for additional information on the health and medicinal uses of essential oils.
- See [our tips](#) about doing business in natural ingredients for cosmetics for additional information.
- See [our study](#) on market channels and segments for natural ingredients for cosmetics for an overview of market channels, segments, trends and developments.

Essential oils for aromatherapy generally do not require further refining or processing before they can be used in cosmetics. Compared to other ingredients, essential oils can more easily be sold to cosmetic manufacturers directly. However, it is still the most common to export your essential oils to European importers. These importers have a wider assortment of essential oils and natural ingredients. Trading through importers reduces the risk for cosmetic manufacturers. Established importers and distributors probably also have already registered their imports of essential oils under REACH regulation, where applicable.

Tips:

- Benefit from the experience and knowledge of European importers instead of approaching end-users

directly.

- Look for distributors that can maximise your impact and presence in a market. Some manufacturers may also buy directly from you.
- If you produce certified essential oils for aromatherapy, check the websites of buyers to find out whether they work with certified ingredients. Buyers that do not do so are unlikely to pay a premium for your certification.
- Visit and participate in trade fairs to test market receptivity, to obtain market information and to find potential business partners. The most relevant trade fair in Europe for exporters of essential oils for aromatherapy is [in-cosmetics](#). Other options include [Beyond Beauty](#) (Paris, France), [SANA](#) (Bologna, Italy) or [Vivaness](#) for organic producers (Nuremberg, Germany).
- Find potential buyers by identifying finished products on the market that already use essential oils for aromatherapy. For example, check websites such as [Cosmetics Analysis](#) or the [member associations of Cosmetics Europe](#), the personal care association.

6. What are the end-market prices for essential oils for aromatherapy?

Essential oil prices cover a very wide range. These prices depend on:

- oil properties – buyers are willing to pay more for properties or composition that are in demand;
- price of the raw material vs. oil yield – if the price of your raw material is high, it would increase the price of your oil. However, if the oil yield is high, this fact could allow you to improve your margins or decrease your price if needed.
- processing method – the complexity and cost of your processing method can increase your price;
- popularity compared to availability – popular oils with a limited availability will sell for a higher price.

Quality also impacts the price, but it is a subjective factor. You need to comply with legal requirements as a minimum quality. Beyond that aspect, your buyer will decide how they define “high quality”; for example, in terms of composition or properties for which they are looking. You need to find a buyer who values what you can offer and who is willing to pay more than other importers.

According to industry sources, orange oil is one of the cheapest essential oils at \$ 10-12 per kg. The price of this oil increased from around \$ 3 per kg to \$ 15 per kg in 2014, due to a drop in supplies after a drought in Brazil, one of the main producers of orange oil.

The price for lavender, also used extensively as a fragrance in cosmetics, varies depending on the source. Bulgarian lavender is currently the most expensive lavender, for example, priced at € 140-150 per kg after recent droughts. French lavender, on the other hand, costs around € 100 per kg, according to industry sources. More expensive essential oils such as rose oil (€ 8,000-9,000 per kg) and sandalwood (\$2,300-2,500 per kg) are also sold in diluted form. Obviously, the quantities purchased per year of the most expensive essential oils are much lower than the volumes of less expensive ones.

When the raw materials for essential oil production are wild-collected, they can become scarce and expensive if they are overharvested. This has been the case for example with Indian sandalwood and frankincense (€ 200-250 per kg).

Certification can add to the price. For example, organic certified frankincense is priced at around € 400-450 per kg.

Tips:

- For your specific essential oil, monitor harvests in major production countries to anticipate price developments. Changes to production levels in these countries may affect global prices, as in the case of Brazilian orange oil mentioned above. Such information is generally available from importers.
- Calculate your production costs by using a detailed cost breakdown from raw material to market. Do not forget additional costs such as certification, marketing and chemical analysis. After the cost breakdown, add a profit margin to create your selling price.

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