



Aromatherapy Industry

May 26, 2016

Company YYY



TresVista

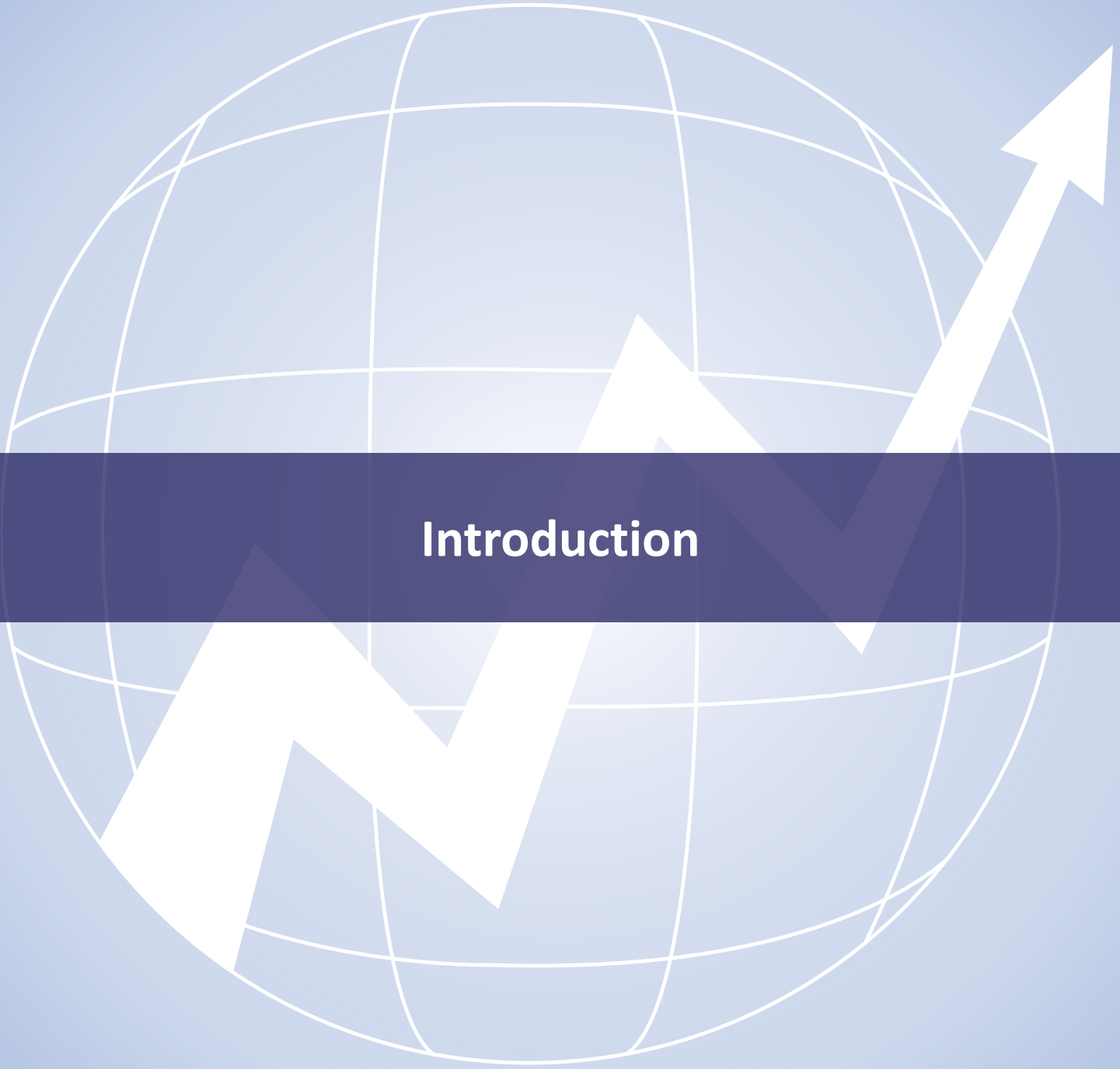
FINANCIAL SERVICES

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Introduction

Aromatherapy

Overview

- Aromatherapy refers to the use of aromas as therapy to cure anxiety, insomnia, pain, stress, body and muscular aches, headaches, depression, digestive problems, etc.
- Aromatherapy is a type of alternative medicine composed of aromatic plant oils, plant materials and other aromatic plant compounds which are used to improve a person's mood and health
- The oils that are used in aromatherapy have variant composition as compared to other herbal products because the purification process that is used in aromatherapy restores the lighter phytomolecules in the oils
- Psychological and physiological effects of aromatherapy which can be felt include change in heart rate, epidermal activity, peripheral blood pressure, cerebral blood flow, changes in skin temperature among others

Aromatherapy Treatment is Provided in Three Ways

Aerial Diffusion

- This therapy involves oil being dispersed into the air to disinfect it by spreading specific fragrances

Direct Inhalation

- Involves breathing the evaporating oils directly. This process is commonly used for respiratory disinfection, decongestion, as well as for psychological benefits

Topical Application

- Oil is directly applied on the patient skin in this therapy. This process is commonly used for massage, baths and therapeutic skin care

Aromatherapy

Market Segmentation

- Aromatherapy involves the use of volatile plant materials, also known as essential oils, that can be aromatically inhaled by patients of a wide variety of health conditions. It is often used to change cognitive states, improve mood, and can also be utilized as a supplemental medicine
- Most commonly used essential oils and their effects are:
 - Lavender Oil: Calming, reduces anxiety, wound healing, burns, cell regenerative, insect bites. reduces itchiness, general skin care, great for children, antispasmodic
 - Peppermint: Relieves nausea, muscular aches and pains, reduces migraines, energizing, antispasmodic
 - Lemongrass: Cleansing, antiviral, insect repellent, use for cleaning, antimicrobial

Global Aromatherapy Market Segment by Product Type

Basil Oil

Black Pepper Oil

Clove Oil

Eucalyptus Oil

Orange Oil

Sandalwood Oil

Tea Tree Oil

Other Oils

Jasmin Oil

Lavender Oil

Lemon Oil

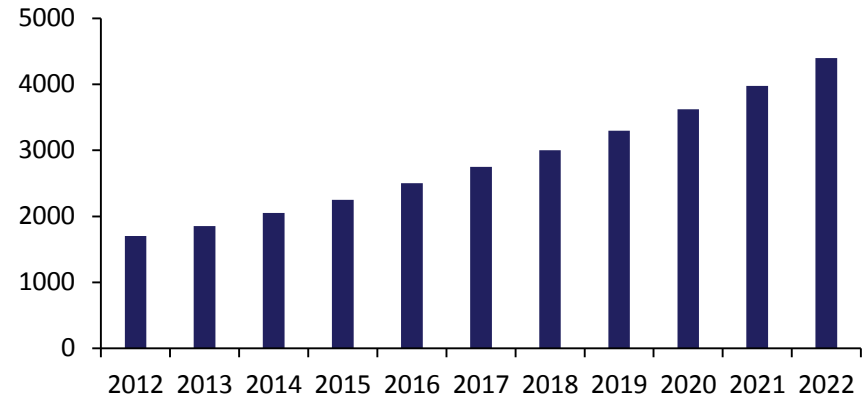
Essential Oils

Overview

Market Highlights

- The global essential oil market size was estimated at \$x billion in 20yy and is expected to reach \$x billion by 20yy
- The global essential oil market demand was 165.0 kilo tons in 20yy and is expected to grow at a CAGR of x% from 20yy to 20yy
- The global essential oil market is segmented on the basis of essential oil uses including aromas and flavorings in food & beverages, spa & relaxation, cleaning & home, medical, and others
- Food & beverage dominated the application market accounting for over x% of the overall volume share
- Spa & relaxation accounted for over x% market share in 20yy owing to rising popularity of aromatherapy and other procedures and is expected to reach \$x billion by 20yy growing at a CAGR of x%
- Orange oil was the leading product segment and accounted for x% (\$x billion) of total market volume in 20yy and is expected to witness the highest segment growth of x% from 20yy to 20yy

U.S. Essential Oil Market Revenue⁽¹⁾ (USD mn)



Regional Highlights

- Europe was the leading regional market with demand share exceeding x% (\$x billion) in 20yy. However, growth is expected to remain stagnant due to the market saturation
- Asia Pacific is expected to witness the highest growth of x% from 20yy to 20yy
 - Growth expected to remain high due to rapid industrialization, rising disposable consumer income, consumer awareness and spa & relaxation industries

(1) Figure values are approximated values
Source: Source A



Aromatherapy Industry Overview

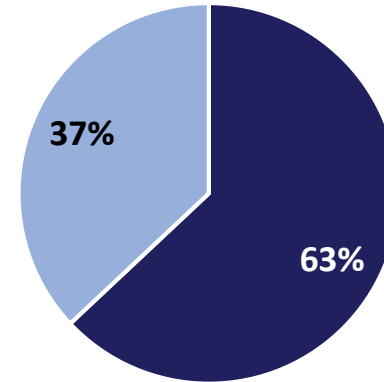
Aromatherapy

Market Overview

Market Highlights

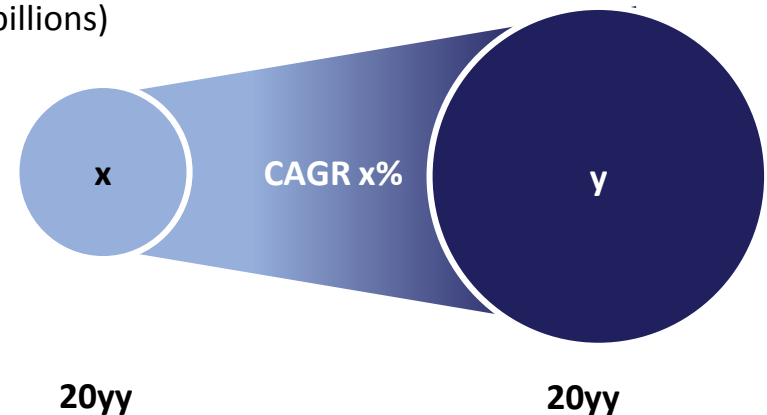
- Aromatherapy and Essential Oils Market globally was valued at over \$x billion in 20yy
 - Fueled by exponential growth in the United States, companies are now realizing the global market potential and increasing adoption rates in the Asian markets
- United States is currently the largest market valued at over \$x billion. Revenues for the United States are estimated to reach over \$x billion by 20yy
- The direct sales channel dominates distribution with over x% of the market, since consumers need to feel and smell the oils to determine its quality
- Between 20yy – 20yy, sales of aromatherapy and body oil products in Supermarkets grew x%+ annually
- Major market participants, including ABC and XYZ, are taking advantage of the increasing adoption rates in Asia, specifically, China, Japan, Taiwan, Hong Kong, Singapore and Malaysia

Global Direct Sales vs. Other Sales - 2015



U.S. Estimated Market Share

(\$ billions)





Aromatherapy Drivers, Trends and Challenges

Aromatherapy

Driver and Trends

- The primary factor for the growth of global aromatherapy market is the growing awareness about the herbal products among individuals
- Another factor driving the growth for aromatherapy are increasing geriatric population and a shift in the lifestyle of people in cities. This gives rise to problems such as anxiety, insomnia, stress, headaches etc.
- Increase in number of retail stores and female purchasers is also one of the factors driving growth of aromatherapy industry
- Based on scientific studies, businesses are recognizing the strong connection between scent and memory and using aromatherapy in retail environments, restaurants, hotels, etc.
- Some of the trends that can be seen in the aromatherapy industry are:

Non-Prescriptive Self Medication

The global aromatherapy market has witnessed a trend of self-medication as it avoids prescription requirement from any doctor

Emphasis on Organic Products

With a greater emphasis on organic botanicals, more people are utilizing aroma to enhance their everyday environment, from their cubicle to their living room

Recognized benefits by wider population

With realized benefits in reducing stress and anxiety, insomnia, depression, etc. more people are trying aromatherapy. It has also proven useful in curbing nicotine cravings in smokers

Mood Improvement

Smell is also increasingly being recognized as an instant mood-shifting and brain-engaging sense

Aromatherapy

Challenges

Purity of essential oils are not standardized or regulated. There is no legislation or other regulation for the criteria of what a natural essential oil has to be

The aromatherapy industry is fairly young and is growing at an enormous pace. Hence, it cannot be expected that aroma therapists have the knowledge of the ancient healing processes within weeks and months

It is difficult to conduct blinded studies with aromatic substances

CHALLENGES

The oils are applied with massage, making it difficult to tell whether the outcome was due to the essential oil, or massage, or both. Also, essential oils contain several chemicals. Identifying the critical one is a challenge

Photosensitivity and internal use of certain oils can cause fatal health problems

Aromatherapy carries a risk of a number of adverse effects linked to skin irritation. Some oils taken undiluted can also be fatal for pregnant women and children

With the enormous growth rate, a large scale commercialization of the industry is unavoidable. When there is a perceived need of a product the laws of the market demand that this need is being filled, whether the suppliers have the background, experience, resources and competence to fill the need or not



Key Players

Company ABC

Company Overview

Company ABC

■ Company Description

- Company ABC is a multi-level marketing company which offers the natural, potent, health-enhancing benefits of essential oils in a variety of products
- Company ABC listed over x million independent distributors and salespeople as of 20yy, which the company refers to as "XYZ"

■ **Year Founded:** 2yyy

Headquarters: ABC

■ **Revenue:** NA

Employees: xxx

■ **Ownership:** Mr. ABC, Mr. XYZ

Company Website: <http://Company ABC.com/>

■ **Address:** xxx

Phone: +1 800-xxx-xxxx

■ Product Categories:

- Essential Oils include Single Oils, Propriety Blends, OnGuard Oils, Breathe Products, Deep Blue Products and Digestzen Products
- Other Products category includes Personal Care, Supplements, Weight Management, Kits & Collections and Accessories

Company ABC

Company Overview

Company ABC

■ Company Description

- ABC provides essential oils and wellness solutions. In addition to the United States, the company has offices in multiple locations

■ **Year Founded:** 1yyy

Headquarters: ABC

■ **Revenue:** \$xbillion (FY 2yyy)

Employees: xxx

■ **Ownership:** Mr. ABC

Company Website: www.abc.com

■ **Address:** xyz

Phone: +1 800-xxx-xxxx

■ Product Categories:

- Essential oils and oil blends, including essential oil singles, essential oil blends, roll-ons, massage oils, etc.
- Home products and wellness products, such as natural cleaning products, diffusers and tools, oral care products, multivitamins, age-based nutrition products, joint and mobility products, etc.
- Beauty products, such as anti-aging, facial care, and bath and body products; and balance products, including spiritual health, mental wellness, emotional wellness, etc.

Company Profiles

Profiles

Company ABC

- ABC produces x-based products. It offers weight management systems, such as nutritional supplements, essential oils, powder drinks, and teas
- **Year Founded:** 2yyy **Revenue:** \$x mn
- **Headquarters:** xyz **No. of Employees:** x
- **Website:** www.abc.com

Company ABC

- Designs, tests, and manufactures organic health and beauty care products
- **Year Founded:** 1yyy **Revenue:** £x mn
- **Headquarters:** xyz
- **No. of Employees:** xyz
- **Website:** <http://www.abc.com>

Company ABC

- ABC processes and distributes organic herbs, teas, and spices
- **Year Founded:** xyz **Revenue:** \$x mn
- **Headquarters:** xyz
- **No. of Employees:** xyz
- **Website:** www.abc.com

Company ABC

- ABC is an essential oils company. The company offers a collection of over x essential oils
- **Year Founded:** xyz **Revenue:** NA
- **Headquarters:** xyz
- **No. of Employees:** NA
- **Website:** <http://www.xyz.com/>