

MULTICLIENT STUDY

Business Review

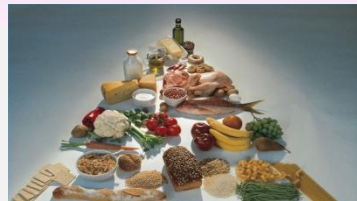
Deoiled and Fractionated Lecithin

In-depth Supply/Demand Analysis

EU28, USA, India

2015/16-2020

Sectors



Food (bakery, chocolate margarine, supplements, etc.),
Feed, Non-food
(pharma, detergents, cosmetics, etc.)



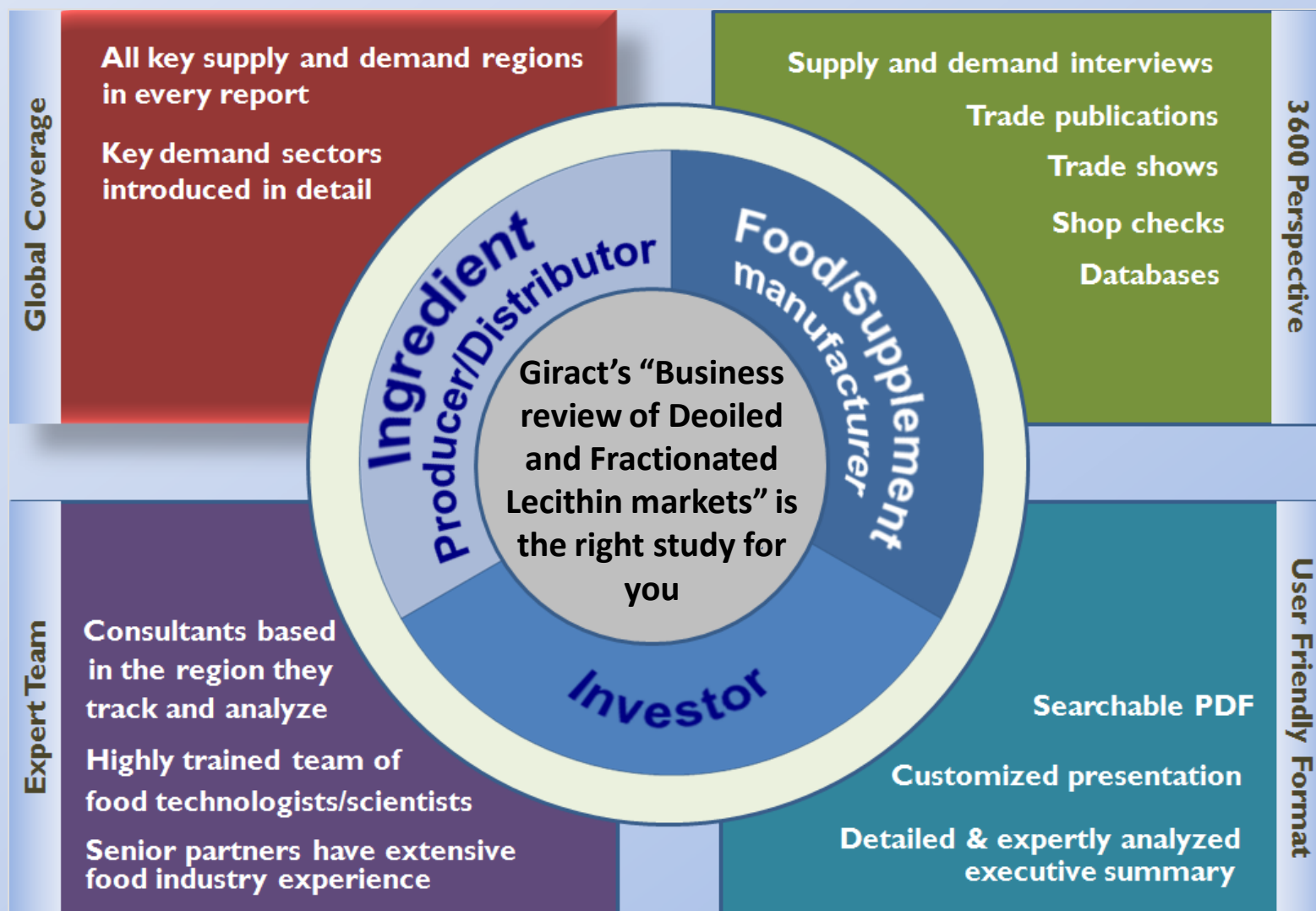
Markets



EU28
USA
India

GIRACT
Geneva, Switzerland

Transnational Business Research & Consultancy





Soy lecithin is low cost. There is no replacement for soy lecithin. *User, Supplements*

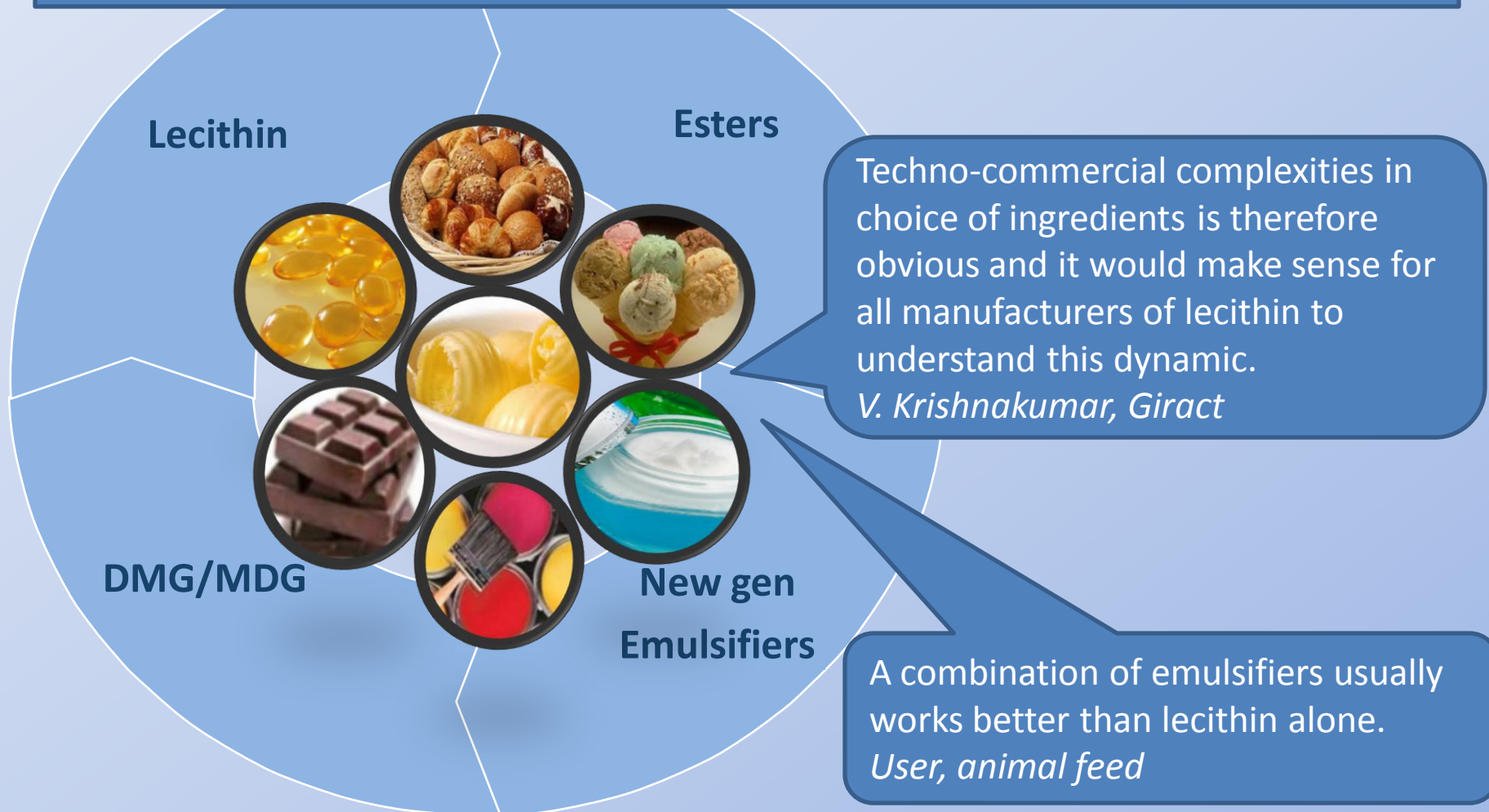


We have long debated and are still debating the rise of Sunflower and rapeseed lecithin.

V.Krishnakumar, Giract

Cost and versatility remain the key demand drivers for soy lecithin while GM is a consistent challenge. Do sunflower and rapeseed lecithin have the ability to remove the GM issue as a challenge?

There is enormous competition from other emulsifiers, especially cheap synthetic ones from SE Asia. How does lecithin compete with these?





Lecithin in its various forms and value added versions are used in a range of food, feed and industrial products. Supply is abundant and the relative cost effectiveness of using lecithin makes it a popular emulsifier in many sectors. Increase in soy cultivation and processing in various parts of the world contributes to the abundance of supply. Differences in application sectors exist in various parts of the world.

Competition from cheaper palm based synthetic emulsifiers is intense, but lecithin is holding its ground. Some issues surrounding GM source exist, and new sources like sunflower and rape are offering competition to soy lecithin in specific applications. The type (semi-refined versus fully refined) and grade of lecithin used in food is often different in developing countries.

Giract has already published successful market studies covering the various food-approved emulsifiers in 1996, 2001, 2006, 2012 and more recently examined lecithin markets in 2014; the current project follows the most up-to-date information on the dynamic lecithin sector. This consultancy will provide production, trade, prices and availability estimates for the individual regions.

The main objective is to provide a full picture of lecithin supply and demand in specific markets. This can be divided into the following sub-objectives:

Food (bakery, chocolate, margarine, supplements, etc.), Feed, Non-food (pharma, detergents, cosmetics)



To provide current overview of supply by region for deoiled lecithin and fractions



To quantify current production volume & value by respective countries/regions



To analyse the producers, their strategies, extent of vertical integration, estimated production, product mix and market share (where available)



Understand pricing and trends in pricing. To split demand by major demand sector and product type



Identify and analyse demand dynamics through focussed interviews with end-user companies across sectors in the USA and EU28

This unique study examines deoiled and fractioned lecithin in-depth supply & demand across EU28, USA and India

SCOPE

Products



- **Lecithin** - Deoiled, where possible differentiated by source (soy, sunflower, rapeseed), and fractions – phosphatidyl choline, phosphatidyl serine, phosphatidyl inositol and others

Geography



- EU28, USA, India

Markets/ End-Sectors



- Food (bakery, chocolate, margarine, supplements, etc.)
- Feed
- Non-food (pharma, detergents, cosmetics)

STUDY HIGHLIGHT

Programme

Following an initial review of Giract in-house data, interviews with selected key players (producers, traders, end-users) have been carried out in order to derive real understanding of the market forces

Current:
2015/16
Forecast: 2020

Timescale



WHAT DO YOU GET?

1. **Electronic Copy** of report in searchable PDF format
2. **One Printed Copy**
3. Report published in **February 2017**





GIRACT

Website: www.giract.com
Email: info@giract.com

Section: Introduction

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1.2. OBJECTIVES

The main objective is to provide a full picture of lecithin supply and demand in specific markets. This can be divided into the following sub-objectives:

- To provide current overview of supply by region for deoiled lecithin and fractions
- To study in-depth the high volume and/or growth markets of EU28, USA and India
 - To quantify current production volume & value by respective countries/regions
 - To analyse the producers, their strategies, extent of vertical integration, estimated production, product mix and market share (where available)
 - To understand pricing and trends in pricing
 - To split demand by major demand sector and product type
 - Identify and analyse demand dynamics through focussed interviews with end-user companies across sectors in the US and EU28

1.3. SCOPE

1.3.1. PRODUCTS

Lecithin: Deoiled, where possible differentiated by source (soy, sunflower, rapeseed), and fractions - phosphatidyl choline, phosphatidyl serine, phosphatidyl inositol and others

1.3.2. GEOGRAPHICAL

EU28, USA, India

1.3.3. END-USE SECTORS

Food (bakery, chocolate, margarina, supplements, baby food, ice cream, others), Feed, Non-food (industrial, cosmetics, pharmaceuticals)

1.3.4. TIMESCALE

2015-2020

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1.4. SUPPLY-EU28

1.4.1. PRODUCTION

Estimated production of total lecithin, EU28, 2015

Table with 2 columns: Lecithin producer, kt. Rows include ADM (5.2), and a Total row (9.2).

Data Edited

Source: Direct, based on interviews

Competitive scenario for lecithin, Europe, 2015

Table with 4 columns: Standard, Liquid, Deoiled, Fractions. Rows include Cargill, Indian companies, Chinese companies, and Indian companies.

Source: Direct, based on interviews

Production of deoiled lecithin, EU28, 2015

Table with 2 columns: Producer, kt. Rows include a Total row (2.2).

Source: Direct, based on interviews

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Production of lecithin fractions, EU28, 2015

Producer	Kt
*	0.0
*	0.0
*	0.0
Total	0.0

Source: Giract, based on interviews

Data Edited

1.4.2. SUPPLY BALANCE

Supply balance, EU28, 2015

2015 Lecithin supply balance	Kt
Production	0.0
Import	0.0
Export	0.0
Availability	0.0

Source: Giract, based on interviews

1.4.3. CURRENT DEMAND BY SECTOR

Current consumption of lecithin by sector, EU28, 2015

Sector	Fluid	Deoiled Fractions	Total
Chocolates & Confectionery	1.0	0.0	1.0
Margarine & spreads	0.0	0.0	0.0
Bakery	0.0	0.0	0.0
Baby Foods and Infant formula	1.6	0.0	1.6
Ice cream	0.0	0.0	0.0
Instantisation applications	0.0	0.0	0.0
Other foods	0.0	0.0	0.0
Animal feed	0.0	0.0	0.0
Dietary Supplements	0.0	0.0	0.0
Other Non-food	0.0	0.8	0.8
Total	2.6	0.8	3.4

Source: Giract, based on database analysis and interviews

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1.4.4. DEMAND FORECAST BY SECTOR

Demand Forecast of lecithin by sector, EU28, 2020

Sector	Fluid	Deoiled Fractions	Total
Chocolates & Confectionery	0.0	0.0	0.0
Margarine & spreads	0.0	0.0	0.0
Bakery	0.0	0.0	0.0
Baby Foods and Infant formula	1.7	0.0	1.7
Ice cream	0.0	0.0	0.0
Instantisation applications	0.0	0.0	0.0
Other foods	0.0	0.0	0.0
Animal feed	0.0	0.0	0.0
Dietary Supplements	0.0	0.0	0.0
Other Non-food	0.0	0.8	0.8
Total	1.7	0.8	2.5

Source: Giract, based on database analysis and interviews

Data Edited

1.4.5. END-USER INTERVIEWS

1.4.5.1 REFLEX NUTRITION

The Science Park Sea View Way Brighton
East Sussex BN2 6NT
United Kingdom
Tel: +44 1273 303 817
www.reflaxnutrition.com

Company background and products supplied

ReflaxNutrition is headquartered in the UK. It was founded in 1996. The company specialises in nutritional supplements by different types of sports (body building, boxing, cycling, cardio, football and rugby) and by intended purpose (lean muscle, muscle strength, energy, weight management, health & well-being and recovery). Meal replacement products; powder supplements with amino acids, proteins, carbohydrates, creatine and nutrition bars and drinks are offered as part of its product portfolio. Reflax Nutrition has an annual turnover of about EUR 12 m and runs its own manufacturing facilities for the production of a wide range of nutrition supplements.

Company's view on future of lecithin in the country

The interviewee expressed the opinion that lecithin is the preferred emulsifier used in nutrition supplements industry in Europe.

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Both soy and sunflower lecithin is currently used in Europe by nutrition supplement manufacturers; however, due to GMO issue with soy, some supplement producers are trying to switch to sunflower lecithin, wherever possible.

The interviewee was aware of both liquid lecithin and lecithin powder. The interviewee notified that for whey protein-based supplements, companies generally source premix of whey protein with lecithin directly from the dairy protein suppliers.

General issues on lecithin usage by the company

The company currently sources premix of whey protein and lecithin from a European dairy protein producer. In this, the interviewee expressed that it is possible that the supplier mixes liquid whey with liquid lecithin and then spray dry the mix to offer the premix to Reflax Nutrition. It is doubtful, according to him, that the premix supplier blends whey protein powder with lecithin powder.

Reflax Nutrition uses GM ingredients. Due to GM issue associated with soy lecithin, the company has been making efforts to replace soy lecithin with sunflower lecithin, wherever possible. For example, for one of its nutrition bar products the company has started using liquid sunflower lecithin. Also, while choosing whey protein and lecithin premix supplier, the company makes sure that the supplier provides non-GM certification.

The company prefers sourcing soy ingredients from Europe and avoids procuring them from the US, as US grows mainly GM-soybeans.

Technical support is not required from the lecithin supplier as the company has sufficient in-house expertise.

The interviewee notified that any change in trend for use of lecithin type or format in European nutrition supplement industry would be largely driven by choice of dairy protein producers/suppliers.

The interviewee was aware of rapeseed lecithin but has not used it. He added that there is less suppliers of rapeseed lecithin as compared to that of soy and sunflower lecithin.

The company had used lecithin powder in a nutrition bar product, since liquid lecithin was not available. However, as soon as liquid lecithin was available, the company switched to liquid lecithin in its products.

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Awareness, use, and intended use of lecithin

	Aware ?	Tested ?	Used ?	Using ?	Will use ?
Standardised liquid lecithin	✓				✓
Deoiled lecithin powder	✓				

Fractionated lecithin

Crude lecithin

Any other lecithin

The company sources about 70-100t of whey protein and lecithin premix from the supplier and dosage of lecithin in the premix varies between 0.5% - 1.5%.

Future use of lecithin

The company does not foresee directly buying powder lecithin as single ingredient, for use in its current offerings or those in the pipeline, unless its dairy protein producer chooses to use the powder form of lecithin.

Data Edited

Recent relevant work in the multiclient field includes:

Report title	Geographic scope	Published on
Food-approved Emulsifiers	Global	1996, 2001, 2006, 2012 and 2014
China Emulsifier Supplier Directory	Global	2005

In addition, several individual studies have examined both emulsifiers and the end-product sectors.

For more info, contact

**V. Krishnakumar,
GIRACT**

24, Pré-Colomb
1290 Versoix/Geneva
Switzerland

Tel: + 41 22 779 0500

Email: info@giract.com; **Web:** www.giract.com