Development Prospect of Aromatherapy Industry in Yunnan Province

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Abstract This paper firstly introduced domestic and foreign supply of products processed by aromatherapy plant. On the basis of predicting market demand of aromatherapy plant, it analyzed current development situation of the plant in Yunnan Province. It arrived at the conclusion that the industry has broad market prospect. Then, it analyzed competitive advantages and risk factors of aromatherapy plant in Yunnan Province. There are climate, location and price advantages, but due to lack of product standard, it is difficult to guarantee quality, and there are certain market risks. Finally, it put forward recommendations for development of aromatherapy industry; (1) taking full advantage of preferential policies to set up leading enterprises and realize radiated development; (2) bringing into play of resource advantages and introducing capitals and technologies; (3) Fostering market and driving the industrial development.

Key words Aromatherapy plant, Industrial development, Prospect analysis, Recommendations, Yunnan Province

Aromatherapy plant also called aromatic herb is the plant with aromatic, ornamental and medical properties. In the world, there are more than 3,000 varieties of such plant, including famous lavender, rosemary, rose, wrinkled giant hyssop, schizonepeta, sage, peppermint, oregano, and basil. With aromatic chemical such as alcohols, ketones, esters, and ethers, this plant can emit pleasant scent, so it is reputed as natural perfume bottle. Thus, it can serve as ornament, medicament, food, drink, perfume and cosmetics. At the international market, raw materials for the "Soft Gold" aromatics come from the aromatherapy plant. Aromatherapy plant originates from Mediterranean coast. Later it was introduced to the United States and Canada. 10 years ago, it was introduced to Japan, and later to Taiwan. The production and development of aromatherapy plant becomes more and more outstanding with deepening of scientific researches. Yunnan Province with gifted climatic and geographical environment is one of the regions suitable for growth of aromatherapy plant. With rapid development of national economy and improvement of people’s living conditions, people care more and more about natural and healthy life and understanding of people about aromatherapy plant is gradually deepening. Particularly in the situation of China’s regulating structure of planting industry, the market prospect of aromatherapy plant and its products will be broader and broader.

1 Current situation of market supply and demand of aromatherapy plant processing products

1.1 Current situation of domestic and foreign supply and demand Aromatherapy plant has practical value in ornament, fragrance and medical care. With acceleration of development of various deep processed products, aromatherapy plant is used in wider and wider range. Not only in garden landscape, but also in food, medicine and extraction of essential oil, aromatherapy plant is used wider in deep processing. Its demand is increasing day by day, and accordingly aromatherapy plant is recognized as a highly attracting industry with high profit.

Both Chinese and foreign people have habit of directly eating aromatherapy plant or using aromatherapy plant as vegetable. In western-style dishes, rosemary and thyme are important seasonings. Aromatics and essence extracted from aromatherapy plant have functions of disinfection and adjusting nervous system to make people feel comfortable, so the essential oil is reputed as "Soft Gold". In recent years, the demand of aromatherapy plant products grows with each passing day in both domestic and foreign market, and the aromatherapy plant industry is deemed as a high-profit industry. However, since the area for growth of aromatherapy plant is relatively small, the production of raw material remains in short supply. At present, countries producing essential oil mainly include UK, France, Italy, Bulgaria, Canada and Germany.

Chinese knowledgeable people introduced hundreds of aromatherapy plant from Mediterranean coastal countries, and have successfully planted more than 20 varieties. With gradual increase in cognition degree of practical value of ornament, fragrance and medical care of aromatherapy plant and acceleration of industrial development, aromatherapy plant is planted and used wider and wider in China. In recent two years, the development of aromatherapy plant industry has formed certain foundation in Xinjiang, Zhejiang, Beijing, Shanghai, Guizhou and Dalian, where there are not only large aromatherapy plant growers, but also a lot of enterprises specialized in development of aromatherapy plant industry. Now, application of aromatherapy plant such as lavender, sage, jasmine and peppermint, is developing from pot-planting to various deep processing products. Although the aromatherapy plant industry has taken shape in China, it still has many drawbacks. The application of aromatherapy plant in many places still remains in supply of raw materials and extraction of industrial...
spices. It fails to directly supply products with high content of science and technology for consumers. Especially, the essential oil extracting process is backward. Most products are roughly processed products, and exported products are mainly rough oil. Foreign countries further process rough oil to essential oil, whose price is tens of times rough oil. However, aromatherapy plant processing products in China still have a long way to form high added value spices.

1.2 Current situation of supply of aromatherapy plant in Yunnan Yunnan Province is large province rich in aromatics. Relying on gifted climatic and geographic advantages and modernized extraction and refining technology, Yunnan Province produced pure essential oil which has superior quality and competitiveness in quality, purity and function over other regions. With many years of development, Yunnan Province has more than 30 enterprises producing aromatics. Eucalyptus oil, geranium oil, sassafras oil, citronella oil, Cananga odorata and lavender are plant aromatic products with certain scale in Yunnan Province. Eucalyptus oil takes up 95% of global market share; geranium oil and citronella oil account for 50% of global market share; as the widest application plant, lavender of Yunnan Province has been incorporated into world top eight varieties. Nevertheless, it is planted in small area in Yunnan Province. In addition to lack of universal standard, it restricts advance of deep processing of aromatherapy plant in Yunnan Province towards international market.

2 Analysis of market prospect of aromatherapy plant

2.1 Prediction of future market demand At present, market of aromatherapy plant essential oil is mainly North America, Western Europe and Japan. Their market accounts for 80% of global market, sales amount is up to 13.6 billion USD, while consumption in other countries and regions are less. According to research of a famous aromatherapy plant essential oil brand on China market, the capacity of cosmetics market in China is up to 80 billion yuan, while aromatherapy plant essential oil takes up less than 1%. Currently, China remains shortage in consumption of aromatherapy plant essential oil. Many small enterprises are anxious for grabbing short-term benefits, leading to disorder of aromatherapy plant essential oil market. For a period of time, consumption of essential oil products is mainly concentrated on professional Spa hotels and beauty and skin care places.

With constant development of China’s economy, especially constant growth of domestic first-tier and second-tier cities, a lot of high income people with powerful consuming capacity become middle class. Consumption of essential oil has walked out of traditional place and appears in special counter in shopping mall, monopolized shops and boutiques. Essential oil products are easily available, thus promoting understanding of consumers about essential oil products. From experience of American – European market, aromatherapy plant essential oil products generally account for 30% of cosmetics market. This indicates that China has huge market potential of aromatherapy plant essential oil products, and this market will expand at the rate of 5% with constant and rapid growth of China’s economy.

Foreign diet and consumption habits will influence that of China, especially for young generation. Since China is large in population, there will be more people consuming western-style food and stable in certain range, and the demand of western-style foods for aromatherapy vegetable will have a considerable increase. Therefore, the demand for fresh aromatherapy vegetable will constantly increase. Dried flower is an important supplement to fresh cut flowers. In recent years, the demand for dried flowers is also rising, because dried flowers satisfy psychological need of people for real flowers, and reduce the trouble for managing fresh flowers. According to market survey statistics, use of dried flowers is one of the fastest growing categories of family purchase, account for more than 8% of flower consumption. Dried flowers are mostly used in bathroom, sitting room, or doors for removing odor.

2.2 Market prospect analysis At present, aromatherapy plant is widely used in vegetable, medicine, essential oil and ornament. For example, lavender, rosemary, and thyme are multi-purpose varieties of aromatherapy plant. Essential oil of lavender is the one of the widest and safest aromatherapy plant essential oils. It is called the universal essential oil, and is widely used in more than 90% cosmetics. Lavender essential oil has more than 70 functions and extensive therapeutic effect. In the past, it was product of French aristocrats. Nowadays, it has entered our daily life. Fragrance of rosemary produces refreshing effect to the mind and enhances memory, and its leaves have bactericidal function, promote blood circulation, and treat joint pain. Thyme has powerful disinfection and anti-corrosion effect, and its essential oil mainly functions as improving digestive system and gynecological diseases, promoting blood circulation, enhancing immunity, resistance against diseases and oxidation resistance. Thyme sachet and pillow have good curative effect on insomnia and melancholia.

According to statistics, the price of aromatics in 2011 rose 3 – 5 times. It is estimated that it will continue rising. Thus, the market prospect of aromatherapy plant is remarkable. In addition, application of aromatherapy plant is extensive. It is highly flexible in application conversion, less limited by market, relatively resistant against market risks, and has broad market prospect. Although the demand for aromatherapy plant is increasing in both domestic and foreign market, there are still no technicians and finished product factory of essential oil and superior aromatics in China, and it still has to rely on import. Products locally produced only can supply to beverage and food processing factories, indicating large appreciation space of aromatherapy plant processing products.

Through many years of pilot planting, it is proved that Yunnan is one of the most suitable regions for growth of aromatherapy plant. At present, Binchuan County mainly plants Pelargonium graveolens, Yuxi City mainly plants rose, Xishuangbanna mainly plants lemongrass and Yulan magnolia (Magnolia demodata), and Kunning City has eucalyptus oil and rosemary. However, there is
still a long way to demand of both domestic and foreign market.

Besides, Yunnan is a large tourism province. Appreciating the beauty of flowers is a major traveling item. In full bloom, lavender shows a magnificent picture, which will attract numerous tourists to appreciate its beauty. Then, non-pollution tourism industry developed on the basis of large area of lavender will bring about substantial economic benefits. Therefore, as tourism development project of Yunnan Province, aromatherapy plant industry has broad prospect.

3 Analysis on competitive advantages and risks of aromatherapy plant industry in Yunnan

3.1 Competitive advantages

3.1.1 Outstanding climate advantage and powerful market competitiveness. Yunnan is a mountainous province. Due to influence of geographical region, atmospheric circulation and altitude, Yunnan Province has unique climate environment, while small environment of every region creates conditions for different small environment, so there is the saying of "four seasons in one ride, a different weather a few miles out." Plateau climate and strong ultraviolet ray help to bring about a paradise of fresh flowers and plants, while widespread mountainous and sloping fields provide vast and suitable soil. Complex terrain combined with alternate influence of Indian Ocean southwest monsoon and South Pacific Ocean southeast monsoon and Qinghai-tibet plateau air mass forms relatively complete 7 types of climate in Yunnan Province. These climate types are helpful for formation of abundant plant resources and intact vertical climatic spectrum, and complex and diverse environment conditions bring about rich and varied plant resources. Yunnan has been always reputed as "World Garden", which gives outstanding quality guarantee for aromatherapy plant. It has introduced geranium, lavender, thyme and rosemary and other aromatherapy plants. Strong aroma, luxuriant foliage and spreading branches bring about high yield. In one year, it can harvest more than three times, and the quality is excellent, thus it is highly popular with customers.

3.1.2 Positional advantage. Linking up two oceans (the Pacific Ocean and the Indian Ocean) and three markets (China, Southeast Asia and South Asia), Yunnan Province has long port history and unique regional advantage. Land, water and air traffic network is very convenient. With establishment of ASEAN free trade area, Yunnan Province has become an important front of trade exchanges between China and Southeast Asian countries, and its regional advantage becomes particularly important. Therefore, regional advantage of Yunnan Province creates several paths for export of its aromatherapy plants, and it drives vigorous development of aromatherapy plant industry in China, South Asian and Southeast Asian areas.

3.1.3 Low production cost and distinct price advantage. Aromatherapy plant is small perennial shrub. One time field planting can realize continuing harvest of 3 to 4 years, and the cost for large field planting is relatively low. Besides, like the vegetable production, aromatherapy plant industry belongs to labor-intensive industry. Compared with developed countries including American-European countries, Japan and South Korea, China is low in labor price. Yunnan Province is relatively low in labor price compared with other provinces. In addition, with distinct climate advantage, Yunnan Province can plant aromatherapy plant in open field. The investment in planting facilities and production is relatively lower than other regions. Since the cost in the production and sales is low, the price competition at market will be distinct.

3.2 Risk analysis

3.2.1 Risk factors. Firstly, Yunnan Province is small in large-scale planting of aromatherapy plant and it lacks universal product standard. Secondly, most varieties of aromatherapy plants are introduced from foreign countries, and the understanding is little about variety characteristics, technical requirements, production procedures and quality standard. As a result, the technology will remain low level and product quality is unacceptable. Thirdly, market risk (including acceptance degree of consumers for products and accommodation of market for products) is small in view of current supply and demand situation of both domestic and foreign market.

3.2.2 Countermeasures for preventing and reducing risks. In the traditional separate planting and production mode, it is difficult to withstand risk of natural disasters and difficult to reach corresponding technical standard. Therefore, it is required to increase large-scale planting, establish universal quality, uniform standard and brand operation mode, expand production scale, improve product quality, widen sales channel, and reduce problems due to drawbacks in technology and management. Furthermore, it should actively cooperate with enterprises both in Yunnan and other provinces, invite experts to serve as technical consultant and carry out technical training. Also, it should combine production, teaching and research, take the road of independent development combined with digestion and absorption, and set up technical operation procedure and system suitable for production of local aromatherapy plant, so as to ensure product quality.

4 Recommendations for developing aromatherapy plant industry in Yunnan

4.1 Taking full advantages of policy favor to set up leading enterprises and realize radiated development In the strategy of developing western regions, Yunnan provincial government put forward the development goal of building a powerful green economic province based on characteristics of Yunnan Province. Specifically, it is aimed to create favorable external environment for development of aromatherapy plant industry in Dali Autonomous Prefecture. The next step is to actively cultivate large growing households of aromatherapy plant, strengthen leading enterprises, effectively bring into play demonstration and drive function of leading enterprises, encourage farmers to participate, build and consolidate benefit mechanism of enterprises and separate farmers,
consciously implement "developing the rural areas with the aid of the urban areas". (iii) The agriculture in the province mainly practises small scale operation, and the land ownership is difficult to transfer, making the exogenous factors difficult to play a clustering effect in the agricultural sector. So, on the whole, the new rural construction in the province can not rely entirely on the driving of exogenous factors.

The basis for the development of an economic system springs from the internal changes. The "exogenous" factors are the conditions for internal changes, while internal factors are the root cause of development and change of things, and the external factors play a role through the internal factors. Therefore, in the new rural construction, "exogenous" development and "endogenous" development are equally important, and there are only different focuses on the development patterns. Among them, the "endogenous" development must take the support of endogenous factors as the external thrust. At the same time, good intrinsic basic conditions can help to attract the inflow of external factors. And the "endogenous" growth factors of agriculture are fundamental to independent and sustainable development of agriculture, and play a fundamental role in increasing farmers' income, promoting agricultural development, and propelling the new rural construction.

References

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