

## BUNDLED COMPETENCE for ESSENTIAL OILS and NATURAL RAW MATERIALS FOR MORE THAN 100 YEARS

A conversation with Jens-Achim Protzen (Consultant Regulatory Affairs) and Daniel Dillenséger (Key Account Manager) from Joh.Vögele KG, Lauffen



Daniel Dillenséger, Key Account Manager

**EURO COSMETICS:** Last year, the business of Paul Kaders was integrated into Joh.Vögele KG. What are the synergies that came out of that?

**Jens-Achim Protzen:** To be successful in a sustainable way in trading of essential oils requires experience and market knowledge, a solid financial backbone and a certain tolerance for risk but in particular, passion and enthusiasm!

Obviously, this was already part of the Vögele DNA but with the complementary qualities of both companies it was possible to bring this out with even more focus.

Additionally, Hamburg is an ideal logistics hot spot for international trading. Based on his own experience and personal commitment Bertram Vögele took an early decision in not only maintaining the Hamburg operation but to strengthen it further: next year we will be constructing and inaugurating a new warehouse with office and laboratory spaces at the outskirts of Hamburg.

All combined, it is a perfect match – we are all very happy!

**EURO COSMETICS:** Did you experience any changes in your client structure and how



Jens-Achim Protzen, Consultant Regulatory Affairs

did clients react on the merger?

**Daniel Dillenséger:** Like many other trading companies over the last years, Paul Kaders experienced a concentration process within its traditional client base. With the available resources, we were finally serving successfully a base of 200 clients. Through the integration, it became obvious that the complementary skills and expertise for clients and products of both companies helped to generate more benefit than the individual entities before.

At the beginning we wanted to be absolutely sure that the benefits of the merger were properly communicated to the regular Paul Kaders clients, but also, that all the processes were properly in place and working.

Both Lauffen and Hamburg did a good job in achieving this. And even though some clients seemed to be a little sceptical at the beginning, they realized throughout the process that they could rely on our high standards for service and product quality. Finally, the decision to maintain the Hamburg operation created additional trust.

**EURO COSMETICS:** How do you secure sufficient supply for your clients of your mostly

pure natural products?

**Daniel Dillenséger:** This is a permanent balancing act between demand and supply. On the one hand side, our demand because of the merger strongly increased while the demand in the market increased also at the same time. At the other hand, we are facing and fighting many issues driven by nature at the origin of our products. Here as well, the expertise and long-standing relationships both companies had with their trustful suppliers at the origin helped to secure the increasing volumes.

And finally, the close collaboration with our clients is also very important in this context: through annual contracts we are able to fade out the mentioned difficulties at the origin and to avoid any speculative elements.

**EURO COSMETICS:** What trends or developments do you see in the market for essential oils, especially for organic essential oils, also in context with their application in market products?

**Daniel Dillenséger:** One of our biggest challenges today is to engage with our suppliers for “clean” products which means products without any contamination from phthalates, pesticides or heavy metals for example. That’s why we already started in the 90’s to build up our range of organic essential oils. And right now, we are expanding this range of products from controlled biological cultivation even further as we are seeing a disproportionately increasing demand for application in food items, cosmetics and also household products.

**EURO COSMETICS:** It is obvious that especially the regulatory requirements for your products are consistently increasing on all different levels. How do you guarantee a safe documentation for your products moving forward?

**Jens-Achim Protzen:** Indeed, my earlier list

of requirements for this business was not complete, because Regulatory Affairs represents a key pillar of today's trading of essential oils. This might not sound very sexy but it is a "conditio sine qua non".

During the integration and ever since the regulatory team at Vögele has increased disproportionately in order to comply with the increasing requirements and demand from the market. This goes also for the additional software support with a new and more efficient programme to generate material safety data sheets for example.

Both companies were and still are actively affiliated with a high number of professional associations within this industry. And it is not just a question of understanding what is going on but mostly to act at the forefront and to influence actively our joint future.

**EURO COSMETICS:** *With a product portfolio of more than 3000 products you will definitely depend on timely and correct information from your suppliers. How do you organize this collaboration?*

**Jens-Achim Protzen:** The collection and compilation of data is a continuous process. Already today, through the intense work of our product management over the years we dispose of a lot of data. Working hand in hand with our purchasing team allows us to update this data base continuously and to collect immediately required data straight away – all together within short distances, internally as well as externally. In addition to that we are communicating closely with our suppliers about our requirements and following this up by frequent visits ("audits") at the origin.

**EURO COSMETICS:** *What is changing after the introduction of REACH after May 31<sup>st</sup>, 2018 and how has the company prepared for that?*

**Jens-Achim Protzen:** REACH represents a huge turning point for our industry because as of June 2018, it will be: "No Data – No Market!" Substances, and this includes essential oils, that are produced or imported in volumes higher than 1,000 kg per year and producer or importer (Feed, Food and Pharma items being excluded) need to



be registered with ECHA in Helsinki.

At Vögele we have analysed our product portfolio very closely and the imported volumes behind will lead into a high number of registrations. Through the merger with Paul Kaders this number has even increased further.

REACH is an excellent example of our commitment that goes far beyond the supply chain of essential oils: at the very beginning, we were already advocating for the category in Brussels and Berlin, later obviously also in Helsinki, so that the whole procedure would be much better feasible for our industry.

Still, it is very likely that many companies will realize the full impact of this regulation only after June 1<sup>st</sup>, 2018.

**EURO COSMETICS:** *Based on increasing demands from the regulatory side, high capital commitment through stocks in the warehouse and limited supply for natural raw materials that increase in price at the same time the classical business model of trading seems to be changing. What kind of challenges do you expect for the future?*

**Jens-Achim Protzen:** A horse without a jockey is still a horse – but the jockey? Without the production of essential oils there will be no trading of essential oils. That's why it is indispensable to have many motivated producers at the origin. Today, farmers have many options to go for other agricultural or non-agricultural products.

Furthermore, it is very important that essential oils are still permitted for use in the EU as REACH, unfortunately only represents one of many legislative initiatives. Consequently, the whole industry needs to work together comprehensively. Luckily

enough, we are on the right track for that today, in fact much further than 10 years back. Within that collaboration traders always played an important role at the interface.

Finally, we will need a performing and adopted infrastructure. Already today, Hamburg represents an ideal trading centre and with our new Hamburg facility we will benefit from this even further in a natural fashion.

**Daniel Dillenséger:** It is quite certain that our business and that of our clients will become more complex in the future. REACH is playing an important role in this context right now. Even though safer and more sustainable products are more desirable, at the end it still becomes a question of who is paying for the production and supply for these essential oils. As a founding member of EFEO (European Federation of essential oils) I have been confronted with this reality right from the beginning and have discussed this with many of our clients, not always with a successful outcome. Now, with the May 31<sup>st</sup> deadline approaching clients realize and recognize our bundled expertise in REACH and are happy to have competent partners for their concerns at Vögele.

At the same time, we will need to be also rather predictive and service-oriented when it comes to other subjects around our products, so that we will be able to create the required added value for our clients also in the future.

**EURO COSMETICS:** *We thank you for this conversation.* ■