



**International
Markets
Bureau**

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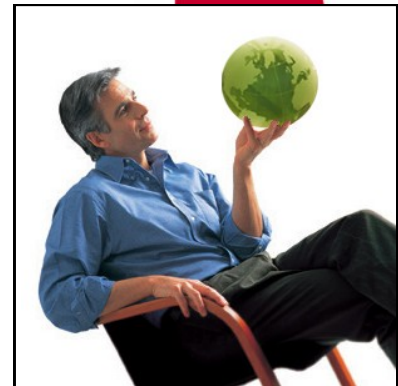
Consumer Trends Pet Food in Venezuela



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Source: Shutterstock





▶ **EXECUTIVE SUMMARY**

In 2010, pet food products continued recording positive growth in Venezuela, in terms of both volume and value sales. As the pet population increases in line with the natural population growth of the country, the positive trend of pet ownership continues. Furthermore, pets in Venezuela are increasingly being seen as part of the family, following the global trend of pet humanization.

The cat population in Venezuela grew by over 6% in 2010, a trend that is expected to continue in the foreseeable future. Restrictions on obtaining foreign currency in Venezuela has caused some shortages of imported cat food products, and is limiting potential growth in this market. Domestic manufacturers are having difficulty importing raw materials, leading to inflated prices for locally sourced ingredients.

The dog population in Venezuela grew by 3.3% in 2010. Currency restrictions affecting cat food availability in the country are also felt in the dog food sector. The gap between prepared versus non-prepared dog food is expected to narrow, as dog owners' attitudes shift towards providing their pets with optimal nutrition.

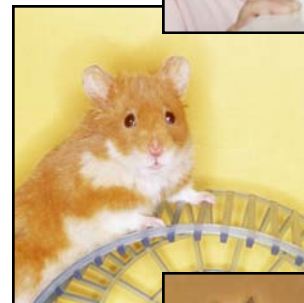
Venezuela's foreign exchange import limitations have affected advancements in the pet food market. Most notably, 2010 suffered an absence of innovation in terms of dog and cat food product development and packaging.

The other pet food industry saw the highest population growth in the fish sub-category, at just over 5% from 2009 to 2010. Following was the bird population at 3%, small mammals at 1.1%, and reptiles at 1.2% over the same time period. The generally low maintenance costs and limited space requirements of pets in the "other" category, are large factors in their popularity. Keeping birds in Venezuela is growing in popularity amongst adults. Small reptiles and mammals as pets are enjoyed by only a small portion of the population, with hamsters and turtles favoured primarily by children.

Multinational companies led in dog and cat food sales in Venezuela for 2010, a lead that can be attributed to the wide variety and price options available to consumers. These strategies are well adapted to the needs and demands of Venezuelan consumers. Furthermore, multinationals who also possess domestic manufacturing capabilities have enjoyed even more success.

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▶ CONSUMER AND RETAIL TRENDS

THE CAT FOOD MARKET

- ▶ Cat ownership grew in Venezuela in 2010, and is expected to continue growing due to the convenience and hygiene these pets offer.
- ▶ Venezuelan cat owners are generally in the higher-income bracket, and are less sensitive to pet food price increases. Cat owners prefer high-quality prepared food for their pets, however, wet cat food is seen as a luxury item, limiting its demand and making dry cat food the more popular purchase.
- ▶ Overall, Venezuelan cat owners are still under-educated regarding the brands that are currently available, and would benefit from stronger promotions highlighting the advantages and added convenience of prepared cat food.
- ▶ There is an absence of variety in domestically produced premium cat food products.
- ▶ Supermarkets/hypermarkets and pet stores continue to lead in the sale of cat food and treats. Imported brands of organic, functional or weight management cat food products are found predominantly in pet shops and pet superstores.

THE DOG FOOD MARKET

- ▶ The diminishing purchasing power of dog owners in Venezuela has resulted in consumers seeking out products with the optimum combination of price and quality.
- ▶ The average Venezuelan dog owner is in the middle- to upper-income portion of the population and feeds their pet commercially prepared food, or a mixture of both prepared and home-cooked food. Among lower socioeconomic groups, dog owners generally feed their pets with home-cooked meals or table scraps due to their limited budgets.
- ▶ Most Venezuelan consumers prefer dry dog food over wet food, for its lower price and availability.
- ▶ Large breeds are the most popular dogs due to their ability to act as both guardians and companions. However, smaller- to medium-sized dogs are gaining in popularity as Venezuelans move into smaller homes or apartments.
- ▶ Non-grocery retailers (predominantly pet shops) are estimated to account for 55% of the total value of dog food sales in 2011 (based on partial-year statistics), followed by supermarkets/hypermarkets with 44%.

THE OTHER PET FOOD MARKET

- ▶ Venezuela has also seen growth in other pet ownership, as these pets are viewed as less expensive and more decorative.
- ▶ High- and middle-income households, as well as households with children, are the predominant owners of fish, while consumers looking for a more unique pet prefer small mammals and reptiles.
- ▶ Rampant inflation and a worsening economic environment is forcing Venezuelans to cut spending on non-essential items, slowing growth in the other pet food market, which may ignite price competitions.
- ▶ In 2010, the most popular distribution channel for other pet food was the pet store, garnering 60% of other pet food sales, with supermarkets/hypermarkets claiming 40%.



▶ MARKET DATA

Venezuelan Pet Food Market Sizes
Historic Retail Value in US\$ millions - Current Prices

	2007	2008	2009	2010	2011*
Pet Food Total	145.9	211.5	287.8	385.0	527.4
Dog and Cat Food	127.8	188.9	256.4	342.3	467.4
Other Pet Food	18.1	22.6	31.4	42.7	60.0

Venezuelan Pet Food Market Sizes
Forecast Retail Value in US\$ millions - Current Prices

	2012	2013	2014	2015	2016
Pet Food Total	717.4	960.8	1,267.7	1,644.7	2,126.8
Dog and Cat Food	634.7	848.7	1,118.1	1,448.5	1,870.5
Other Pet Food	82.7	112.1	149.6	196.2	256.3

Venezuelan Pet Food Market Sizes
Historic Retail Volume in tonnes

	2007	2008	2009	2010	2011*
Pet Food Total	104,226.1	113,780.5	118,476.4	122,370.2	127,044.2
Dog and Cat Food	102,221.9	111,708.0	116,323.6	120,137.6	124,727.2
Other Pet Food	2,004.2	2,072.5	2,152.8	2,232.6	2,317.0

Venezuelan Pet Food Market Sizes
Forecast Retail Volume in tonnes

	2012	2013	2014	2015	2016
Pet Food Total	132,320.3	2,504.9	144,582.2	151,593.3	159,313.6
Dog and Cat Food	129,913.3	135,589.3	141,972.6	148,871.7	156,469.9
Other Pet Food	2,407.0	2,504.9	2,609.6	2,721.6	2,843.7

Source for all: Euromonitor, 2011

*Note: 2011 statistics are estimates based on partial-year data

▶ In 2010, there were minimal new developments observed within the Venezuelan cat food market. Companies are simply focusing on maintaining volume sales of their current product lines, in order to combat the restrictive controls over access to foreign currency that currently exist in the country. New cat food products with claims of organic, functional, or weight management, are not commonly found. Age-specific products are the most common segmentations within domestically manufactured cat food.

▶ Domestic dog food producers are experiencing the same issues with access to foreign currency. However, dog food innovation continues and is focusing on segmentation, with age-specific, breed-specific, size-specific and functional dog food products constituting all the major product developments seen in Venezuela for 2010. Approximately 50% of dry dog food sales come from adult dog food types, so the majority of new products have focused on this segment.

▶ Dry pet food products have seen the recent innovation of adding breast milk proteins to kitten and puppy food, to ensure optimal growth and development. This development was spearheaded by Nestle Venezuela SA. Due to the increase in cat ownership alone, this innovation will contribute significantly to market growth potential.

▶ No new products were launched in the other pet food category during 2010 in Venezuela, presumably because of the shared issues faced by pet food importers and the restricted access to foreign currency. Companies in this sector will continue to focus on increasing their domestic production, and/or directing their efforts towards mid-priced and economy products, which enjoy the highest demand.



▶ COMPETITION

**Venezuelan Pet Food Imports from the World, Value in US\$
(HS Code: 230910 - Dog and Cat Food Put Up for Retail Sale)**

2005	2006	2007	2008	2009	2010	% Change 2009/2010
6,245,341	6,698,823	7,870,185	13,497,255	4,761,885	5,977,368	25.5

Source: Global Trade Atlas Annual Module, 2011

**Venezuelan Pet Food Imports from the World, Top 5 Competitors by Value
(HS Code: 230910 - Dog and Cat Food Put Up for Retail Sale)**

Rank	Partner Country	Import Value in US\$			% Share			% Change 2009/2010
		2008	2009	2010	2008	2009	2010	
1	United States	2,331,205	1,736,665	2,527,320	17.27	36.47	42.28	45.53
2	Argentina	1,035,156	898,796	2,447,925	7.67	18.87	40.95	172.36
3	Brazil	5,104,670	962,967	526,931	37.82	20.22	8.82	- 45.28
4	Canada	44,730	12,535	474,346	0.33	0.26	7.94	3684.13
5	Panama	959	519	809	0.01	0.01	0.01	55.78

Source: Global Trade Atlas Annual Module, 2011

**Venezuelan Pet Food Imports from the World, Volume in KG
(HS Code: 230910 - Dog and Cat Food Put Up for Retail Sale)**

2005	2006	2007	2008	2009	2010	% Change 2009/2010
10,107,417	9,353,091	9,702,235	12,996,155	3,880,499	4,798,127	23.7

Source: Global Trade Atlas Annual Module, 2011

**Venezuelan Pet Food Imports from the World, Unit Price in \$US per KG
(HS Code: 230910 - Dog and Cat Food Put Up for Retail Sale)**

2005	2006	2007	2008	2009	2010	% Change 2009/2010
0.62	0.72	0.81	1.04	1.23	1.25	1.52

Source: Global Trade Atlas Annual Module, 2011



▶ CAT FOOD

- ▶ Dry food makes up the majority of cat food sales, and reached a value of US\$34.6 million in 2010, up from US\$25.7 million in 2009. This change represents a growth of 34.6%.
- ▶ The wet cat food market was valued at US\$3.6 million in 2010, up from US\$2.7 million in 2009, marking a growth of 33.3%.
- ▶ The cat treat and mixers market was valued at US\$0.9 million in 2010, up from US\$0.7 million in 2009, an increase of 28.6%.
- ▶ As a whole, cat food is expected to record a volume growth of 5.8% in 2010-2011 (based on estimates using part-year statistics), and a compound annual growth rate (CAGR) of 4.1% from 2006 to 2011. In value terms, the cat food market is expected to grow by 43.5% from 2010-2011, recording a CAGR of 28.8% from 2006-2011.
- ▶ Nestle Venezuela SA continued to lead the cat food market in 2010 with a 56% value share. The company's success is attributed to its broad range of offerings across all price points.



Source: Shutterstock

Venezuelan Cat Population in Thousands of Animals

2005	2006	2007	2008	2009	2010	2011*
1,160.6	1,235.3	1,353.2	1,230.0	1,308.8	1,389.4	1,472.9

Source: Euromonitor, 2011.

*Note: 2011 statistics are estimates based on partial-year data

Venezuelan Cat Food Sales by Type Value in US\$ millions

	2007	2008	2009	2010	2011*
Dry Cat Food	16.6	19.2	25.7	34.6	50.0
Wet Cat Food	1.7	2.1	2.7	3.6	4.9
Cat Treats and Mixers	0.4	0.5	0.7	0.9	1.2
Total Cat Food	18.7	21.8	29.1	39.1	56.1

Source: Euromonitor, 2011.

*Note: 2011 statistics are estimates based on partial-year data

Venezuelan Cat Food Sales by Type Forecast Value in US\$ millions

	2012	2013	2014	2015	2016
Dry Cat Food	53.2	56.8	60.7	65.0	69.9
Wet Cat Food	5.1	5.4	5.6	5.8	6.2
Cat Treats and Mixers	1.2	1.2	1.2	1.2	1.3
Total Cat Food	59.5	63.4	67.5	72.1	77.4

Source: Euromonitor, 2011



Venezuelan Cat Food Market Brand Shares – % of Retail Value, 2005-2009

Brand	Company	2006	2007	2008	2009
Cat Chow	Nestle Venezuela SA	30.6	31.1	29.5	31.0
Gatarina	Nestle Venezuela SA	12.7	13.9	15.0	14.8
Whiskas	Effem Venezuela CA	16.5	14.2	12.9	11.5
Gati	Cargill de Venezuela CA	6.5	7.4	8.3	8.6
Gatsy	Nestle Venezuela SA	5.9	6.5	6.7	6.8
Deli-Cat	Nestle Venezuela SA	1.2	3.8	3.8	3.4
Friskies	Nestle Venezuela SA	3.1	2.8	2.9	2.8
Lambon	Propisca CA	0.7	0.7	0.7	0.8
Nutrience	Mascotas de Venezuela CA	0.6	0.5	0.6	0.6
9 Lives	Nutripet Andina CA	0.3	0.2	0.2	0.2
Others	Others	21.9	18.8	19.2	19.7

Source: Euromonitor, 2011

▶ DOG FOOD

▶ Dry dog food makes up the majority of sales in this category, and reached US\$291.0 million in 2010, up from US\$218.0 million in 2009. This change represents a growth of 33.5%.

▶ The value of the dog treat and mixers market was US\$8.2 million in 2010, up from US\$6.2 million in 2009. This change represents a growth of just under 2%.

▶ The wet dog food market was valued at US\$4.0 million in 2010, up from US\$3.1 million in 2009, registering a growth of 33.3%.

▶ As a whole, the dog food category is expected to grow in volume terms by 3.7% from 2010-2011 (based on estimates using part-year statistics), with a CAGR of 5.4% from 2006-2011. Value-wise, dog food is expected to grow by 35.7% from 2010-2011, and record a CAGR of 36.5% from 2006-2011.

▶ Foreign multi-nationals, Nestle and Cargill, dominated the dog food market in Venezuela in 2009, with market shares of 42.1% and 13.4%, respectively.

▶ Seven of the top ten players saw their market share increase in 2009 over 2008 figures.

Venezuelan Dog Population in Thousands of Animals

2005	2006	2007	2008	2009	2010	2011*
2,200.0	2,269.0	2,425.0	2,607.5	2,767.3	2,858.4	3,000.9

Source: Euromonitor, 2011

*Note: 2011 statistics are estimates based on partial-year data



Venezuelan Dog Food Sales by Type Value in US\$ millions

	2007	2008	2009	2010	2011*
Dry Dog Food	103.7	160.2	218.0	291.0	395.3
Dog Treats and Mixers	3.7	4.6	6.2	8.2	10.8
Wet Dog Food	1.7	2.3	3.1	4.0	5.3
Total Dog Food	109.1	167.1	227.3	303.2	411.3

Source: Euromonitor, 2011.

*Note: 2011 statistics are estimates based on partial-year data

Venezuelan Dog Food Sales by Type Forecast Value in US\$ millions

	2012	2013	2014	2015	2016
Dry Dog Food	412.9	432.4	454.4	478.4	504.8
Dog Treats and Mixers	11.0	11.2	11.5	11.8	12.2
Wet Dog Food	5.4	5.4	5.5	5.6	5.7
Total Dog Food	429.3	449.0	471.5	495.8	522.7

Source: Euromonitor, 2011



Source: Shutterstock

Venezuelan Dog Food Market Brand Shares – % of Retail Value, 2005-2009

Brand	Company	2006	2007	2008	2009
Dog Chow	Nestle Venezuela SA	11.9	14.3	16.3	19.9
Pedigree	Eggem Venezuela CA	16.5	16.9	17.3	15.4
Puppy Chow	Nestle Venezuela SA	7.4	8.5	9.7	10.9
Dogui	Cargill de Venezuela CA	5.4	5.2	5.7	7.8
K-Nina	Nestle Venezuela SA	5.9	5.3	4.9	5.0
Robustin	Cargill de Venezuela CA	4.9	4.5	3.9	4.9
Supercan	Nutripet Andina CA	3.9	3.4	3.0	3.3
Perrarina	Nestle Venezuela SA	3.9	3.4	3.1	3.0
Pro Plan	Nestle Venezuela SA	2.2	2.3	2.3	2.4
Perrovita	Cargill de Venezuela CA	0.6	0.7	0.7	0.7
ANF	Zoo Vet Import CA	0.4	0.5	0.5	0.5
Eukanuba	Nido Industrial SA	0.5	0.5	0.5	0.5
Hill's Science Diet	Nutriservi CA	0.4	0.4	0.4	0.4
Nutriperro	Nestle Venezuela SA	0.3	0.4	0.4	0.4
Nutrience	Mascotas de Venezuela CA	0.5	0.3	0.3	0.3
Purina	Nestle Venezuela SA	0.3	0.3	0.2	0.3
Pedigree Puppy	Effem Venezuela CA	0.4	0.3	0.2	0.2
Lambon	Propisca CA	0.4	0.2	0.2	0.2
T Bonz	Nestle Venezuela SA	0.3	0.2	0.2	0.2
Little Champions	Effem Venezuela CA	0.1	0.1	0.1	0.1
Others	Others	33.7	32.1	30.1	23.6

Source: Euromonitor, Dog food



▶ OTHER PET FOOD

- ▶ Fish food accounted for the majority of sales in this sector, with a value of US\$31.8 million in 2010, up from US\$23.3 million in 2009. This change represents a growth of 23.3%.
- ▶ Bird food sales reached US\$8.5 million in 2010, up from US\$6.4 million in 2009, marking a growth of 32.8%.
- ▶ Small mammal and reptile food was valued at US\$2.3 million in 2010, up from US\$1.7 million in 2009. This change represents a growth of 35.3%.
- ▶ As a whole, other pet food is expected to grow by 3.8% in volume terms from 2010-2011 (based on estimates using part-year data), with a CAGR of 3.8% from 2006-2011. Value-wise, the other pet food market is expected to grow by 40.6% from 2010-2011, and record a CAGR of 34.5% from 2006-2011.
- ▶ Most exotic pet owners prefer premium pet food products, and have the purchasing power to feed their pets natural products such as premium tropical fruits. Premium products are mostly imported.
- ▶ Kantal SA is the category leader in the other pet food market and enjoys strong brand equity. The company's success is due in large part to its domestic manufacturing operations and innovation.

Venezuelan Other Pet Population

'000s of animals	2005	2006	2007	2008	2009	2010	2011*
Fish	1,830.0	2,008.3	2,465.0	2,760.0	2,898.3	3,045.2	3,200.8
Bird	1,744.1	1,805.3	1,916.2	1,973.7	2,034.1	2,096.0	2,161.8
Small Mammals	283.6	292.2	312.5	321.9	325.1	328.7	332.8
Reptiles	26.3	27.5	25.0	25.8	26.0	26.3	26.6



Venezuelan Other Pet Food Sales by Type
Value in US\$ millions

	2007	2008	2009	2010	2011*
Fish Food	13.1	16.6	23.3	31.8	45.5
Bird Food	3.8	4.7	6.4	8.5	11.4
Small Mammal/ Reptile Food	1.1	1.3	1.7	2.3	3.1
Total Other Pet Food	18.1	22.6	31.4	42.7	60.0



Venezuelan Dog Food Sales by Type
Forecast Value in US\$ millions

	2012	2013	2014	2015	2016
Fish Food	48.6	51.9	55.6	59.6	64.1
Bird Food	11.9	12.5	13.0	13.7	14.4
Small Mammal/ Reptile Food	3.2	3.3	3.5	3.6	3.8
Total Other Pet Food	63.7	67.7	72.1	76.9	82.2



Source for all: Euromonitor, 2011

*Note: 2011 statistics are estimates based on partial-year data



Venezuelan Other Pet Food Market Brand Shares - % of Retail Value, 2006-2009

Brand	Company	2006	2007	2008	2009
Kantal Hamsters	Kantal SA	25.0	24.9	24.5	25
Conejarina	Nido de Venezuela CA	13	13.2	12.5	13
Others	Others	62	61.9	63	62

Source: Euromonitor, 2011

► FOR MORE INFORMATION

Canadian Food Inspection Agency (CFIA)

The CFIA provides verification and certification services for pet foods that are made in Canada and intended for export. Pet foods exported from Canada may need to have an official Zoosanitary Health Certificate, which is issued by the CFIA. The completed certificate confirms that the sanitary requirements of the importing country have been met.

The CFIA negotiates import conditions with the importing country's veterinary officials. It also does inspections of Canadian export manufacturing establishments. It does this to verify that the products, manufacturing facilities, and practices meet the importing country's market access requirements.

www.inspection.gc.ca

Competition Bureau Canada

Enforcement guidelines regarding the labelling and advertising of pet foods can be found here.

<http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/01229.html>

The Government of Canada has prepared this report based on primary and secondary sources of information. Although every effort has been made to ensure that the information is accurate, Agriculture and Agri-Food Canada assumes no liability for any actions taken based on the information contained herein.

Consumer Trends - Pet Food in Venezuela

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