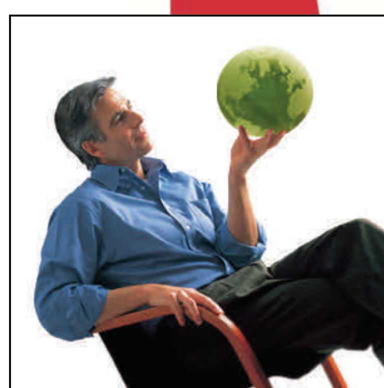
Agriculture and Agri-Food Canada
Agriculture et Agroalimentaire Canada

International Markets Bureau

MARKET INDICATOR REPORT | MARCH 2012

Consumer Trends
Baby Food in Brazil



Source: *Shutterstock.*

Growing Forward

Canada

EXECUTIVE SUMMARY

Brazil is the largest country in South America with 203.4 million[1] people. The country's lower- to middle-class population is growing steadily, while the poverty rate continues to decline. Brazil's strengthening economy contracted slightly in 2009 due to the global economic downtown but bounced back in 2010, recording its fastest rate of annual growth in the past 25 years.

Babies and toddlers aged 0-4 years represent 7.5% of the country's total population (15.2 million[2]), and the Brazilian baby food sector recorded sales of US$1.2 billion in 2010. In the same year, Brazil imported US$13.7 million of baby cereals, flour, starch and milk for retail sale.

The largest category in the Brazilian baby food market is dried food, which consists primarily of cereals and was valued at US$607 million in 2010 (Euromonitor). Bottled products also represent a significant portion of the market, with sales of US$66 million in the same year (Datamonitor). Bottled vegetable-based and bottled fruit-based segments each recorded a compound annual growth rate (CAGR) of over 6% from 2005 to 2010, with predictions that both will grow by around 4% to 2015. This may reflect growing health consciousness among Brazilian parents, following corporate advertising campaigns promoting the importance of nutrition for infants.

Innovation in the baby food industry focused primarily on new packaging options in 2010, both in size and composition. Of the 39 new baby food products launched on the Brazilian market between October 2010 and September 2011, just 9 were completely new products, while new formulations and/or new packaging accounted for the rest.

Euromonitor is predicting that multinational players, who continue to dominate the baby food industry in Brazil, will focus on diversifying their product portfolios to better meet the unique dietary needs of babies (and their conscientious parents). Brazilians are having smaller families, allowing them to focus even more on the nutritional quality of their children's food. Following such trends, milk formula sales are expected to grow faster than other baby food categories in the coming years, especially in formulations for babies under one year of age.

[1]*As of July 2011. (CIA World Factbook, 2011.)*
[2]*As of January 1, 2010. (Euromonitor, 2011.)*

INSIDE THIS ISSUE

Source: *Shutterstock.*

CONSUMER AND MARKET TRENDS

- The global baby food industry is increasingly reliant on emerging markets such as Brazil, whose baby food market grew by 17% in 2010, to foster overall sales growth.
- Per household spending on baby food in Brazil has been steadily climbing from US$12.50 in 2006 to US$22.30 in 2010, reflecting both increased demand and rising prices.
- The number of Brazilian women working outside of the home is growing, and while the total number of households in the country is on the rise, most families are having fewer children. Combined, these factors are resulting in higher disposable incomes and increasing time constraints, accelerating demand for baby food products that are convenient and nutritious. Many parents are turning to packaged food options which they perceive as healthy alternatives to breast milk, driving up sales of milk formula by 41% in 2010. However, this trend is somewhat in conflict with the views of the Brazilian government, which passed a law in 2006 restricting the advertising of baby food for children aged 3 years and under. The Brazilian government recommends breastfeeding children in their first year of life to ensure optimal nutrition.
- According to Euromonitor, the "other baby food" category, while a small proportion of the total market, recorded the highest annual growth rate from 2009 to 2010 in value terms at 197.5%, and is expected to maintain the leading position until 2015 (see graph on page 4). The milk formula, dried baby food and prepared baby food categories grew by 55.4%, 12.5%, and 8.4%, respectively from 2009 to 2010.

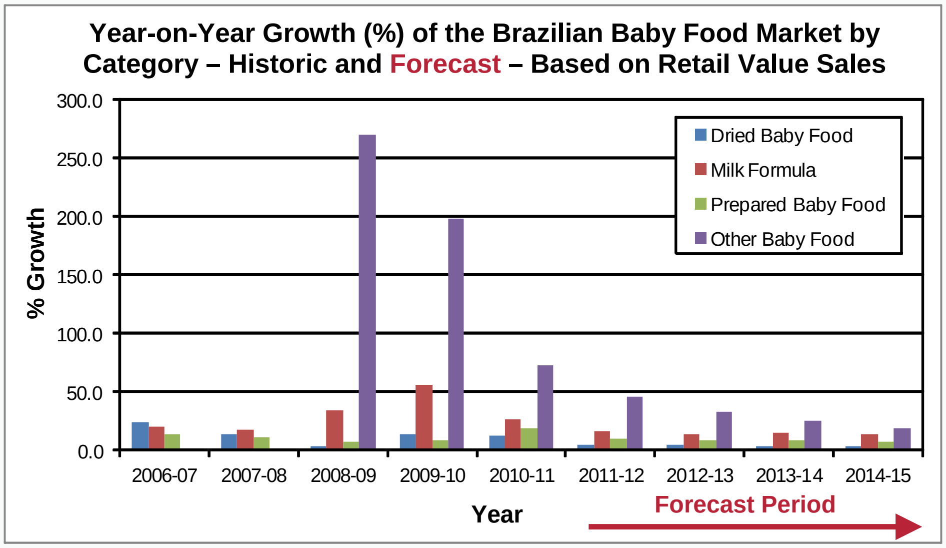
- Brazilian parents show an overwhelming preference for prepared baby food in jars, as opposed to cans.
- Organic baby food sales are negligible, as such products are not presently sought by Brazilian parents.
- Sales of baby snacks in Brazil are minimal, with no visible consumer preferences between the segmented offerings of rusks, rice cakes, biscuits, or cereal bars.
- Baby food is mainly distributed through supermarkets/hypermarkets, representing 80% of retail value sales in 2009. Pharmacies and drugstores accounted for 14% of retail sales in the same year, followed by independent retailers with a 3% share.

Brazilian Baby Food Market – Historic/Forecast Retail Value – US$ Millions – Current Prices

Category	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Baby Food	643.4	777.3	883.8	985.9	1,237.9	1,459.0	1,530.9	1,594.0	1,661.0	1,721.4
Dried Baby Food	375.9	464.7	525.3	539.9	607.2	676.3	674.9	673.1	664.2	651.2
Milk Formula	164.9	197.2	231.1	309.5	480.8	604.4	667.9	724.1	791.6	858.7
Prepared Baby Food	102.6	115.4	127.1	135.5	146.9	173.3	181.2	188.1	194.8	199.7
Other Baby Food	0	0	0.3	1.0	2.9	5.0	6.9	8.7	10.4	11.8

Source: *Euromonitor, 2011.*

CONSUMER AND MARKET TRENDS (continued)



***Source:** Euromonitor, 2011.*

MARKET SEGMENTATION

The data in this section was derived from Datamonitor, which uses a different categorization system, separating baby food from baby drinks. Datamonitor figures are used here to provide a more detailed analysis of the baby food market, however, the total market value will appear slightly different from the Euromonitor table on the previous page, due to the way the information is collected.

Brazilian Baby Food and Baby Drinks Sales Breakdown by Segment – US$ Millions

Segment	2005	2006	2007	2008	2009	2010	CAGR** 2005-2010
Baby Food*	**408.7**	**452.0**	**495.3**	**537.2**	**577.2**	**616.3**	**8.6%**
Baby Cereals	356.6	396.3	436.2	474.8	511.3	547.0	8.9%
Cereal	253.5	282.6	312.5	341	367.7	394.0	9.2%
Porridge	103.2	113.7	123.7	133.7	143.5	153.0	8.2%
Bottled Baby Food	48.7	52.2	55.6	58.9	62.3	65.6	6.1%
Vegetable Based	20.4	21.9	23.4	24.8	26.3	27.7	6.3%
Fruit Based	18.9	20.3	21.6	22.8	24.1	25.4	6.1%
Other	9.4	10.1	10.7	11.2	11.9	12.5	5.9%
Others	3.4	3.4	3.5	3.6	3.6	3.7	1.7%
Baby Fruit Pots	2.2	2.2	2.2	2.3	2.3	2.4	1.8%
Baby Yogurts	0.8	0.8	0.8	0.8	0.8	0.8	0.0%
Toddler Ready Meals	0.4	0.5	0.5	0.5	0.5	0.5	4.6%
Baby Drinks	**264.5**	**283.2**	**303.7**	**323.4**	**342.9**	**362.8**	**6.5%**
Infant Formula	263.3	281.9	302.4	322	341.5	361.3	6.5%
Starting	105.2	111.9	120.4	127.8	135.6	143.6	6.4%
Follow On	82.7	89.6	95.8	103.5	110.5	117.5	7.3%
Special	55.2	59.2	64	67.5	71.1	74.9	6.3%
Toddler	20.2	21.2	22.1	23.2	24.3	25.4	4.7%
Baby Juice	1.2	1.3	1.3	1.4	1.4	1.5	4.6%
Ready to Drink	1.2	1.3	1.3	1.4	1.4	1.5	4.6%

***Source:** Datamonitor, 2011.*

***The baby food market also consists of Canned Baby Food and Baby Snacks, which both have inconsequential sales data for this period.*

*****CAGR:** Compound annual growth rate.*

MARKET SEGMENTATION (continued)

Forecast Brazilian Baby Food and Baby Drink Sales Breakdown by Segment – US$ Millions

Segment	2011	2012	2013	2014	2015	CAGR** 2011-2015
Baby Food*	**655.6**	**694**	**731.4**	**766.8**	**804.4**	**5.3%**
Baby Cereals	583.0	618.3	652.9	685.6	720.2	5.4%
Cereal	420.8	446.9	473	497.4	523.3	5.6%
Porridge	162.2	171.4	180	188.2	197.0	5.0%
Bottled Baby Food	68.8	71.8	74.6	77.2	80.2	3.9%
Vegetable Based	29.1	30.4	31.6	32.8	34.1	4.0%
Fruit Based	26.6	27.7	28.8	29.8	30.9	3.8%
Other	13.1	13.6	14.2	14.6	15.2	3.8%
Others	3.8	3.8	3.9	4.0	4.0	1.3%
Baby Fruit Pots	2.4	2.5	2.5	2.5	2.6	2.0%
Baby Yogurts	0.9	0.9	0.9	0.9	0.9	0.0%
Toddler Ready Meals	0.5	0.5	0.5	0.5	0.5	0.0%
Baby Drinks	**764.4**	**804.7**	**844.9**	**885.3**	**925.5**	**4.9%**
Infant Formula	761.3	801.5	841.7	881.9	922.0	4.9%
Starting	302.5	318.4	334.3	350.2	366.1	4.9%
Follow On	248.6	262.5	276.4	290.3	304.2	5.2%
Special	157.4	165.5	173.5	181.6	189.7	4.8%
Toddler	52.9	55.1	57.4	59.8	62.1	4.1%
Baby Juice	3.1	3.2	3.3	3.4	3.5	3.1%
Ready to Drink	3.1	3.2	3.3	3.4	3.5	3.1%

Source: *Datamonitor*
**The baby food market also consists of Canned Baby Food and Baby Snacks, which both have inconsequential sales data for this period.*
*****CAGR:*** *Compound annual growth rate.*

COMPETITION

- According to the Global Trade Atlas, Brazilian imports of cereals, flour, and starch or milk for infant use put up for retail sale totalled US$13.7 million in 2010. This was an increase from the US$12.5 million recorded in 2009.
- The majority of imported products originated from Argentina, which accounted for US$11.6 million in 2010. The Netherlands, Ireland, and the United States (U.S.) were the only other import sources in 2010, with totals of US$1.6 million, US$0.9 million, and US$466.00, respectively.
- In 2010, baby food unit prices ranged from US$7.12 for products from the Netherlands, to US$3.86 for products from the U.S., with an overall average unit price of US$5.02. Interestingly, unit prices fell for products from Argentina and the Netherlands from 2009 to 2010, but products sourced from the U.S. increased in unit price by 40.7%.

COMPETITION (continued)

Brazilian Baby Food Market – Brand Shares (by Umbrella Brand Name) – % Breakdown

Brand	Company name (GBO)	2006	2007	2008	2009	2010
Mucilon	Nestlé SA	26.0	27.0	26.9	24.9	22.6
Nan	Nestlé SA	9.9	9.8	9.8	11.8	13.9
Ninho	Nestlé SA	9.1	9.1	9.4	10.6	13.9
Nestlé Farinha Láctea	Nestlé SA	17.2	18.0	16.8	15.2	13.2
Nestlé	Nestlé SA	16.0	14.9	14.4	13.7	11.9
Nestogen	Nestlé SA	4.8	4.8	4.8	5.4	6.2
Aptamil	Danone, Groupe	-	0.9	1.2	1.7	2.2
Nutribom	Nutrimental SA Indústria e Comércio de Alimentos	-	2.3	2.0	1.8	1.6
Nutrilon	Nutrimental SA Indústria e Comércio de Alimentos	2.2	2.1	1.9	1.7	1.5
Arrozina	Unilever Group	-	-	-	-	1.2
Nutricia	Danone, Groupe	-	0.1	0.1	0.9	1.2
Cremogema	Unilever Group	-	-	-	-	1.1
Similac	Abbott Laboratories Inc	-	-	0.3	0.8	1.0
Maizena	Unilever Group	2.7	2.8	2.7	2.5	-
Nutriton	Nutrimental SA Indústria e Comércio de Alimentos	6.3	-	-	-	-
Aptamil	Royal Numico NV	1.0	-	-	-	-
Gerber	Novartis AG	0.7	-	-	-	-
Nutron	Nutrimental SA Indústria e Comércio de Alimentos	0.1	-	-	-	-
Mococa	Royal Numico NV	-	-	-	-	-
Nutrilon	Royal Numico NV	-	-	-	-	-
Nutriton	Royal Numico NV	-	-	-	-	-
Private label	Private Label	0.5	0.5	0.5	0.4	0.4
Others	Others	3.5	7.9	9.4	8.4	8.1

Source: *Euromonitor, 2011.*

INNOVATION

- There were 39 new baby food products launched in Brazil between October 2010 and September 30th, 2011 according to the Mintel Global New Products Database (2011).
- Nestlé dominated the sector with 20 new product launches. Nutrimental had the second highest number of product launches at 4, followed by Unilever, Abbott Labs, Bristol-Myers, and Danone, who each launched 2 new products.
- In regards to broader claim categories (which represent groupings of several product-specific claims), convenience and ethical-environmental were the most popular, with 17 and 16 products, respectively.
- In regards to product-specific claims, gluten-free (25), low/no/reduced allergen (25), and vitamin/mineral fortified (24) were the three most popular.
- Overall, the most popular flavour of new baby food products (including blends) was unflavoured/plain, found in 28 of the 39 launches.
- Of the 39 new product launches, only 9 were completely new to the market. The majority of the product launches reflected new packaging, a new variety, or a new formulation.

New Baby Food Product Launches in Brazil, October 2010 to September 2011

Product Sub-Category	Format Type	Pack Size	Package Type	# of Products
Baby Cereals	n/a	200g	Carton	1
Baby Cereals	n/a	200g	Flexible	1
Baby Cereals	n/a	230g	Flexible	8
Baby Cereals	n/a	400g	Can	1
Baby Cereals	n/a	400g	Tub	1
Baby Cereals	n/a	600g	Flexible	2
Baby Formula (for 0-6 months)	Powder	400g	Can	10
Baby Formula (for 0-6 months)	Powder	400g	Composite	1
Baby Formula (for 6-12 months)	Powder	400g	Can	3
Baby Formula (for 6-12 months)	Powder	400g	Composite	1
Baby Formula (for 6-12 months)	Powder	800g	Can	1
Baby Fruit Products, Desserts and Yogurts	n/a	120g	Jar	3
Baby Juices & Drinks	n/a	190ml	Carton	1
Baby Savoury Meals and Dishes	n/a	115g	Jar	3
Baby Savoury Meals and Dishes	n/a	250g	Jar	2
Total				**39**

Source: *Mintel, 2011.*

Source for all: *Mintel, 2011.*

CONTACTS

International Infant Food Manufacturers Association (IIFMA)
Association members include national and international companies, with operations in the United States, Canada, Europe, Africa, the Middle East, Latin America and Asia.

IIFMA Headquarters, Chemin Louis Dunant 7-9, 1211 Geneve 20, Switzerland
Email: info@ifm-isdi.org

Jessy El-Choueiry
Senior Market Development Officer, Americas Division
Market and Industry Services Branch, Agriculture and Agri-Food Canada

Tel: 613-773-2085
Fax: 613-773-1616
Ottawa, Ontario
Email: jessy.el-choueiry@agr.gc.ca

ANNEX: DEFINITIONS

Baby Food : the aggregation of milk formula, prepared, dried, and other baby food.

Dried Baby Food : products which require the addition of water before consumption, and which are usually sold in packets. Cereals and dehydrated soups are also included. Leading global brands include Nestlé (Nestlé), Cerelac (Nestlé), Gerber (Novartis), Mucilon (Nestlé), Milupa (Royal Numico), Nestum (Nestlé), Heinz (Heinz), Quaker (PepsiCo), and Nutricia (Royal Numico).

Milk Formula : the aggregation of standard, follow-on, toddler and special milk formula. Note: Välling, vaelling, gruel or any milk formula products containing cereals/wheat/oat or the like are excluded from this category.

Prepared Baby Food : products sold in jars, cans or retort flexible pouches which do not require any cooking preparation other than heating. This category includes pureed food, yogurts, chilled desserts, soups, desserts, and ice cream marketed for babies. Leading global brands include Gerber (Novartis), Plasmon (Heinz), Blédina (Danone), Hipp (Hipp GmbH & Co Vertrieb KG), Nestlé (Nestlé), Heinz (Heinz), Mellin (Royal Numico), and Nipiol (Heinz).

Other Baby Food : any other products marketed for babies are included here, such as baby rusks, teething biscuits, baby fruit juices, etc. Leading global brands include Gerber (Novartis), Plasmon (Heinz), Milupa (Royal Numico), Hipp (Hipp GmbH & Co Vertrieb KG), Nestlé (Nestlé), and Alete (Nestlé).

Consumer Trends: Baby Food in Brazil

ISSN 1920-6615
AAFC No. **11710E**

Photo Credits

For additional copies of this publication or to request an alternate format, please contact:

Agriculture and Agri-Food Canada
1341 Baseline Road, Tower 5, 4th floor
Ottawa, ON
Canada K1A 0C5
E-mail: infoservice@agr.gc.ca

Aussi disponible en français sous le titre :
Tendances de consommation : Les aliments pour bébés au Brésil

Canada