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International Markets Bureau

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The Brazilian Consumer

Behaviour, Attitudes and Perceptions toward Food Products

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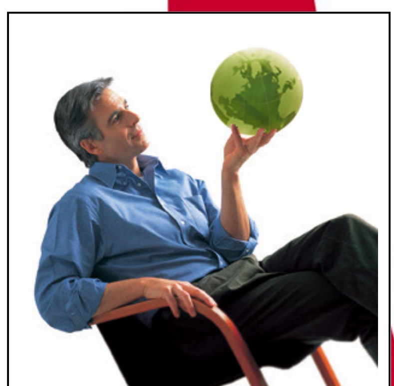

Growing Forward

Canada

OVERVIEW

Originally populated by close to 3 million South American Indians, Brazil was a Portuguese colony used primarily for the extraction of brazilwood, sugar cane, and gold. Five hundred years later, Brazil has become the fifth most populated nation in the world and prepared to occupy key international markets in the food industry and agribusiness.

Despite its endemic problems, Brazil continues to overcome economic hardship and social pressures. A history of inflation, income disparities, poverty, and corruption fades away, slowly being replaced by an economic superpower, an agriculture giant, and a strong player in the global trade.

Once a rural country, Brazil now concentrates most of its population in urban areas. Brazilians are aging quickly and increasing their level of income and education. They are becoming less passive and more demanding of quality. Moreover, the urbanization and globalization faced by Brazilians are changing their dietary patterns and making them more open minded and inquisitive about foods and other cultures. Brazilians are also becoming more informed and eco-friendly; in addition, they are building strong links between food, lifestyle, and health.

Canada-Brazil trade relations boast great growth potential. In 2008, Canada was Brazil's 10th largest supplier of agri-food and seafood products. Brazil has become an attractive emerging market for Canadian enterprises, characterized by a population with increasing purchasing power and an appetite for innovative and high quality food products.

This report was prepared based on multiple sources of information. Its main purpose is to provide information on Brazilian consumer behaviour and attitudes toward food products. The information may be useful in supporting Canadian companies in their export strategies and helping build competitive advantage in Brazilian markets.

INSIDE THIS REPORT

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GLOBAL TRADE POSITION

Brazil is a global agricultural power. Agriculture plays an important role in the country's economy, accounting for 10% of GDP and 40% of Brazilian exports. The country is the world's leading producer of coffee, sugarcane, soybeans, and oranges. Brazil is also a significant producer of livestock and meat products, particularly pork.

- While Brazil is a net exporter of agri-food and seafood products, the country is also a large import market. In 2008, its agri-food and seafood trade surplus was nearly CAD$ 58 billion. Brazil's agri-food and seafood imports have been growing over the past five years at an average of 27.0% per year. It is a market which presents many opportunities for Canadian agri-business (Global Trade Atlas, 2009).
- Brazil's key agri-food and seafood imports in 2008 were non-durum wheat, malt, wheat flour, kidney beans, and bottled wine.
- Key supplying countries in 2008 were Argentina, the US, Uruguay, Paraguay, and Chile. Canada was Brazil's 10th largest supplier of agri-food and seafood products, with a market share of over 2% of the country's imports.
- Canada's top agri-food and seafood exports to Brazil in 2008 were wheat, canary seed, lentils, peas, and malt. Canada registered an agri-food trade deficit of CAD$ 483.9 million with Brazil in 2008 (Statistics Canada, 2009). Canada's top agri-food and seafood imports from Brazil were raw sugar cane, frozen orange juice, coffee, ethyl alcohol, and frozen chicken cuts.

- Processed food imports continued a 5-year growth trend and, in 2008, reached CAD$ 4.8 billion (Global Trade Atlas, 2009). Canada supplied less than 1% of Brazil's processed food imports. Argentina, Uruguay, and the US are the largest suppliers of processed food to Brazil, accounting for approximately 45% of Brazil's processed food imports. Major processed food imports in Brazil were malt, wheat flour, bottled wine, milled rice, and virgin olive oil.

DEMOGRAPHICS

Brazil faces demographic changes that are likely to have an impact on the way consumers purchase and consume foods. The population pyramid is shifting, the level of education is increasing, and a middle class is emerging. Increased disposable incomes make Brazil a potential and attractive market for food producers and retailers.

Population

Brazil is aging quickly and seeing dramatic changes in its population distribution. In addition, life expectancy in Brazil has increased in past decades due mainly to an improvement in the quality of life and advances in medicine and health care. These trends will likely change consumption patterns, increasing the interest in more sophisticated and health-oriented products (Euromonitor, 2007).

- Brazil has over 60 million families or 191 million people. The Instituto Brasileiro de Geografia e Estatísticas (2008) forecasts that the population will surpass the 210 million mark by 2025.
- Brazil is a highly urbanized country with 81% of the population living in urban areas (Instituto Brasileiro de Geografia e Estatísticas, 2007).

Population (cont.)

- The average age in Brazil is 28.6 years. Approximately 67% of the people are between the ages of 15 and 64 years and close to 27% are younger than 14 years of age (Central Intelligence Agency, 2009).
- The share of the population over 40 years old has increased by 4.2% since 2003, while the share between the ages of 0 and 14 fell by 0.7% (Instituto Brasileiro de Geografia e Estatísticas, 2007).
- Although there is a clear aging trend in Brazil, the majority of the population will still be concentrated in the age group of 15 and 44 years for the next four decades (Instituto Brasileiro de Geografia e Estatísticas, 2007).
- Today, life expectancy is close to 73 years old, with predictions it will grow to 80 years old by 2040 (Instituto Brasileiro de Geografia e Estatísticas, 2008).
- The percentage of elderly in Brazil has doubled in the last 50 years. Despite this, the proportion of elderly is still not significant in terms of the total population (8.6% in 2000). It is expected that the elderly population will more than double by 2020, going from 14.5 million to 32 million people (Lima-Filho et al., 2008). These changes will likely rank Brazil in sixth place worldwide with respect to the elderly share of total population (Leibing, 2005).
- Despite the fact that more males are being born each year, Brazilian females live longer than their male counterparts. For people over 40 years old, females accounted for 34.7% of the population in 2007 compared to 31.5% of males (Instituto Brasileiro de Geografia e Estatísticas, 2007). The reasons behind this disparity are associated with the exposure of males to higher risks of physical violence and stress. Moreover, Brazilian men are generally less concerned about their own health compared to women and undergo fewer preventive health check-ups during their lifetime.

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Ethnicity

Because of the ethnic diversity, tastes and preferences vary across Brazil. It is important to understand those peculiarities in order to better identify niche markets and target consumer groups.

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- Most Brazilians are descendants of colonial settlers, with strong Portuguese paternal ancestry. In the late nineteenth and early twentieth centuries, there was a large influx of European immigrants, consisting primarily of Spanish, Italian, Japanese, and German farmers, who came to the country in a quest for prosperity and land. After numerous multiracial marriages between settlers, native Indians, and Black Africans, the Brazilian population developed unique characteristics.
- This melding of races continues in Brazil and a decrease in self-declared whites is being noticed (Instituto Brasileiro de Geografia e Estatísticas, 2007).

Ethnicity (cont.)

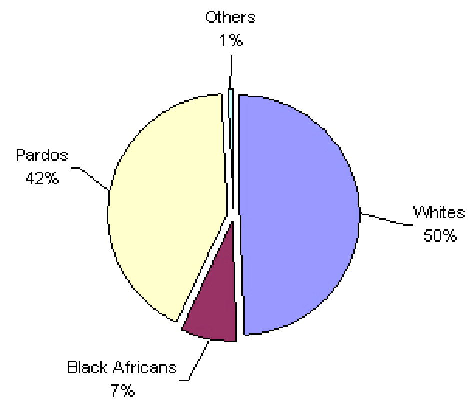
- Races and ethnicities vary across Brazil. The Southern region has a strong predominance of white European immigrants in contrast with the Northern regions where there is a strong presence of *Pardos*[1] and descendants from native Indians. The Southeastern area, which includes highly populated cities such as Sao Paulo and Rio de Janeiro, concentrates people with European, Black African and native Indian backgrounds. In 2007, the population of Brazil was composed of 50% whites, 7% Black Africans, 42% *Pardos*, and 1% others (Instituto Brasileiro de Geografia e Estatísticas, 2007) - (See Figure 1).

- From a sociological standpoint, ethnicity plays an important role in influencing Brazil's patterns of food consumption and purchases. Historically, the food culture in Brazil developed through the influence of colonial settlers and has undergone transformations as the different ethnicities commingled.

- Due to the diverse cultural and ethnic backgrounds, Brazilians have an innovative and inquisitive attitude toward food products. Brazilians enjoy different and unique flavours and are open to trying new products.

[1]*Pardos:* mixed-race of European and African backgrounds.

Figure 1. Brazilian Ethnicity, 2007



Source: Instituto Brasileiro de Geografia e Estatísticas

Education

Brazilians are becoming more educated, which will have an impact on food consumption patterns. Higher education is usually associated with the regular consumption of a wider variety of foods. Higher levels of education also translate into increased access to information, which makes consumers more discerning and concerned about the foods they eat.

- Recent data shows that the level of education has increased overall in Brazil and that the literacy rate increased 0.4% between 2006 and 2007 (Instituto Brasileiro de Geografia e Estatísticas, 2007).
- Women have higher levels of education, especially those residing in urban areas (Instituto Brasileiro de Geografia e Estatísticas, 2007). Women that are more educated will likely increase the consumption of more nutritious and health-oriented foods.
- Ernst & Young forecasts that by 2030 the level of education of the Brazilian workforce will increase by 30%, going from 7.8 years to 11.3 years of schooling.

Households

Brazil is seeing a reduction in the number of residents per household and an increase in single-person households, which is likely to have an impact on retailers as smaller families and singles demand small packages and more convenience.

- The country is experiencing a decrease in the birth rate. In 2007, there was an average of 3.4 persons per household (Instituto Brasileiro de Geografia e Estatísticas, 2007).

Households (cont)

- The number of single-person households in Brazil is increasing, representing 11.1% of the total households or 6.7 million people in 2007. Factors influencing that change in household composition include a decrease in the rate of mortality and an increase in life expectancy, especially for women. In 2007, a great proportion of those individuals living alone (40.8%) were 60 years old or older (Instituto Brasileiro de Geografia e Estatísticas, 2007).

Photo courtesy of: EMBRATUR's Image Bank

- Computers are present in 26.6% of households and 20.2% of those have Internet access, representing nearly 11.4 million people (Instituto Brasileiro de Geografia e Estatísticas, 2007).
- In 2007, 77.7% of households had a telephone, 94.8% had television, 91.4% had a refrigerator, and 32% had a microwave (Instituto Brasileiro de Geografia e Estatísticas, 2007). Sales of microwaves, in particular, have seen steady growth in the past years, which supports a trend toward convenience (Euromonitor, 2008).

Health & Lifestyle

Brazilians work long hours, are changing the way they eat, and are leading a more sedentary lifestyle. These changes in eating and lifestyle behaviours are slowly adding extra pounds to the population as well as increasing the incidence of chronic, non-communicable diseases such as cardiovascular disease, diabetes, and cancer.

- Nearly 20% of the workforce works 49 hours or more a week. Brazil has also seen an increase in the number of people who work a 40-44 hour week (Instituto Brasileiro de Geografia e Estatísticas, 2007).
- Brazilians migrate frequently across the country, mainly for work-related reasons. In 2007, close to 40% of residents lived in cities other than their hometown (Instituto Brasileiro de Geografia e Estatísticas, 2007). The migration of workers also migrates food habits and preferences across the country, changing the dietary profile of regions.

Photo courtesy of: EMBRATUR's Image Bank

- Only a very small percentage of individuals (3.3%) make time for the recommended 30 minutes of physical activity five or more days per week (Barreto et al., 2005).
- Since the 1960s, cardiovascular diseases have become the leading cause of death in Brazil; today, they account for about two-thirds of the total deaths for known causes in the country (Barreto et al., 2005).
- In 2007, the Instituto Brasileiro de Geografia e Estatísticas found that 44% of the population over 18 years old was overweight and 22% of the population was obese, predominantly women, those with low-incomes, and rural residents (Instituto Brasileiro de Geografia e Estatísticas, 2007).
- On the other hand, a good portion of the population is obsessed with a slim, desirable and young body image, relying heavily on plastic surgery, weight-loss diets, medications, and dietary supplements (Leibing, 2005). This group consists primarily of high-income women living in urban areas in the Southeastern region. In this group, the obesity rate has dramatically decreased in recent years (Coitinho et al., 2002; Barreto, 2005).
- In general, high quality diets in Brazil are directly associated with high income and a high level of education of the head of the family (Fisberg, 2006; Claro et al., 2007).
- It is important to highlight that although Brazil is seeing an increase in the general population body mass index[2], undernutrition is still a public health concern, particularly among lower-income children living in the Northeastern region (Coitinho et al., 2002).

[2] Body mass index (BMI) is a ratio of weight-to-height. Research studies in large groups of people have shown that the BMI can be classified into ranges associated with health risk. There are four categories of BMI ranges in the Canadian weight classification system. These are: underweight (BMI less than 18.5); normal weight (BMIs 18.5 to 24.9); overweight (BMIs 25 to 29.9), and obese (BMI 30 and over) (Source: Health Canada).

Economy

The outlook for the economy in Brazil is positive. Although the access to credit has decreased in the past years, it is still high (Euromonitor, 2008). It is expected that wages will keep increasing and consumption will continue to grow. Men are the predominant breadwinners in Brazilian families but women are becoming more economically active and playing a larger role in purchasing decisions (Euromonitor, 2007)

- In 2007, the average monthly family income was around CAD$ 361.00; however, half of the families earned less than CAD$ 220.00 per month, which represented the minimum wage for that particular year (Instituto Brasileiro de Geografia e Estatísticas, 2007).
- The main source of income for Brazilians is salaries (62%), followed by 15% from pensions, donations, and family transfers (Instituto Brasileiro de Geografia e Estatísticas, 2007).
- The participation of men as wage earners in Brazilian households has experienced a small decrease in the last decade, going from 84.3% to 82.7%. This decrease is mainly due to the increased participation rate of women in the workplace, rising from 43.4% to 46.7% between 1992 and 2007 (Instituto Brasileiro de Geografia e Estatísticas, 2007).
- Forty-two percent of Brazilian workers are concentrated in the service sector. The service sector is providing a stable source of growth for the Brazilian economy.

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Political Environment

A series of innovative initiatives are being undertaken in Brazil at national, state and regional levels to promote healthy food habits (Coitinho et al., 2002). The development of a framework and action plan for these initiatives has focused heavily on capacity building, communication, and policy.

- The Government has developed a new food and nutrition policy through a nationwide consultation with stakeholders (scholars, professionals, industry and others). The new policy aims to promote, protect, and support dietary practices and lifestyles that strengthen the health and wellness of the population (Coitinho et al., 2002).
- Label regulations in Brazil are descriptive and demand that all "packaged foods list their contents of protein, carbohydrates, total fats, saturated fats, cholesterol, calcium, iron, sodium and dietary fibre in standardized, consumer friendly tables" (Coitinho et al., 2002).
- Brazil is investing in better diets for its children. In 2000, new legislation was passed which provided grants for public schools to develop and implement a school meal program. The legislation requires that 70% of the funding be spent on fresh vegetables, fruits, and minimally processed foods (Coitinho et al., 2002).
- In actions aimed at increasing the level of awareness and knowledge of educators, Brazil introduced a special television channel to provide training to elementary school teachers in a wide range of topics from nutrition to healthy lifestyles (Coitinho et al., 2002).

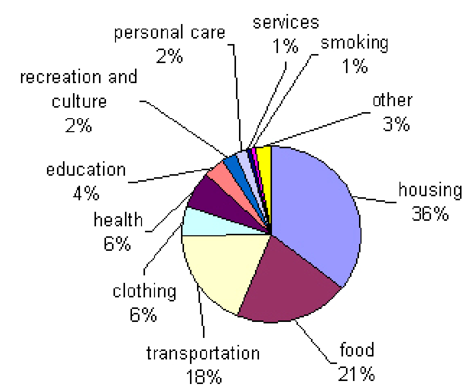
CONSUMPTION AND EXPENDITURES

In the past 30 years, Brazil has seen a dramatic change in consumption and expenditures habits.

Expenditures Overview

Family income has a significant impact on the consumption of food in Brazil. In addition, income influences consumers' purchase decisions and consumers' attitudes toward food products. The understanding of these factors may be crucial for the development of marketing strategies targeted to particular niche markets in Brazil.

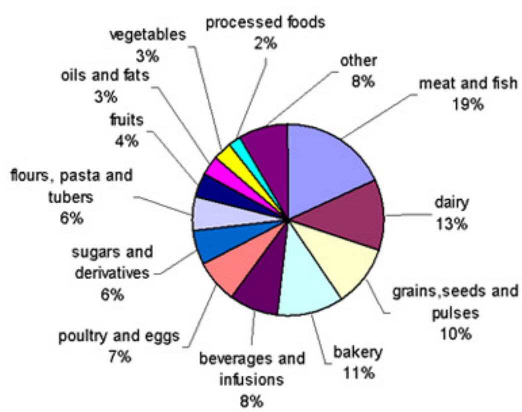
Figure 2. Brazilian Expenditure, 2007



Source: Instituto Brasileiro de Geografia e Estatísticas

- In 2003, the estimate of the total average monthly expenditure was CAD$ 1,025. The southeastern region had the highest expenditures, CAD$ 1,250 (Instituto Brasileiro de Geografia e Estatísticas, 2007).
- In 2003, total consumption expenditures were allocated as follows: 36% housing; 21% food; 18% transportation; 6% clothing; 6% health; 4% education; 2% recreation and culture; 2% personal care; 1% services; 1% smoking; and 3% other (Instituto Brasileiro de Geografia e Estatísticas, 2007) (See Figure 2).
- As incomes rise, Brazilians consume more meat, dairy, fruits, vegetables, condiments, alcoholic beverages, and ready-to-eat meals. Consumption of soft drinks is five times higher in high income than in lower income families. On the other hand, products such as beans, rice, tubers, grains and seeds are less consumed by well-off individuals (Instituto Brasileiro de Geografia e Estatísticas, 2007).

Figure 3. Brazilian Food Expenditure, 2007



Source: Instituto Brasileiro de Geografia e Estatísticas

- In terms of expenditures on food at home, Brazilians allocate their budgets across food items as follows: 19% meat and fish; 13% dairy; 10% grains, seeds, and pulses; 11% bakery; 8% beverages and infusions; 7% poultry and eggs; 6% sugars and derivatives; 6% flours, pasta, and tubers; 4% fruits; 3% oils and fats; 3% vegetables; 2% processed foods, and 8% other (Instituto Brasileiro de Geografia e Estatísticas, 2007) (See Figure 3).
- Despite the fact that little is known about Brazilians' food frequency and consumption patterns, there is evidence that only a small percentage of the population (13%) have a healthy diet rich in vegetables, fruits, and dairy products, in accordance with the recommendations of the Brazilian food guide. It seems that women include more fruits and vegetables in their diets; the consumption of these products is higher in those families living in urban settings and with higher incomes (Jaime and Monteiro, 2005; Carlos et al., 2008; Caroba et al., 2008; Jorge, 2008).

Expenditures Overview (cont.)

- In urban areas, meat, fish, dairy, and bakery products comprise a significant share of food expenditures (42%). In rural settings, however, the consumption pattern changes and meat, fish, grains, pulse, seeds, flour, pasta, and tubers become more significant (representing 46% of food expenditures). In contrast, less than 10% of food expenditures in urban areas go to the purchase of grains, pulses, and seeds (Instituto Brasileiro de Geografia e Estatísticas, 2007).
- Although beef is the most frequently consumed meat in the country, Brazilians have been slowly replacing it with other types of animal protein. The consumption of chicken, for instance, has been increasing steadily because Brazilians perceive chicken as a healthier option than beef. They also believe that chicken is easier to digest, is more flavourful, and has a better nutritional composition (lower levels of cholesterol and total fat). In addition, cuts of chicken are generally cheaper in Brazil and are perceived to be more convenient to prepare compared to beef (Filho et al., 2005).
- In terms of pork consumption, Brazilians still have a misconception about the nutritional qualities of this meat, believing that it is high in fat and cholesterol and, therefore, harmful to their health (Faria et al., 2006).
- Consumers living in large urban centres such as Sao Paulo and Rio de Janeiro are eating away from home more and prefer to purchase foods at hypermarkets and supermarkets—a behaviour pattern that has also been observed in developed countries (Souza and Hardt, 2002; Oliveira et al., 2005, Souza et al., 2008). This trend is mostly due to changes in lifestyle associated with higher disposable incomes and the desire to reduce food purchasing and preparation time.
- Brazilians in urban areas spend an average of 25% of their food budget on food away from home, mostly toward the purchase of lunches and dinners (10.5%). Low-income people spend much less of their total food budget on food away from home (11.9%) compared to high-incomers who spend over 37% (Instituto Brasileiro de Geografia e Estatísticas, 2007).

Consumption Tastes and Preferences

Food for Brazilians is a source of pleasure and family gathering. Brazilians' perceptions toward foods are changing as a result of globalization and urbanization. From a demand and consumption standpoint, people in Brazil are becoming less passive, more educated, and are showing a higher demand for quality food products.

- In large urban centres, consumers place value on convenience, giving priority to supermarkets and hypermarkets that provide a faster way of shopping (Souza et al., 2008).
- In general, Brazilians love talking about food and nutrition. They are information seekers. They would like more advice on healthy eating and believe food labels should provide information on nutrition claims or any other consumer-friendly interpretation of the nutrition information available on the package (Coitinho et al., 2002).
- The traditional dietary system in Brazil was composed of six meals a day: breakfast, morning light meal, lunch, afternoon light meal, supper/dinner, and bedtime light meal. Today, however, diets typically consist of three main meals, including breakfast, lunch, and supper.
- The reasons for the decline in the number of meals are clearly associated with the modern lifestyle in large urban centres, the distance between work and home, and the desire for a slim body (Barbosa, 2007).
- Although the number of meals has been reduced, Brazilians are still snacking throughout the day, especially in the afternoons on sandwiches, pizzas, hamburgers, and deep-fried snacks.
- Breakfast is considered the most important meal of the day, which does not necessarily translate into the most nutritious or varied one. A typical breakfast in Brazil is composed of bread (Brazilian "French bun"), butter, coffee, and milk. It is not considered to be a family meal, but rather tends to be eaten alone.

Consumption Tastes and Preferences (cont.)

- Lunch and supper can bring a mix of various culinary styles due to the cultural and ethnic diversity of the country. Pasta, rice and beans, sushi, and fallafel could all be combined in one meal. This partially explains why restaurants that sell their meals by the kilo have become so popular in Brazil. These restaurants offer a large variety of dishes in a buffet format at affordable prices, which attract consumers wanting to taste ethnically and culturally diverse meals (Euromonitor, 2008).

- Lunch is considered the heavier meal of the day, consisting of rice and beans, meat, salad, and vegetables. Supper tends to consist of lighter fare and could be a snack; it is the meal of the day which brings the family together in a more informal and relaxed manner (Barbosa, 2007).

- For decades, the combination of rice and beans has been part of the Brazilian diet and more than 90% of consumers report eating it daily (Barbosa, 2007). In the past, Brazilians called this combination the “meat of the poor” because it was an inexpensive but balanced source of protein (Leterme and Munoz, 2002).

- It has been noted, however, that the consumption of beans has been decreasing steadily in Brazil. The reasons for the decline range from lifestyle choices to health aspects related to the flatulence effect of pulse foods. Lifestyle has to do with the lack of time urban families have today to cook and prepare raw beans, since the consumption of canned beans is not well accepted. In addition, there is a misconception that beans are for low income individuals who cannot afford other sources of protein. Therefore, bean consumption is much lower in high-income families. Nevertheless, beans and pulse are still staple foods in Brazil and their level of consumption is still large when compared to other Latin American countries (Leterme and Munoz, 2002).

- Brazilians are very informal in the way they approach meals. This is demonstrated by informal dining table settings and the simplicity of food presentation. Most Brazilians agree that what really matters is the taste of the food (82%), giving little attention to its presentation (Barbosa, 2007). In fact, a large majority of people serve themselves directly from pots sitting on the stove, saving serving trays and dishes. Table cloths are commonly reserved for special occasions.

- Typically, Brazilian women are responsible for most of the cooking at home. The majority, however, feel overwhlemed by the responsibility of choosing the daily menu (70%) and avoid meal planning as much as they can. Instead of meal planning, they tend to look at what is available at home on a particular day and ask family members for last minute input. Some level of meal planning, nevertheless, occurs during grocery shopping, where decisions are made regarding the type of ingredients to be purchased rather than the type of preparations that will take place during the week or on weekends (Barbosa, 2007).

- During the week, practicality, savings, and convenience are dominant characteristics of food menus in Brazilian households. During the weekends, however, families pay more attention to individual preferences and take more time to prepare meals. Saturdays and Sundays are characterized by a menu that is more elaborate and varied, with the inclusion of desserts, pizzas, pasta, pastries, ice-creams, and soft drinks.

- Generally speaking, Brazilians like to cook from scratch using raw and unprepared ingredients produced primarily by small and mid-sized farmers. Nevertheless, modernization is unavoidably bringing an increase in sales of manufactured foods and fast-foods among households, particularly in the high income group. Despite this increase, consumers still consider these foods to be an alternative for “emergency” situations arising from unexpected changes in routines (Carlos et al., 2008).

- Food portion sizes are also increasing among households and dietary patterns are changing. These changes reflect a reduction in the consumption of complex carbohydrates and an increase in the consumption of foods that are high in energy density, fats, and sugars (Souza and Hardt, 2002; Instituto Brasileiro de Geografia e Estatísticas, 2004; Fisberg et al., 2006; Claro et al., 2007; Carlos et al., 2008). Excessive fat intake is more obvious in urban cities and is mainly due to an increase in the consumption of animal products (meat and dairy) and vegetable oils and fats (soy oil and margarine) (Instituto Brasileiro de Geografia e Estatísticas, 2007).

- Frozen processed foods and ready-to-eat meals are becoming more popular in Brazil although not all age groups are likely to consume them. For example, there is some indication that the elderly prefer to prepare their meals at home from fresh and traditional ingredients and take the time to enjoy their food (Lima-Filho et al., 2008).

EMERGING TRENDS

Organics

The Brazilian food market is experiencing a steady increase in the demand and consumption of organic products, especially vegetables. As Brazilian consumers increase their demand for organic foods, new retail outlets are open and ready for innovative products.

- The organic market in Brazil has a potential for growth of 25% to 30%, annually.
- Today, over 15 institutions provide organic certification to farmers in Brazil. The organic industry is characterized by small farmers (90%) linked to associations, co-ops, and social movement groups; the remaining 10% are large farmers associated with private enterprises (Borguini and Torres, 2006).
- Although there is a lack of research looking at consumer attitudes toward organic products in Brazil, it seems they are mostly located in the Greater Sao Paulo area, and are more health-oriented, altruistic, and concerned about small organic farmers than non-organic consumers (Guivant, 2003; Borguini and Torres, 2006; Sirieix et al., 2007). Moreover, Brazilian organic consumers believe their behaviour is a way of improving their health and preventing diseases (Soares et al., 2008). Some consumers also believe organic products taste better and have better nutritional quality. Clearly, environmental issues are not 'top of mind' when it comes to purchasing organics (Sirieix et al., 2007).
- People in Brazil are sensitive to country of origin issues, giving preference to organic products grown and raised in their own country (Sirieix et al., 2007).
- Brazilians see the price gap between conventional and organic foods to be very high, which is also associated with a lack of availability and diversity of products in the marketplace (Borguini and Torres, 2006; Sirieix et al., 2007). In addition, Brazilians have a low level of trust in organic claims, which may be an impediment to the growth of the Brazilian organic industry.
- Despite the fact that the majority of organic consumers prefer to buy organics at natural food stores (Sirieix et al., 2007), supermarkets are playing an increasing role in the organic market. Large supermarket chains such as Pão de Açúcar and Carrefour are improving the quality and variety of organic products offered in their produce section and are trying to tailor the mix of products offered to the particular demands of regions, cities, and neighbourhoods (Guivant, 2003).

The Green Market

Brazilians are becoming increasingly aware of and educated about environmental issues. They are environment-oriented consumers and a great market potential exists in the green sector, which could be tapped by companies that are creative and show an honest concern for the environment.

- A national survey conducted by TNS Global (2008) showed that 65% of consumers in Brazil have changed their behaviour in recent years to help the environment, and 73% commented that the environment significantly or largely influenced their food purchasing decisions. The majority (80%) agreed that their country should take more care of its environment and raised a special concern regarding water pollution.
- The TNS Global survey (2008) found that the majority of Brazilians (52%) are influenced by ecological issues when making purchasing decisions. In addition, 83% showed willingness to pay an eco-premium (37% would pay a 5% premium). Although a clear gap between purchase intentions and actual purchase behaviour is often seen, TNS Global's report demonstrated that Brazilian consumers are developing a strong "green" awareness, which could be captured in the near future by innovative and eco-friendly food producers and manufacturers.
- The TNS Global Survey (2008) also showed that more than half of Brazilians lack confidence in companies claiming to be environmentally friendly. They believe most companies today are moved into the eco-friendly market more as a marketing strategy to capture consumers' attention than as an honest, sincere concern with the environment and sustainability.

The Green Market (cont.)

- Brazilians want to see companies take action on the implementation of water and energy projects targeted at reducing the environmental impact of operations. Environmental assessment, “green” certification, and recycling are other actions seen as important by consumers (TSN Global, 2008).
- A large majority of Brazilians (94%) support retailers’ promotion of “choice editing”[3] as a consumer benefit (TSN Global, 2008).
- A survey conducted by Instituto Akatu pelo Consumo Consciente (2004) classified Brazilian consumers into four groups according to their level of awareness and positive behaviour toward environmental issues: conscious (6%), engaged (36%), beginner (55%), and indifferent (3%) (See Figure 4). The indifferent group was predominantly composed of single, young consumers (18 to 24 years old), with low levels of education and income. The conscious group was identified as the one that adopted the most eco-friendly behaviours and attitudes; this group consisted of a large number of mature (over 40 years old), well-educated, and high-income people.

Figure 4. Brazilian Awarness and Behaviour towards the Enviroment, 2004

Source: Instituto Akatu pelo Consumo Consciente

[3] Choice Editing is the term used to describe instances where retailers make environmentally friendly options for consumers by removing from the shelves unsustainable products (TSN Global, 2008).

Functional Foods

The functional food industry in Brazil had a growth rate of 11% in the period 2006 and 2007, with a market size estimated at over CAD$ 6 billion (Euromonitor, 2007). There is much potential for growth, which is increased by an aging and more educated population, attentive to information about nutrition and health.

- Data on Brazilian consumer behaviour toward functional foods is scarce. However, it is clear that consumers living in urban areas, with more exposure to media and information channels, are becoming increasingly aware of the health impacts of the diet as a whole and particularly about certain food products.

- Studies show that the Brazilian mature and elderly population, with higher levels of education and access to information, tend to make the connections between a healthy diet and disease prevention more often than other age groups. They characterize healthy eating as a variety of fruits, vegetables, grains and lean meats, while reducing consumption of fatty, deep-fried and sugary foods (Lima-Filho et al., 2008).
- Communication strategies are very important in the promotion of functional foods in Brazil since the population shows a lack of understanding and knowledge in this area, especially regarding health claims. For example, a recent study conducted in Rio de Janeiro showed that consumers were confused about the role and health benefits of probiotic foods. (Viana et al., 2008)
- Brazil is the only country in Latin America that has a well-defined regulatory framework for functional foods and health claims. Brazil agrees that safety is a priority and should be based on risk analysis (Lajolo, 2002). Some of the functional foods with approved health claims in Brazil are spreads with phytosterols, milk containing omega-3 fatty acids, milk with prebiotics, and probiotic products.

Low-Fat and Sugar-Free

Since low-fat and sugar-free products appeal to a variety of segments of the Brazilian population, both in terms of income and health status, this sector is forecasted to continue its growth in the next decades. Consumers of these foods are looking for innovations and open to trying new products.

- Brazil is experiencing an increase in the consumption of low-fat and sugar-free products. Over 50% of the population has already consumed products that fall into these categories.
- Despite the fact that there is a lack of research regarding consumer behaviour in this area, it appears that the main reason for the consumption of these products is the increased prevalence of overweight and obese people and their desire to achieve and maintain a slimmer body without having to change their dietary habits. In addition, Brazilians who follow a restrictive diet due to health issues such as diabetes and high-cholesterol levels also tend to consume these products (Lucchese et al., 2006).
- Low-fat and sugar-free foods are not exclusive to the diets of high income families. Despite being considered premium foods, nearly 35% of the consumption of these products is by low income individuals (Câmara et al., 2008).
- The main low-fat and sugar-free products consumed by Brazilians are sweeteners, beverages (including soft drinks), breads, dairy desserts, cookies, and milk (Lucchese et al., 2006).

Luxury Market

Brazil has a booming luxury market composed of high-income consumers who place a high value on exclusivity, quality, and premium brands.

- There are over 1 million families with an average annual income above CAD$ 81,328 (Fonseca and Verdonk, 2005).
- This group is responsible for one-third of the accumulated national wealth[4], spending over CAD$ 2 billion a year on luxury items (Fonseca and Verdonk, 2005).
- Favourite goods include apparel, food, and beverages, which account for over 60% of total purchases (MCF Consultoria, 2008).
- This niche market is concentrated mainly in the southeastern region, with some representation in the south of the country as well. Sao Paulo and Rio de Janeiro are the leading markets, accounting for 62% and 6%, respectively, of the luxury sales (MCF Consultoria, 2008).
- According to a national survey (MCF Consultoria, 2008), consumers of luxury goods are predominantly female (48%), married (48%), with a university degree (91%), and an average age of 36 years.
- Luxury for this group is indulgence and 61% of the people purchase goods for pleasure and to pamper themselves (MCF Consultoria, 2008).

[4] Average family income multiplied by number of wealthy families.

Low-end Market

Two-thirds of Brazilian households constitute a potential low-end market to be explored by creative enterprises that find new ways of doing business.

- According to Boston Consulting Group (2008), businesses that want to succeed in the Brazilian market should focus on products that are more affordable, use less expensive and smaller packages that appeal to the whole family, and always emphasize quality. Entrepreneurs in this sector should be willing to develop networks of small local stores, educate consumers about the benefits of the product, and establish a good level of trust and identity in branding.
- The consumption power of these households has been increasing steadily primarily due to an increase in minimum wage, government subsidies, lower inflation, and easier access to credit (Euromonitor, 2007).
- Consumers in this category are eager to improve their lifestyles, increase their savings, and spend more. Despite the fact that they have small budgets, they are not willing to compromise on quality. They want the best their money can buy. This segment of the Brazilian population likes to shop at local stores, buy known brands, and seek the advice of friends and family before making a purchase decision (Boston Consulting Group, 2008).

Conclusion

Brazil has many opportunities for Canadian companies that are interested in entering this emerging and growing market, especially in the organics, functional food, diet, and "green" sectors. Brazilians are unique in the way they approach foods and, therefore, an important factor for succeeding in Brazil is to understand consumers' decision-making processes on food purchases and consumption. Canadian companies can use the insights provided in this report as a tool for tailoring future market strategies in Brazil.

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