Soups in brazil essay sample

Business, E-Commerce

* Soup records strong growth in value terms, with a rise of 15% to reach R$917 million in 2011 * Manufacturers continue to invest in health and wellness products and position soup as convenient * Instant soup posts the strongest value growth at 20% in 2011 * Unit prices show modest growth due to fierce competition among key players * Nestlé Brasil Ltda and Unilever Bestfoods Brasil Ltda have a combined value share of 62% * Soup sales are expected to grow at a CAGR of 13% in constant value terms over the forecast period TRENDS

* Health and wellness and convenience continue to be the key trends in soup. Unilever Bestfoods Brasil Ltda, for instance, invested in Knorr Vitalie, a product with reduced fat and low-sodium content, that has sold 20% more than the traditional version, while Nestlé Brasil Ltda released Maggi Integralle, which is a dehydrated soup with high fibre ingredients, 25% less sodium and no saturated fat, in mid 2011. Ajinomoto Interamericana Indústria e Comércio Ltda promoted Vono, the leading company in instant soup, launched instant soup in larger packaging under the slogan Vono a sua Maneira (“ Vono, your way”) in May 2010 to position it as a product to be consumed at any time and in any portion size.

* Soup is expected to continue to show robust growth in 2011, with a 14% rise in retail volume terms and 15% in value terms. The demand for convenient products is growing as the rising number of women in the workforce and increasing disposable incomes had a major impact on the performance of the soup category during the review period. * Instant soup is expected to show the largest increase in value terms in 2011, with an anticipated rise of 20%, due to manufacturers’ investment in positioning

instant soup as a convenient healthy meal option. The different flavours introduced by key manufacturers are also contributing to the increase in the number of items purchased by shoppers each week. * The average unit price of soup is expected to show only slight growth in 2011, the slowest of the review period, despite the investment in health and wellness options, due to the stiff competition between Nestlé Brasil, Unilever Bestfoods Brasil and Ajinomoto Interamericana, which invested in promotional activity and discounts in points of sale.

* The leading soup flavours are chicken, meat, onion and vegetable. However, the investment of manufacturers in different flavours to attract the attention of consumers has contributed to growing sales of other flavours that include pumpkin and meat or chicken and tomatoes with vermicelli. For most Brazilians, soups and meals in general should include a form of meat or poultry if they are to represent a fully satisfying option. Vegetable flavours, for instance, are regarded as light options. * Soup is considered a seasonal product in Brazil. Locals mainly eat soup during winter (from May to August) and therefore, manufacturers release new flavours and invest in marketing campaigns mainly during this period. COMPETITIVE LANDSCAPE

* In 2010, Nestlé Brasil Ltda, with its Maggi brand, remained the leading manufacturer with a 35% value share. The position of Nestlé is due to its leading sales position in dehydrated soup, the category that is expected to account for 72% of overall value sales within soup in 2011. Unilever Bestfoods Brasil Ltda, present with the Knorr brand, is ranked second with a 2010 value share of 27%. The company experienced the fastest growth in

value share due to its investment in KnorrQuick, presented in modern packaging within instant soup, and Knorr Vitalie, positioned as a healthier soup option. * Ajinomoto Interamericana Indústria e Comércio Ltda has been struggling to maintain its leadership position within instant soup. The company released Vono a sua Maneira (“ Vono you way”), an instant soup in larger packaging in a bid to distinguish from other players that only offer single portions.

* The soup category is dominated by international manufacturers, with Nestlé Brasil and Unilever Bestfoods Brasil holding a combined value share of 62% in 2010. However, Liotécnica Tecnologia em Alimentos Ltda (Qualimax) have seen market share increase, supported by a different price strategy that allows them to target middle- and low-income consumers. * Unilever Bestfoods Brasil engaged in innovation for its packaging of Knorr Quick within instant soup. Instead of the traditional square flexible packaging, the company introduced in mid 2009 flexible packaging similar to single-portion instant tea, which is easy to carry and serve in cups. The company invested in marketing campaigns, including the distribution of sampling and advertising campaign. PROSPECTS

* Although consumption is limited due to high seasonality and the short winters in Brazil, soup is expected to benefit from rising purchasing power among low-income consumers who perceive soup to be an accessible and convenient meal option. * Soup sales are expected to increase at a CAGR of 12% in volume terms and 13% in constant value terms over the forecast period. Although the warm weather is an issue that may hinder further

expansion of the soup category, the positioning adopted by leading companies in terms of offering a healthy meal substitute or snack is likely to have a positive impact on soup sales going forward. * Instant soup is expected to register the strongest growth over the forecast period, with sales rising at a CAGR of 16% in both volume and constant value terms. This growth will be driven by the introduction of new flavours and consumers from socioeconomic strata D and E increasingly having access to this kind of product. * Due to fierce competition, it is expected that leading manufactures will continue investing in new flavours, marketing campaigns and discounts to retain or increase market share in the near future. New concepts such as Ajinomoto that introduced larger packaging within instant soup might be an interesting investment to attract consumers.