



Passport

SPIRITS IN VENEZUELA

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SPIRITS IN VENEZUELA - CATEGORY ANALYSIS

HEADLINES

- In 2011, spirits grow 3% in total volume terms and total value sales grow 36% in current terms
- The emergence of economy brands of vodka boosts category volume sales in 2011
- For the third consecutive year dark rum achieves the highest total volume growth with an increment of 15%
- Average overall unit price for spirits increases 31% in current terms to reach BsF155 per litre in 2011
- Diageo Venezuela CA leads spirits in Venezuela with a 22% total volume share
- Over the forecast period, spirits are predicted to post a total volume CAGR of 3% while total value sales are expected to post a CAGR of 5% in constant terms

TRENDS

- Despite the fact that 2011 can be considered a turning point when the country's macroeconomic variables stopped experiencing negative growth and stabilised, Venezuelan consumers continued to downtrade not only between different categories of spirits but also within the same category. In this context, drinkers of standard and premium whiskies are switching to rum and vodka and even consumers of economy whiskies are migrating towards domestic whiskies. Venezuelans are not particularly loyal to one specific alcoholic drinks category; instead they are shifting their preferences to more than one type of drink and brand, depending on their economic and financial situation.
- In 2011, spirits sales grew 3% in total volume terms, while total value sales increased by 36% in current terms. In volume terms, growth in 2011 mirrored that of the review period CAGR (3%), primarily because Venezuelans have switched between categories without reducing the total volume consumed. Indeed, per capita consumption of spirits increased 2% from 2010 to 2011. One industry source suggested that the higher price increment recorded within beer has prompted a small number of these consumers to switch to domestic rum and vodka. Given that the consumer base for beer is so large, a small migration of beer drinkers can generate significant results in other categories.
- In 2011, average overall unit price for spirits increased by 31% in current terms, rising from BsF119 per litre to BsF 155. According to one industry source, the fall in demand that whiskies has been experiencing since 2009 as the result of severe price increments driven by the restrictive access to foreign currency has led retailers to delay price increases in 2011. In this context, average unit price of other blended Scotch whisky recorded an increment of 34% in current terms whereas in previous years, price increases surpassed 50%.
- Other whiskies, rum and vodka continued being the fastest-growing categories in 2011, exhibiting outstanding performance compared to their counterparts. In the case of rum, which achieved an exceptional total volume growth rate of 14% for the third consecutive year, the weakening of consumer purchasing power has created the necessity to migrate to less expensive alcoholic drinks. According to one industry source, rum is not only being consumed

by young audiences but also by adults from upper-income segments who are looking for a good-quality drink that substitutes for whisky during certain consumption occasions.

- In terms of other whiskies, the popularity of domestic whisky has been increasing in the lowest population stratus as people are also downtrading from the 3YO category to cheaper options. In this context, a 750ml bottle of 3YO whisky sells on average for BsF98 at liquor stores while a 700ml bottle of domestic whisky can be purchased for BsF45, a significant saving when people want to maintain the status conveyed by drinking whisky or simply buy it for special occasions (weddings, celebrations).
- In Venezuela, other blended Scotch whisky is the most popular type, accounting for 84% of total volume sales of whiskies in 2011. However, this participation has decreased by almost four percentage points from 2008 to 2011, since domestic whiskies are gaining some of this share primarily due to lower price. Sales of single malt Scotch whisky are almost negligible in the country, representing a niche market made up of sophisticated consumers that have a highly-developed taste for whisky and seek the best-quality product.
- Even though Venezuelans were more willing to buy non-flavoured vodka over the review period, flavoured versions have been gaining importance in consumer preference due to the introduction of economy brands offering a wide variety of flavours. Some of the most common are lemon, pineapple, tropical fruit, strawberry and cherry. The trend of marketing a broad variety of products is mostly seen within domestic manufacturers of vodka, as multinational companies such as Diageo and Pernod Ricard are implementing a contrasting strategy of rationalising their portfolios due to the lack of access to foreign currency which leads them to allocate resources to high-rotation presentations.

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Production, Imports and Exports

- The leading export product in alcoholic drinks is rum. The origin and length of ageing are the main attributes that have positioned domestic rum in international countries. Indeed, Ron Santa Teresa, the oldest rum producer in Venezuela, won five new awards, including one gold medal, in the 2011 edition of the World Spirits Competition, which is held annually in San Francisco in the US.

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COMPETITIVE LANDSCAPE

- Diageo Venezuela continues leading spirits with a 22% total volume share in 2011. This position is driven by its major shares of rum, whiskies and white spirits. In whiskies, Diageo's share of total volume sales is 46% followed by its closest competitor, Pernod Ricard Venezuela, which held a 42% share. Chequers and Buchanan's are the leading brands of Diageo Venezuela, competing within standard and premium other blended Scotch whisky. In

2011, Diageo increased its marketing support for the Chequers 8YO brand. In addition, the company has been very aggressive in offering sales incentives to distributors as a strategy to maintain its competitive position at a time when Venezuelans are experiencing a contraction in their purchasing power.

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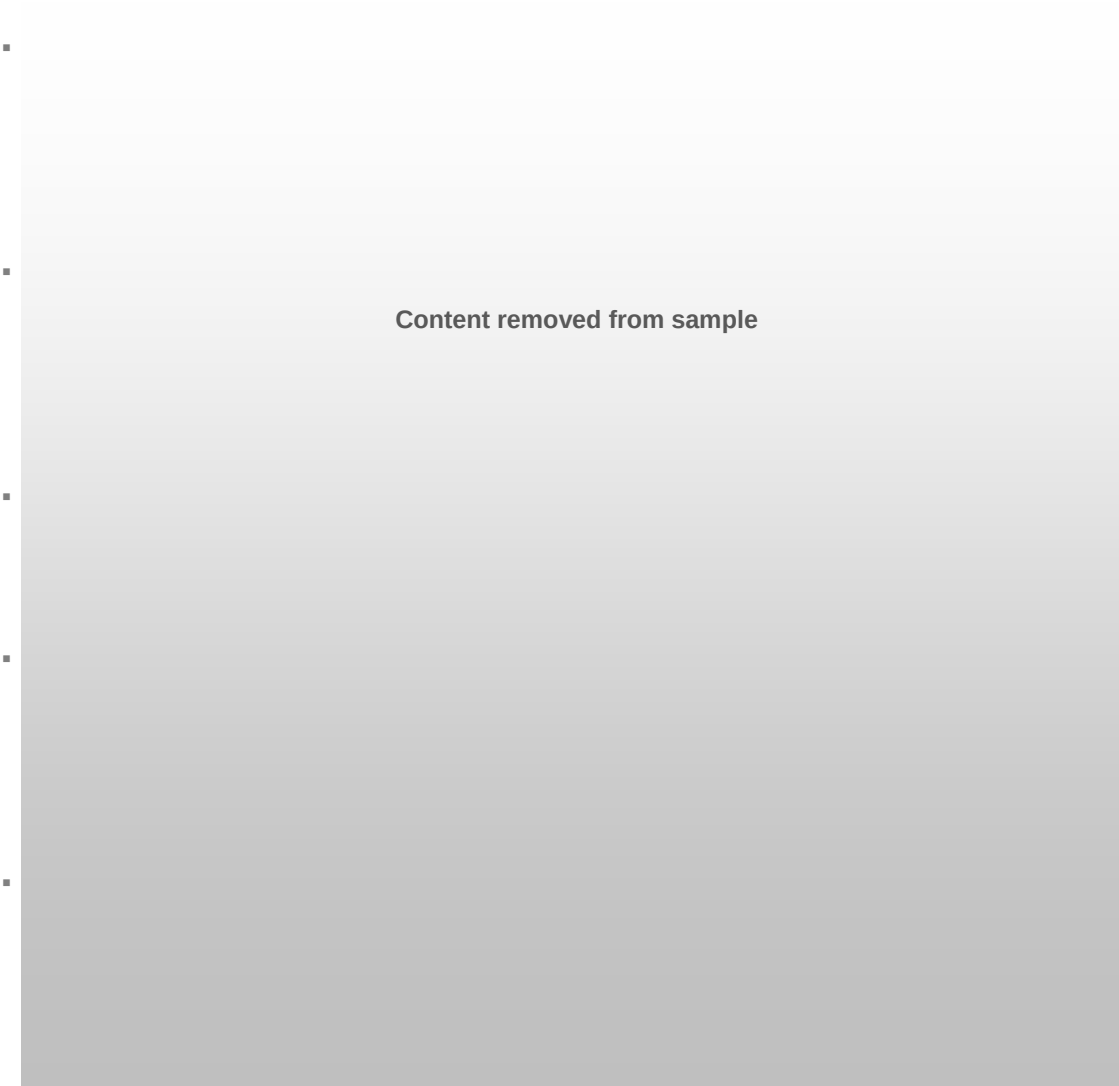
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PROSPECTS

- Over the forecast period, a great number of spirits are expected to begin recovering, especially those categories composed of imported products which were severely hit as weakened consumer purchasing power led to changes in consumption patterns. However, industry sources state that per capita consumption of whisky has been decreasing over the review period and it will not be easy to change this downward trend since Venezuelans have migrated to other categories such as rum which is even being adopted by upper-income groups looking for high-quality brands.

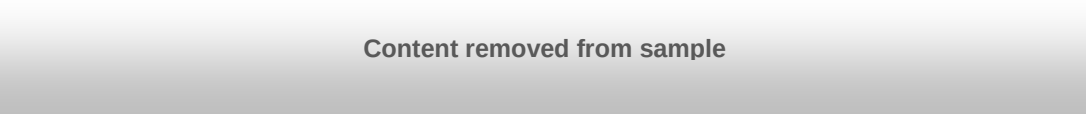
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CATEGORY BACKGROUND

Vodka, Gin and Other Blended Scotch Whisky Price Band Methodology

Classification for these spirits products is based purely on pricing, taking a typical brand, usually the leading brand by volume as the benchmark price which is indexed as 100%. The benchmark brand will usually be a standard priced brand. There will be exceptions, however, whereby an economy brand (likely for vodka in some countries in Eastern Europe) or a premium brand (typically the case for Scotch whisky in the US) is used as the benchmark brand. Refer to the guidelines below for further detail.



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Summary 1 Benchmark Brands 2011

Category	Brand name	Positioning
Other blended Scotch whisky	Removed	Removed
Vodka	Removed	Removed
Gin	Removed	Removed

Source: Store checks, trade interviews

CATEGORY DATA

Table 1 Sales of Spirits by Category: Total Volume 2006-2011

'000 litres	2006	2007	2008	2009	2010	2011
Brandy and Cognac	Data removed from sample					
- Brandy						
- Cognac						
Liqueurs						
- Bitters						
- Cream-Based Liqueurs						
- Other Liqueurs						
Rum						
- Dark Rum						
- White Rum						
Tequila (and Mezcal)						
Whiskies						
- Bourbon/Other US Whiskey						
- Canadian Whisky						
- Irish Whiskey						
- Japanese Whisky						
- Blended Scotch Whisky						
- Single Malt Scotch						

Whisky
 - Other Whiskies
 White Spirits
 - Gin
 - Vodka
 Other Spirits
 - Aguardente/Aguardiente
 - Aniseed-Flavoured
 Spirits
 Spirits

Data removed from sample

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 2 Sales of Spirits by Category: Total Value 2006-2011

BsF million	2006	2007	2008	2009	2010	2011
-------------	------	------	------	------	------	------

Brandy and Cognac
 - Brandy
 - Cognac
 Liqueurs
 - Bitters
 - Cream-Based Liqueurs
 - Other Liqueurs
 Rum
 - Dark Rum
 - White Rum
 Tequila (and Mezcal)
 Whiskies
 - Bourbon/Other US
 Whiskey
 - Canadian Whisky
 - Irish Whiskey
 - Japanese Whisky
 - Blended Scotch Whisky
 - Single Malt Scotch
 Whisky
 - Other Whiskies
 White Spirits
 - Gin
 - Vodka
 Other Spirits
 - Aguardente/Aguardiente
 - Aniseed-Flavoured
 Spirits
 Spirits

Data removed from sample

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 3 Sales of Spirits by Category: % Total Volume Growth 2006-2011

% total volume growth

2010/11	2006-11 CAGR	2006/11 Total
---------	--------------	---------------

Brandy and Cognac
 - Brandy

Data removed from sample

- Cognac
- Liqueurs
- Bitters
- Cream-Based Liqueurs
- Other Liqueurs
- Rum
- Dark Rum
- White Rum
- Tequila (and Mezcal)
- Whiskies
- Bourbon/Other US Whiskey
- Canadian Whisky
- Irish Whiskey
- Japanese Whisky
- Blended Scotch Whisky
- Single Malt Scotch Whisky
- Other Whiskies
- White Spirits
- Gin
- Vodka
- Other Spirits
- Aguardente/Aguardiente
- Aniseed-Flavoured Spirits
- Spirits

Data removed from sample

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 4 Sales of Spirits by Category: % Total Value Growth 2006-2011

% local currency, current value growth

2010/11 2006-11 CAGR 2006/11 Total

- Brandy and Cognac
- Brandy
- Cognac
- Liqueurs
- Bitters
- Cream-Based Liqueurs
- Other Liqueurs
- Rum
- Dark Rum
- White Rum
- Tequila (and Mezcal)
- Whiskies
- Bourbon/Other US Whiskey
- Canadian Whisky
- Irish Whiskey
- Japanese Whisky
- Blended Scotch Whisky
- Single Malt Scotch Whisky
- Other Whiskies
- White Spirits
- Gin
- Vodka
- Other Spirits
- Aguardente/Aguardiente
- Aniseed-Flavoured Spirits
- Spirits

Data removed from sample

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 5 Sales of Spirits by On-trade vs Off-trade Split: Volume 2006-2011

'000 litres	2006	2007	2008	2009	2010	2011
Off-trade	Data removed from sample					
On-trade						
Total						

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 6 Sales of Spirits by On-trade vs Off-trade Split: Value 2006-2011

BsF million	2006	2007	2008	2009	2010	2011
Off-trade	Data removed from sample					
On-trade						
Total						

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 7 Sales of Spirits by On-trade vs Off-trade Split: % Volume Growth 2006-2011

% volume growth	2010/11	2006-11 CAGR	2006/11 TOTAL
Off-trade	Data removed from sample		
On-trade			
Total			

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 8 Sales of Spirits by On-trade vs Off-trade Split: % Value Growth 2006-2011

% current value growth	2010/11	2006-11 CAGR	2006/11 TOTAL
Off-trade	Data removed from sample		
On-trade			
Total			

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 9 Sales of Gin by Price Platform 2006-2011

% total volume	2006	2007	2008	2009	2010	2011
----------------	------	------	------	------	------	------

Super Premium	Data removed from sample					
Premium						
Standard						
Economy						
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Note: '-' indicates data not available

Table 10 Sales of Other Blended Scotch Whisky by Price Platform 2006-2011

% total volume	2006	2007	2008	2009	2010	2011
Super Premium	Data removed from sample					
Premium						
Standard						
Economy						
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Note: '-' indicates data not available

Table 11 Sales of Vodka by Price Platform 2006-2011

% total volume	2006	2007	2008	2009	2010	2011
Super Premium	Data removed from sample					
Premium						
Standard						
Economy						
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Note: '-' indicates data not available

Table 12 Sales of Flavoured vs Non-flavoured Vodka 2006-2011

% total volume	2006	2007	2008	2009	2010	2011
Flavoured Vodka	Data removed from sample					
Non-Flavoured Vodka						
Total						

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 13 Spirits Production, Imports and Exports: Total Volume 2005-2010

'000 litres	2005	2006	2007	2008	2009	2010
Spirits – Imports	Data removed from sample					

Spirits – Exports

Data removed from sample

Source: GTIS, Euromonitor International

Note: '-' indicates data not available

Table 14 Spirits Imports by Country of Origin: Total Volume 2005-2010

'000 litres

2005 2006 2007 2008 2009 2010

Spirits – United Kingdom

Spirits – Spain

Spirits – Mexico

Spirits – Sweden

Spirits – Ireland

Spirits – Germany

Spirits – Netherlands

Spirits – Brazil

Spirits – France

Spirits – US

Spirits – Panama

Spirits – Italy

Spirits – Colombia

Spirits – South Africa

Spirits – Argentina

Spirits – Russia

Spirits – Poland

Spirits – Ukraine

Spirits – Switzerland

Spirits – Korea, South

Spirits – Cuba

Spirits – Finland

Spirits – Venezuela

Spirits – Netherlands

Antilles

Spirits – Reunion

Spirits – Others

Spirits – Total

Data removed from sample

Source: GTIS, Euromonitor International

Note: '-' indicates data not available

Table 15 Spirits Imports by Country of Origin: Total Value 2005-2010

BsF million

2005 2006 2007 2008 2009 2010

Spirits – United Kingdom

Spirits – Panama

Spirits – Spain

Spirits – Netherlands

Spirits – France

Spirits – Sweden

Spirits – Mexico

Spirits – Germany

Spirits – Italy

Spirits – Brazil

Spirits – Ireland

Spirits – US

Data removed from sample

Spirits – South Africa
 Spirits – Poland
 Spirits – Colombia
 Spirits – Argentina
 Spirits – Russia
 Spirits – Ukraine
 Spirits – Peru
 Spirits – Lebanon
 Spirits – Portugal
 Spirits – Australia
 Spirits – Belgium
 Spirits – Hong Kong
 Spirits – Venezuela
 Spirits – Others
 Spirits – Total

Data removed from sample

Source: GTIS, Euromonitor International
 Note: '-' indicates data not available

Table 16 Spirits Exports by Country of Destination: Total Volume 2005-2010

'000 litres

2005 2006 2007 2008 2009 2010

Spirits – Italy
 Spirits – Panama
 Spirits – Spain
 Spirits – Chile
 Spirits – US
 Spirits – France
 Spirits – United Kingdom
 Spirits – Netherlands
 Spirits – Russia
 Spirits – Uruguay
 Spirits – Japan
 Spirits – Sweden
 Spirits – Argentina
 Spirits – Mexico
 Spirits – Costa Rica
 Spirits – Portugal
 Spirits – China
 Spirits – Dominican
 Republic
 Spirits – Canada
 Spirits – Israel
 Spirits – Ireland
 Spirits – NL Antilles
 (Bonaire)
 Spirits – Germany
 Spirits – Martinique
 Spirits – Ecuador
 Spirits – Others
 Spirits – Total

Data removed from sample

Source: GTIS, Euromonitor International
 Note: '-' indicates data not available

Table 17 Spirits Exports by Country of Destination: Total Value 2005-2010

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BsF million	2005	2006	2007	2008	2009	2010
Spirits – Italy	Data removed from sample					
Spirits – Chile						
Spirits – Spain						
Spirits – US						
Spirits – Panama						
Spirits – Netherlands						
Spirits – China						
Spirits – France						
Spirits – Russia						
Spirits – United Kingdom						
Spirits – Uruguay						
Spirits – Argentina						
Spirits – Japan						
Spirits – Costa Rica						
Spirits – Peru						
Spirits – Portugal						
Spirits – Sweden						
Spirits – Mexico						
Spirits – Canada						
Spirits – Ecuador						
Spirits – Israel						
Spirits – Ireland						
Spirits – Germany						
Spirits – Martinique						
Spirits – NL Antilles (Bonaire)						
Spirits – Others						
Spirits – Total						
Source: GTIS, Euromonitor International						
Note: '-' indicates data not available						

Table 18 Brandy & Cognac Production, Imports and Exports: Total Volume 2005-2010

'000 litres	2005	2006	2007	2008	2009	2010
Brandy and Cognac – Imports	Data removed from sample					
Brandy and Cognac – Exports						
Brandy and Cognac – Apparent consumption						
Brandy and Cognac – Production						
Source: GTIS, Euromonitor International						
Note: '-' indicates data not available						

Table 19 Gin Production, Imports and Exports: Total Volume 2005-2010

'000 litres	2005	2006	2007	2008	2009	2010
Gin – Imports	Data removed from sample					
Gin – Exports						

Gin – Apparent
consumption
Gin – Production

Data removed from sample

Source: GTIS, Euromonitor International
Note: '-' indicates data not available

Table 20 Liqueurs Production, Imports and Exports: Total Volume 2005-2010

'000 litres

2005 2006 2007 2008 2009 2010

Liqueurs – Production

Data removed from sample

Source: GTIS, Euromonitor International
Note: '-' indicates data not available

Table 21 Rum Production, Imports and Exports: Total Volume 2005-2010

'000 litres

2005 2006 2007 2008 2009 2010

Rum – Exports
Rum – Imports
Rum – Production
Rum – Apparent
consumption

Data removed from sample

Source: GTIS, Euromonitor International
Note: '-' indicates data not available

Table 22 Tequila Production, Imports and Exports: Total Volume 2005-2010

'000 litres

2005 2006 2007 2008 2009 2010

Tequila (and Mezcal) –
Imports
Tequila (and Mezcal) –
Exports

Data removed from sample

Source: GTIS, Euromonitor International
Note: '-' indicates data not available

Table 23 Vodka Production, Imports and Exports: Total Volume 2005-2010

'000 litres

2005 2006 2007 2008 2009 2010

Vodka – Imports
Vodka – Exports
Vodka – Apparent
consumption
Vodka – Production

Data removed from sample

Source: GTIS, Euromonitor International
Note: '-' indicates data not available

Table 24 Whiskies Production, Imports and Exports: Total Volume 2005-2010

'000 litres	2005	2006	2007	2008	2009	2010
Whiskies – Imports	Data removed from sample					
Whiskies – Exports						
Whiskies – Apparent consumption						
Whiskies – Production						

Source: GTIS, Euromonitor International

Note: '-' indicates data not available

Table 25 Other Spirits Production, Imports and Exports: Total Volume 2005-2010

'000 litres	2005	2006	2007	2008	2009	2010
Other Spirits – Production	Data removed from sample					

Source: GTIS, Euromonitor International

Note: '-' indicates data not available

Table 26 Company Shares of Spirits by National Brand Owner 2007-2011

% total volume	2007	2008	2009	2010	2011
Company	Data removed from sample				

Total	100.0	100.0	100.0	100.0	100.0
-------	-------	-------	-------	-------	-------

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 27 Company Shares of Spirits by Global Brand Owner 2007-2011

% total volume					
Company	2007	2008	2009	2010	2011

Data removed from sample

Total	100.0	100.0	100.0	100.0	100.0
-------	-------	-------	-------	-------	-------

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 28 Brand Shares of Spirits 2008-2011

% total volume					
Brand (Global Brand Owner)	Company	2008	2009	2010	2011

Data removed from sample

Data removed from sample

Total Total 100.0 100.0 100.0 100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 29 Forecast Sales of Spirits by Category: Total Volume 2011-2016

'000 litres 2011 2012 2013 2014 2015 2016

Brandy and Cognac

- Brandy

- Cognac

Liqueurs

- Bitters

- Cream-Based Liqueurs

- Other Liqueurs

Rum

- Dark Rum

- White Rum

Tequila (and Mezcal)

Whiskies

- Bourbon/Other US

Whiskey

- Canadian Whisky

- Irish Whiskey

- Japanese Whisky

- Blended Scotch Whisky

- Single Malt Scotch

Whisky

- Other Whiskies

White Spirits

- Gin

- Vodka

Other Spirits

- Aguardiente/Aguardiente

- Aniseed-Flavoured

Spirits

Spirits

Data removed from sample

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 30 Forecast Sales of Spirits by Category: Total Value 2011-2016

BsF million 2011 2012 2013 2014 2015 2016

Brandy and Cognac

- Brandy

- Cognac

Liqueurs

Data removed from sample

- Bitters
- Cream-Based Liqueurs
- Other Liqueurs
- Rum
 - Dark Rum
 - White Rum
- Tequila (and Mezcal)
- Whiskies
 - Bourbon/Other US Whiskey
 - Canadian Whisky
 - Irish Whiskey
 - Japanese Whisky
 - Blended Scotch Whisky
 - Single Malt Scotch Whisky
 - Other Whiskies
- White Spirits
 - Gin
 - Vodka
- Other Spirits
 - Aguardente/Aguardiente
 - Aniseed-Flavoured Spirits

Data removed from sample

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 31 Forecast Sales of Spirits by Category: % Total Volume Growth 2011-2016

% total volume growth

2015/16 2011-16 CAGR 2011/16 Total

- Brandy and Cognac
 - Brandy
 - Cognac
- Liqueurs
 - Bitters
 - Cream-Based Liqueurs
 - Other Liqueurs
- Rum
 - Dark Rum
 - White Rum
- Tequila (and Mezcal)
- Whiskies
 - Bourbon/Other US Whiskey
 - Canadian Whisky
 - Irish Whiskey
 - Japanese Whisky
 - Blended Scotch Whisky
 - Single Malt Scotch Whisky
 - Other Whiskies
- White Spirits
 - Gin
 - Vodka
- Other Spirits
 - Aguardente/Aguardiente
 - Aniseed-Flavoured Spirits

Data removed from sample

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 32 Forecast Sales of Spirits by Category: % Total Value Growth 2011-2016

% local currency, constant value growth

2011-16 CAGR

2011/16 TOTAL

Brandy and Cognac

- Brandy

- Cognac

Liqueurs

- Bitters

- Cream-Based Liqueurs

- Other Liqueurs

Rum

- Dark Rum

- White Rum

Tequila (and Mezcal)

Whiskies

- Bourbon/Other US Whiskey

- Canadian Whisky

- Irish Whiskey

- Japanese Whisky

- Blended Scotch Whisky

- Single Malt Scotch Whisky

- Other Whiskies

White Spirits

- Gin

- Vodka

Other Spirits

- Aguardente/Aguardiente

- Aniseed-Flavoured Spirits

Spirits

Data removed from sample

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

SPIRITS IN VENEZUELA - COMPANY PROFILES

RON SANTA TERESA CA IN ALCOHOLIC DRINKS (VENEZUELA)

Strategic Direction

- Ron Santa Teresa will continue focusing its strategic direction to retain consumers in the standard rum category, which shows a high level of volume sales, and to capture consumers from upper-income levels resulting in an increase in value sales. In addition, the company will direct its efforts to strengthening its presence in European markets.

Key Facts

Summary 2 Ron Santa Teresa CA: Key Facts

Full name of company:	Ron Santa Teresa CA
Address:	Hacienda Santa Teresa, El Consejo. Municipio Revenga. Aragua, Venezuela
Tel:	+58 (212) 442 0511
Fax:	+58 (212) 442 3024
www:	www.ronsantateresa.com
Activities:	Rum, wine and tourism

Source: Company research (www.ronsantateresa.com)

Company Background

- Ron Santa Teresa is a company with a primary location on the sugar cane plantation Hacienda Santa Teresa, which was founded in 1796 by the Vollmer family. The company began formal activities in the alcoholic drinks industry in 1995, still as a family business.
- The main area of activity of the company is the production and commercialisation of rum, but it also imports and distributes Chilean and Argentinean wine brands (Concha y Toro).
- The products of Ron Santa Teresa can be found throughout the country. The company uses its own distribution network, but it is also helped by third parties for distribution to several cities. Ron Santa Teresa also exports its rum products to countries on several continents.
- In April 2009, the Instituto Nacional de Tierras (National Institute of Land), a government agency, warned of its intention to expropriate the lands of the farm Hacienda La Paca, which had been owned by the Vollmer family since 1777. The authorities claimed that these lands were idle and that the intervention was part of a national programme for the recovery of these areas to turn them into productive areas. The president of Ron Santa Teresa issued a statement explaining that these lands were in fact used to cultivate sugar cane, which is then used to manufacture rum.
- In July 2011, the company was commemorated in the Tales of the Cocktail event celebrated in New Orleans since Santa Teresa brands were presented in all the awarded bars in London

and New York. This action is evidence of the strong competitive position held by the company in international markets.

Production

- Ron Santa Teresa supplies local rum demand, for which the company enjoys strategic vertical integration, from sugar cane production to distillation and distribution. In addition, the company also imports Argentinean and Chilean wine brands.
- Ron Santa Teresa products are commercialised in more than 20 countries around the world, in Europe, Asia, and North and South America. Exports account for 20% of the revenue of the company and Spain constitutes the most important international country for the company's products.
- The only production plant of the company is in Venezuela, located in the central state of Aragua. The production facilities are on the property of a plantation site called Hacienda Santa Teresa, which belongs to the founding family of the company. Due to its interesting historical background, the plantation serves as a tourist attraction and as a venue for events and walks organised by the company.
- The company is carrying out co-packing activities for third parties. However, the number of these activities is being reduced, due to plans to focus on more profitable areas and enhance the benefits of its own brands.

Summary 3 Ron Santa Teresa CA: Production Statistics 2011

Location	Brand	Annual production (million litres)
El Consejo, Aragua	Gran Reserva	5,000
El Consejo, Aragua	Selecto	1,000
El Consejo, Aragua	Santa Teresa 1796	140

Source: Trade interviews

Competitive Positioning

- In 2011, Ron Santa Teresa ranked eighth in the overall alcoholic drinks industry. In wine, the company occupied third place with 6% of total volume sales thanks to the Concha y Toro brand. Ron Santa Teresa is best ranked in rum, holding second place in Venezuela with a total volume share of 34%, surpassed only by Diageo Venezuela, which commercialises the leading brand Cacique.
- Ron Santa Teresa gained two percentage points of share in rum in 2011, due to the release of an innovative marketing campaign developed via the internet and social networking sites for its flagship brand Gran Reserva.
- The company's portfolio is highly focused on rum, which includes the brands Santa Teresa 1796, Selecto, Gran Reserva, Bodega Privada and Bicentenario AJ Vollmer; the latter two are limited editions and constitute ultra premium products in the company's portfolio. The company also produces rum liqueurs such as Arakú and Orange rum. Ron Santa Teresa is positioned in a dynamic area of the market as rum continues to be the best-performing category within alcoholic drinks.

- The company's products tend to be positioned in the mid-priced segment, especially the brand Gran Reserva, which belongs to the standard rum category and accounted for a 28% share of total volume sales of rum in 2011.
- Ron Santa Teresa is considered a leader responsible for innovation in terms of marketing campaigns and promotional activities targeting young audiences.

Summary 4 Ron Santa Teresa CA: Competitive Position 2011

Product type	% total volume share	Rank
Alcoholic drinks	0.4	8
Rum	34.2	2
Wine	6.2	3

Source: Euromonitor International estimates, trade interviews

TAMAYO & CÍA SA IN ALCOHOLIC DRINKS (VENEZUELA)

Strategic Direction

▪

Content removed from sample

Key Facts

Summary 5 Tamayo & Cía SA: Key Facts

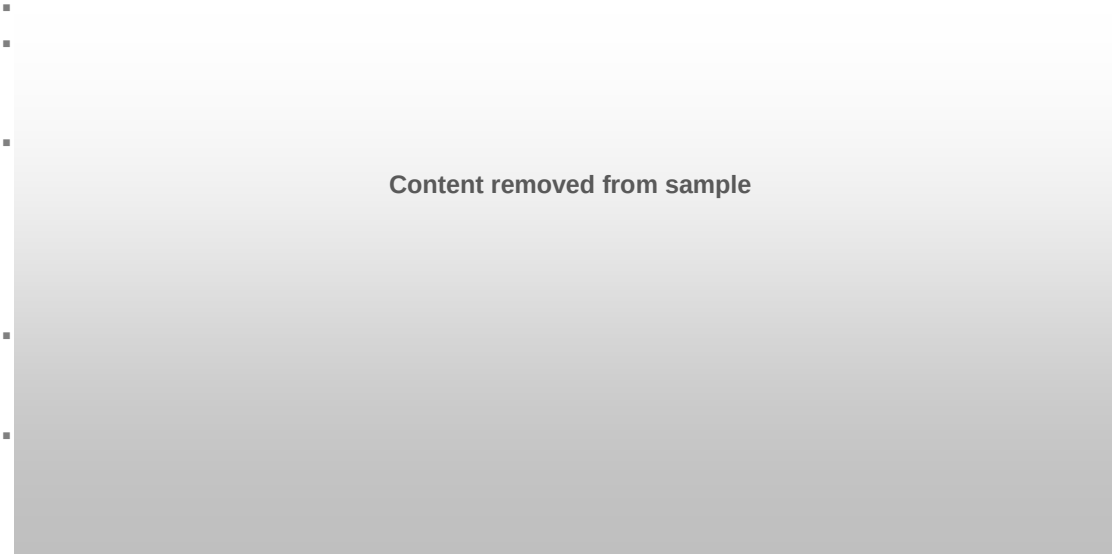
Full name of company:	Tamayo & Cía SA
Address:	Avenida Nueva Granada, Edificio Tamayo, Caracas,
Venezuela	Tel:
+58 (212) 603 4666	Fax:
+58 (212) 603 4777	www:
www.tamayo.com.ve	Activities:
Importing, distributing and marketing of alcoholic	drinks

Source: Company research (www.tamayo.com.ve)

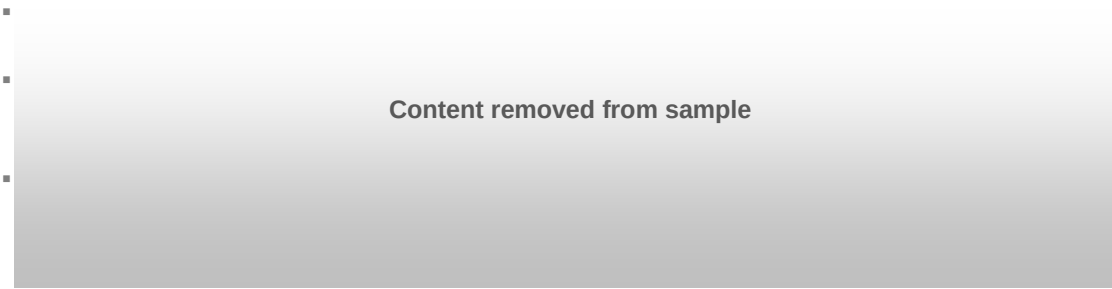
Company Background

- Tamayo & Cía was founded in 1903 in Caracas by Porfirio Burgos Tamayo, and is a company that has always been managed by the founding family. Tamayo & Cía began as a distributor of a wide variety of products, including hardware, cash registers and raw materials for agriculture. Later this company became a major importer of French champagne, Swedish

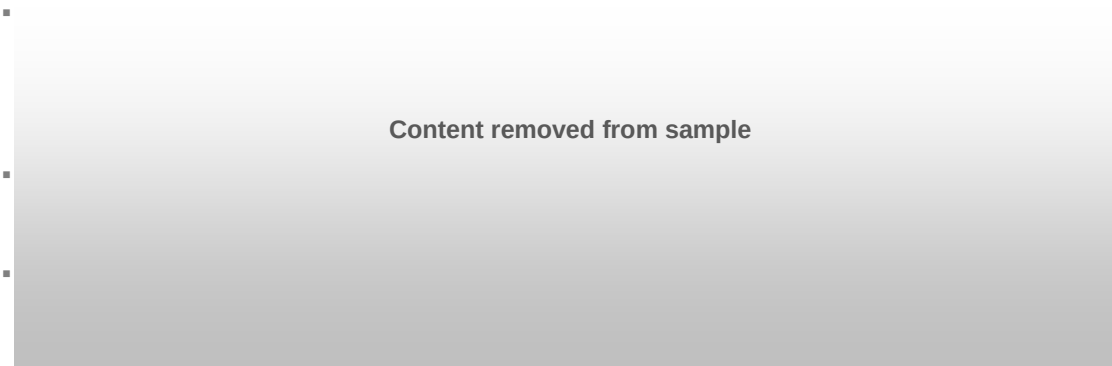
vodka, Scotch whisky, French and Spanish wines, Portuguese port and Venezuelan spirits distillates.



Production



Competitive Positioning



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Summary 6 Tamayo & Cía SA: Competitive Position 2011

Product type	% total volume share	Rank
Alcoholic drinks	Removed	Removed
Wine	Removed	Removed
Spirits	Removed	Removed
Cider/perry	Removed	Removed

Source: Euromonitor International estimates, trade interviews

ALCOHOLIC DRINKS IN VENEZUELA - INDUSTRY OVERVIEW

EXECUTIVE SUMMARY

Weak Purchasing Power Continues Affecting Alcoholic Drinks in 2011

In 2011, overall alcoholic drinks recorded a negative performance, mostly influenced by the behaviour of beer which was significantly affected by weakened consumer purchasing power. High price increases recorded in 2011 negatively affected the quantity and frequency of beer consumption, especially in lower-income segments, where beer registers high penetration. Although the country's macroeconomic variables began to show signs of recovery in 2011, the purchasing power of Venezuelans continued falling in constant terms; a fact that had an impact on a large number of alcoholic drinks.

Domestic Spirits Strengthen Presence As A Result of the Economic Downturn

Only a small number of alcoholic drinks in Venezuela recorded positive volume growth in 2011. Within domestic options, rum, vodka and other whiskies continued gaining importance among consumers' preferences as average Venezuelans are migrating to less expensive categories as their purchasing power contracts. Despite domestic whisky being considered a low-quality drink, consumers of 3YO whisky, mostly from social stratus C+, are downtrading to local options as they believe that whisky is a non-replaceable drink when it comes to commemorating special events.

Empresas Polar Maintains Its Competitive Position Due To the Performance of Pilsen-type Beer

In 2011, Pilsen was the only type of beer that exhibited positive performance in terms of total volume sales. The 70th anniversary of Polar Pilsen in the country was heavily supported by Empresas Polar, a fact that contributed to increased brand awareness and boosted consumption of Pilsen-type beer. On the other hand, volume share of Cervecería Regional continued falling in 2011, in spite of the alliance made with Cervecería Nacional in mid-2010.

On-trade Sales Affected by the Prohibition of Smoking in Public Places

One of the most significant factors affecting consumption of alcoholic drinks, and especially spirits, in on-trade establishments is the implementation and enforcement of a new regulation that prohibits smoking in public places. The measure imposed by the Health Ministry became effective from March 2011 and obliges proprietors and administrators of all public indoor spaces, including nightclubs and restaurants, as well as offices and other workplaces to provide informative publicity in which it is stated that smoking is prohibited. According to the Pan American Health Association, this is one of the most significant policies to reduce the smoking habit in the world. Since a large number of smokers are in the habit of smoking when consuming alcoholic drinks, this measure is likely to have a significant impact on consumption in the on-trade as people would prefer to stay at home rather than go outside to smoke.

Slow Recovery of Alcoholic Drinks Industry Is Projected Over Forecast Period

From 2012, the overall alcoholic drinks industry will begin to reverse the negative growth trend that started in 2009 but at a very slow rate, which will be in line with the improvement in personal disposable income and the recovery of the country's macroeconomic variables. By 2015, acceleration in the rate of total volume growth is anticipated; however, it is unlikely that sales will recover the record levels achieved in 2008 when oil prices registered record rises.

KEY TRENDS AND DEVELOPMENTS

Domestic Spirits Strengthen As A Result of Falling Consumer Purchasing Power

According to the Central Bank of Venezuela (Banco Central de Venezuela), the overall purchasing power of Venezuelans (which is calculated based on salary increases of workers in both public and private sectors) declined in constant terms by 5.8% in 2009 and 5.4% in 2010 and expectations point to a continued decrease as salary rises have been lagging behind 2011 inflation. Although in 2011, the country's GDP began to exhibit signs of a recovery after two years of negative performance, average Venezuelans have yet to perceive any improvement in their purchasing power, prompting many to limit their spending on non-essential goods and at the same time downtrade from their usual categories of spirits. The net effect of this situation is that domestic spirits are strengthening their presence as consumers are looking for more affordable products at a time when their budgets are limited.

Current impact

In 2011, only a small number of alcoholic drinks in Venezuela recorded a positive growth rate as consumers are migrating to less expensive categories as well as distancing consumption occasions. Indeed, those registering an increase in volume sales were primarily domestic spirits. In the case of rum, which is composed mainly of local brands, total volume sales are expected to register strong growth of 14% in 2011.

Vodka was another category favoured by the change in consumption patterns following the weakening of Venezuelans' purchasing power. Despite the fact that leading brands of vodka are imported, its performance has been highly influenced by the emergence of domestic brands competing within the economy segment, which are expected to boost the category's total volume sales by 9% in 2011.

In addition, other whiskies, which comprise mainly domestic brands, are also expected to record a positive total volume growth rate of 6% in 2011. Consumers of 3YO whisky, mostly from social stratus C+, are migrating to domestic options as they still have the perception that whisky is a non-replaceable drink when it comes to commemorative events and parties (weddings, graduations, baptisms, first communions, births, anniversaries and birthdays).

Outlook

Over the forecast period, domestic spirits are likely to continue strengthening their presence within the alcoholic drinks industry since the country's macroeconomic variables are not projected to recover to a large extent to produce a significant improvement in the population's purchasing power. From 2012 to 2016, Venezuelan GDP is projected to increase 1-2% per annum.

Even though 2012 will be an electoral year and the government of President Hugo Chávez is likely to increase public spending as a mechanism to favour its re-election, only a relative

improvement is expected for those categories which were severely hit in 2009 and 2010. Moreover, when taking into account that a devaluation of the local currency is predicted to take place by 2013 and prices are likely to significantly increase, those categories which are mainly composed of imported products are likely to record a slowing trend. The final effect of this situation will be that domestic spirits will continue to grow ahead of imported products over 2012-2016.

As a result of the stated above, rum is projected to post a total volume CAGR of 6% followed by vodka with 5% and other whiskies with 4%. In contrast, other blended Scotch whisky is predicted to post a 2% CAGR in total volume terms over the forecast period.

Future impact

Since the perception of domestic alcoholic drinks has positively changed over the review period, manufacturers competing within rum, domestic vodka and other whiskies are likely to increase their marketing support taking advantage of the boom in consumption of local products. What is more important is that the alcoholic drinks industry in Venezuela is evolving as a result of the changes in consumption patterns which implies that domestic drinks are no longer perceived as low-status options.

Over 2012-2016, it is expected that domestic spirits manufacturers will make significant investments in promotional activities as a strategy to continue capturing consumers from other alcoholic drinks categories. The use of social networks to capture young audiences will continue being a key marketing strategy whereas promotional activities attached to the national soccer team "La Vinotinto" are likely to have a greater presence over the forecast period.

New Legislation Prohibiting Smoking in Public Threatens Performance of Spirits in On-trade

One of the key factors likely to affect consumption of spirits in on-trade channels is enforcement of a new resolution that prohibits smoking in public places. The measure imposed by the Health Ministry, effective from March 2011, obliges proprietors and administrators of all public indoor spaces, including nightclubs and restaurants, as well as offices and other workplaces to provide informative publicity in which it is stated that smoking is prohibited. According to the Pan American Health Association, this is one of the most significant policies worldwide to reduce the smoking habit. In 2010, male smokers surpassed 1.9 million people, while female smokers accounted for 1.2 million in Venezuela.

Since a great number of smokers are in the habit of smoking when consuming alcoholic drinks, this measure is expected to have a significant impact on consumption in on-trade channels as people may prefer to remain at home rather than be forced to stand outside on-trade outlets to smoke.

Current impact

Despite the prohibition of smoking in public places already having an impact on spirits sales in on-trade channels, it is uncertain what proportion of Venezuelan smokers are reducing their frequency of consumption at bars and restaurants. It is important to remember that the economic downturn is another factor boosting consumers' preference for home consumption. The combined effect of the smoking ban and falling consumer purchasing power has led to the on-trade channel performing below the off-trade channel. In terms of spirits, volume sales in the off-trade are expected to increase by 4% in 2011 while the on-trade is expected to see growth of less than 1% in the same year.

Although the exact percentage of Venezuelans who are reducing their frequency of visits to bars and restaurants due to the smoking ban is not known with any accuracy, industry sources have expressed their concerns as they are aware that a significant number of smokers of

tobacco products are not likely to go outside to smoke due to issues of personal safety, and will therefore remain at home. Moreover, given that in Venezuela smoking prevalence in adult males is 20% and in adult females it is 13%, concern among companies competing within spirits is perhaps warranted, in terms of the fall in consumption in on-trade channels.

Outlook

The reduction in consumption in on-trade channels is expected to continue, at least in a medium-term scenario, as bars and restaurants will take some time to adapt their facilities to smoking areas. Moreover, given that the personal safety situation in Venezuela is unlikely to significantly change during the forecast period, consumers are likely to prefer to stay at home rather than spend time outside where they might be exposed to potential risk.

Future impact

The future impact of the smoking ban in public places will result in the growth of off-trade sales ahead of on-trade sales. Indeed, over 2012-2013, volume sales of spirits at on-trade establishments are expected to grow at an annual rate of 2% while those at off-trade outlets will see growth of 3%. However, it is important to note that the economic situation is another important factor that will have a significant effect on the performance of on-trade channels. The recovery of consumer purchasing power is not expected to produce a significant switch in consumers' preferences in terms of locations for the consumption of alcoholic drinks.

Unit Prices Rebound Following Devaluation of Local Currency

In January 2011, the national government announced a devaluation of the official exchange rate to import priority consumption goods and raw materials from BsF2.3 per US dollar to BsF 4.3. As a consequence, companies with a strong reliance on imported supplies were forced to apply sharp price increases as product costs drastically increased above the annual rate of inflation. Within alcoholic drinks, the beer industry was one of the most affected by this situation as the price of malted barley, a key imported raw material, increased more than 60% in current terms.

Current impact

In 2011, overall unit price for beer recorded 46% growth in current terms, moving from BsF13.8 per litre to BsF20.1. Given that the purchasing power of Venezuelans has been shrinking since 2009 as a consequence of the economic downturn, the situation for beer has deteriorated. Since beer enjoys wide penetration among low-income groups, which account for over 80% of the country's population, its sales are severely impacted in times when Venezuelans are faced with restricted budgets and prices follow an increasing trend above the inflation rate. In 2011, beer is expected to record a decline of 8% in total volume terms.

In spite of most alcoholic drinks categories, such as spirits and wine, also having an important component of imported products, they did not register price increases as severe as beer as the official rate already established by the Venezuelan government for importing non-essential consumption goods was fixed at BsF 4.3 per US dollar in January 2010.

Outlook

Over the review period, price increases within the alcoholic drinks industry have been highly influenced by two historical devaluations of the local currency, in January 2010 and in January 2011. As expected, neither of these events took place on the eve of presidential elections as such measures would likely undermine the chances of re-election for the incumbents.

As presidential elections are due to take place in December 2012, no further devaluation of the local currency is expected prior to this event. The government of President Hugo Chávez is

expected to inject liquidity into the market by increasing public spending so the population will perceive a relative improvement in their purchasing power as a strategy to favour its re-election. The consequence of higher public spending will be reflected in an increase in the weight of public debt in the national budget, likely required a further devaluation of the local currency in 2013.

Future impact

The future impact of a devaluation of the local currency in 2013 will result in severe price increases across the entire alcoholic drinks industry. In this context, the overall unit price for alcoholic drinks is predicted to grow at an annual average rate of 2%, with the exception of 2013 when the price increment is expected to reach 5% in constant terms. Any devaluation is expected to equally impact categories that mainly comprise imported products, such as spirits and wine, as well as beer, which have a strong reliance on imported raw materials.

After such price increases, it is likely that the alcoholic drinks industry would exhibit a slowdown in consumption, after a year of recovery supported by the growth in liquidity prior to the presidential elections. Given this scenario, total volume sales of alcoholic drinks are expected to grow by just over 2% in 2012 while in 2013, this rate is expected to fall below 2%.

Key New Product Launches

Within alcoholic drinks, the trend towards new product launches points to primary packaging design rather than product innovation itself. As companies importing and manufacturing alcoholic drinks have to deal with restrictive access to foreign currency, they are allocating their resources to high rotation presentations instead of launching new varieties. In fact, most of the importers of alcoholic drinks are rationalising their portfolios as the foreign currency granted by the Venezuelan government is not even enough to cover domestic demand. In this context, most of the innovations seen in 2011 came from domestic producers at a primary packaging level.

Current impact

In terms of new product launches at primary packaging level, in May 2011 Empresas Polar released a less stylised oval bottle for its Polar Pilsen beer. The launch of a special edition of this type of beer was to commemorate the 70th anniversary of one of the oldest brands of beer in the country. Each of these three collectable bottles had the logo of Polar Pilsen printed in a different colour of the Venezuelan flag. In 2011, Polar Pilsen was expected to record the biggest increase in total volume share, rising almost two percentage points.

Another trend that has been identified within the alcoholic drinks industry and included in packaging design is sponsorship of the national soccer team "La Vinotinto". In this context, the leading brand of rum, Cacique, marketed by Diageo Venezuela, released a special edition bottle in July 2011 with two designs associated with soccer. The considerable advances made by the national team have raised soccer to new heights of influence within Venezuelan culture. There are two different designs: one is a burgundy bottle, which is the colour of the national soccer team and the other is tricolour, representing the Venezuelan flag. However, this release has not had a significant effect on brand sales, with its volume share expected to remain largely unchanged in 2011.

Outlook

Due to import issues and limited access to foreign currency, no major releases are expected in terms of new product launches. Most of the manufacturers competing within alcoholic drinks are likely to continue focusing on improving packaging design as this is a less expensive and low-risk alternative when compared to the development and launch of an entirely new brand.

Over the forecast period, consumer purchasing power is not expected to recover to a significant extent with price continuing to be one of the most important factors in consumers' purchasing decisions.

Due to the increasing importance of the national soccer team within Venezuelan culture, domestic manufacturers are likely to replicate the strategy of Diageo as a way to connect through an emotional bond with its target audience.

Future impact

Over 2011-2016, domestic brands of rum are predicted to continue strengthening their presence within the alcoholic drinks industry. In this context, domestic manufacturers are likely to continue focusing on launching special editions at primary packaging levels as rum is a category in which innovation is not easy since consumers are quite loyal to the traditional flavour of dark rum.

In terms of beer, no major releases are expected in terms of changes in bottle design as returnable glass bottles will continue being the most common presentation in times when Venezuelans are faced with restricted budgets.

Over the forecast period greater support for Pilsen-type beer is likely, but focusing on marketing rather than new product development. Beer consumers are very conservative in the traditional taste of standard lager beer and flavoured beer has not yet been accepted in the Venezuelan market.

Summary 7 Key New Product Developments 2010-2011

Brand (NBO)	Product	USP	Launch year
Cacique 500 (Diageo Venezuela CA)	Dark rum	Packaging innovation: This is a special edition bottle of Cacique 500 featuring designs associated with soccer. This is the first bottle of rum launched in Venezuela which has a shrink-wrap coating with two different designs printed on it: one is burgundy, which is the colour of the national soccer team, and the other is tricolour, representing the Venezuelan flag.	2011
Haig Supreme (Diageo Venezuela CA)	Other blended Scotch whisky	Premiumisation/heritage: Haig Supreme is a blended Scotch whisky with over 20 malts aged in European oak barrels. This blend was created in homage to the Haig family which has nearly 400 years of history in the production of whisky.	2011

		Targets upper-income consumers.	
Polar Pilsen (Cerveceria Polar CA)	Domestic standard lager	Packaging innovation: This is a special edition of Polar Pilsen commemorating the 70th anniversary of the brand. This is the only domestic lager available in a curvy and rounded bottle. There are three different collectible presentations celebrating the 70th anniversary.	2011

Source: Euromonitor International

Specialist Retailer

Specialist retailers represent the strongest commercialisation channel for alcoholic drinks, accounting for 63% of volumes sold at off-trade channels. In fact, these retailers offer a wide variety of alcoholic drinks, including domestic and imported products. Wine, which is the widest category in terms presentations and brands, is organised at specialist retailers by country of origin, grape and varietal type. Specialist retailers are very sophisticated in terms of consumer services, including wine tasting, orientation about the type of wine to choose depending on the consumption occasion, and seminars on topics related to alcoholic drinks trends and product tasting. More specialised services such as free home delivery are also offered to customers.

Current impact

In spite of specialist retailers representing the most important channel for alcoholic drinks sales, supermarkets have been gaining importance as purchases of alcoholic beverages are becoming more planned since Venezuelans are including such beverages as part of their regular home consumption. Limitations in the hours of sale of alcoholic drinks are influencing this behaviour. From 2009 to 2011, supermarkets gained almost two percentage points of volume share of alcoholic drinks sold at off-trade channels.

Special areas within supermarkets are being dedicated to exhibit a wide variety of domestic and imported brands, trying to recreate the purchasing experience at specialist retailers. Indeed, wine tastings are being carried out in supermarkets and some of them are also conducting workshops and seminars for consumers, such as the regional chain Excelsior Gama presented in the capital city, Caracas.

Outlook

The number of specialist retailers is not predicted to grow over the forecast period because new regulations in terms of alcoholic drinks expenditure and serving hours are being imposed on the Venezuelan market. Since 2008, the national government has tried to slowdown alcoholic drinks consumption through mechanisms related to opening hours, selling licences and retailer location.

In addition, given that the recovery of the overall alcoholic drinks market is expected to occur at a very slow rate over the forecast period as consumer purchasing power is not expected to recover to a large extent, it is not likely that the number of specialist retailers will increase either.

Future impact

Specialist retailers will remain the leading channel in alcoholic drinks as they offer the widest variety of products ranging from economy to premium brands. Differentiation through new service offerings and customised attention will be key factors maintaining the channel's leading position among off-trade channels. However, supermarket chains will gain importance over 2011-2016 as alcoholic drinks purchases are being planned in a more cautious way and consumers are including the purchase of alcoholic beverages during their visits to supermarkets.

Restrictions of the trading hours of alcoholic beverages will continue being a factor that threatens the performance of specialist retailers. In this context, a greater degree of promotional activity is expected to be seen within this commercialisation channel as a strategy to retain customers.

Summary 8 Leading Specialist Retailers 2011

Retailer	Fascia(s)	Outlets	Sales (BsF million)
Prolicor	Various	93	n/a
Celicor	Various	40	n/a
Licores Mundiales	Various	2	n/a

Source: Company websites (www.prolicor.com.ve, www.celicor.net, <http://licoresmundiales.com>)

Market Mergers and Acquisitions Activity

In 2011, there was no mergers and acquisitions activity within the alcoholic drinks industry in Venezuela. The low level of activity in this area is attributed to the fact that currently, in Venezuela, legal uncertainty is very high and companies have lost confidence and are avoiding such activities in order not to draw the attention of President Hugo Chávez. Private companies with presence in Venezuela are operating in a low-profile manner, as a strategy to remain out of the government's sights as much as possible.

The most recent mergers and acquisitions activity occurred in mid-2010 when Cervecería Regional (Grupo Cisneros), the second most important player in the domestic beer industry, and Cervecería Nacional CA (NBO of the multinational Anheuser-Busch InBev NV) announced the formation of a company with 85% of the capital from Cervecería Regional and the remaining 15% from Cervecería Nacional.

Current impact

Cervecería Regional, with its strong position in the western region of Venezuela, and Cervecería Nacional CA, with its dominant position in the capital city and the centre of the country, make the perfect alliance to place their brands around the nation and to create a more powerful position against leading company Empresas Polar. However, this alliance has not yet had a positive impact on the share of the brands owned by each of these companies as such merger processes are usually long term as they typically involve structural changes.

Outlook

The economic downturn caused sales of beer to drop 13% in total volume terms from 2008 to 2010. During this crisis, Empresas Polar made strong marketing efforts not only to maintain its competitive position but also to gain share at a time when Venezuelans were reducing their spending on alcoholic drinks. In 2010, this company increased its volume share five percentage points at the expense of Cervecería Regional. After analysing movements in share among these

companies it remains clear that Cervecería Regional is looking to strengthen its presence in the domestic beer industry through the alliance with the multinational Anheuser-Busch InBev.

Despite this merger activity, Empresas Polar was the only company expected to show an increase in volume share in 2011. This is attributed to the fact that it was the only company to continue a focus on the Pilsen-type category which was largely abandoned by Cervecería Regional and Cervecería Nacional after the boom that light beer enjoyed in the country. The 70th anniversary of Polar Pilsen in Venezuela contributed to an increase in brand awareness and boosted consumption of Pilsen-type beer.

Future impact

The merged company comprising Cervecería Regional and Cervecería Nacional will intensify its fight against Empresas Polar over the forecast period. The premium segment has been dominated by Polar through its brands Solera and Solera Light. Under this competitive scenario the brands Zulia and Cardenal will compete strongly to gain upper-income consumers since Cervecería Regional does not participate in the premium segment. In addition, Cervecería Regional and Cervecería Nacional may choose to re-enter the Pilsen-type segment as Venezuelan consumers appear to be changing their preferences and paying closer attention to this type of beer, possibly because it has a higher alcohol content.

MARKET BACKGROUND

Legislation

Legal purchasing age and legal drinking age

Under articles 92 and 93 of the current law (Ley Orgánica Para la Protección Del Niño y el Adolescente), the legal purchasing age and legal drinking age in Venezuela is 18 years for both men and women.

There is concern among the national public health authorities because it is increasingly evident that people under 18 years old are consuming alcohol. A study by an organisation called Cátedra Libre Antidroga (Anti-Drug Cathedra), conducted in 2007 in the Metropolitan District, found that 92% of high school students had tried alcohol at least once, and 32% of them had tried it before seventh grade, where the average age is 12-13 years old.

In 2010, a study conducted by Sociedad de Alcohólicos Anónimos de Venezuela (Venezuelan Alcoholics Anonymous Society) established that the age when children start drinking has declined. Males begin drinking alcoholic beverages at the age of 11 years and females at 13 years old. According to the study, children often begin drinking alcohol because they copy the behaviour of adults who regularly consume alcoholic drinks, and families are often inadvertently causing children to start consuming such drinks. For example, during holiday seasons, children drink Ponche Crema, a cream-based liqueur, which is a traditional part of Venezuelan Christmas. This enables them to become familiar with alcoholic beverages, and as they grow they try other categories such as beer. Once the children become adolescents, peer group pressure as well as social situations can increase alcohol consumption. In these groups of young people, it is common for one of them to be older which makes it easier for him or her to buy the drinks.

Drink driving

Regarding drink driving legislation in Venezuela, there is a Law of Land Transportation (Ley de Transporte Terrestre), which establishes in Article 169, penalties of up to 10 tax units (each tax unit is equivalent to BsF76) for people who are caught driving under the influence of alcohol.

If the driver accumulates more than three penalties, Article 179 calls for the suspension of the driver's licence for 12 months, whereas if an accident occurs causing injury to people, the documents can be held for a period of three years. In the case of the death of a person caused by an accident where a driver under the influence of alcohol is involved, the driver's licence may be suspended by the authorities for a period of 10 years.

In addition, the law states that in a car accident, administrative traffic authorities are empowered to carry out toxicology testing, and if the influence of alcohol on the driver is demonstrated, he or she is presumed to be guilty of the accident (Article 194).

In 2011, no changes were made to the law covering drink driving. However, several prevention programmes were carried out. An operation called Safety Holy Week 2011 was established by the National Anti-Drug Office all over the national territory. An alcohol testing programme was conducted among public transportation drivers and private car drivers to verify that they were not under the influence of alcohol. If the test result was positive for certain kinds of drugs or alcohol, a penalty of 10 tax units was imposed and the citizen was not permitted to continue driving.

Advertising

The Law for Social Responsibility on Radio and Television (Ley de Responsabilidad Social en Radio y Televisión) covers among its articles the regulation and sanctions for messages pertaining to alcoholic drinks which are transmitted by mass media. Article 9 of this law prohibits the transmission of advertising campaigns for alcoholic beverages on television or radio at all times. Article 28 sets out penalties for companies failing to comply with this restriction, including the payment of between 1-2% of the gross income that the broadcasting company obtained in the year prior to the time of committing the offence; also seen as part of the penalty is the mandate to assign broadcasting space to the transmission of messages of social responsibility campaigns.

In August 2008, the Law of Land Transportation was amended to include the prohibition of alcoholic drinks advertising being placed on the national road system. The restriction specifically states that no advertising can be placed within 50 metres of the edge of the main national roads, less than 30 metres from any paved highway and less than 15 metres from unpaved roads. It also prohibits the placement of advertising for alcoholic beverages on cargo or personnel transportation, public or private.

The government organisation responsible for approving promotional activities is the Institute for the Protection of Individuals in the Access to Goods and Services (Indepabis). All activities designed to promote sales through retail channels, including value-added and pricing promotions, must be submitted to this institute.

Smoking ban

Until March 2011, the only places that were required to comply with a smoking ban were medical centres, administrative health offices (such as the Ministry of Health) and schools, both public and private. In addition, the governors of Nueva Esparta and Monagas states had created regional ordinances regarding the prohibition of smoking in public places.

In March 2011, the Ministry of Health approved a resolution which prohibits smoking in public places (Official Gazette No 39.627). The measure obliges proprietors and administrators of all public indoor spaces, including nightclubs and restaurants, as well as offices and other workplaces to provide informative publicity in which it is stated that smoking is prohibited.

In terms of banning smoking in shopping malls, there were voluntary statements implying that a mall can declare itself as a smoke-free place following its representatives (owners) contacting the Ministry of Health in order to make public the announcement. Once these places are declared as 100% smoke-free, it is mandatory that people breaking the law are punished. At this

time, Venezuela is one of the few countries in which shopping centres are volunteering to be 100% smoke-free.

Opening hours

Under the current legislation (Law on Taxation for Alcohol and Alcoholic Products), off-trade channels can only sell alcoholic drinks between 08.00hrs and 21.00hrs.

In January 2008, the Official Gazette No 38.861 published by the National Protection Plan for Prevention and Care in National Holidays and Leisure Periods, established that opening hours for alcohol selling were limited and in some cases prohibited on several public holidays in Venezuela. This measure was made to reduce the number of accidents occurring in the holiday season, when a large number of people travel across the country's road system, and there is a significant increase in the consumption of alcoholic drinks, which is thought to be related to car accidents and crime that occur during such periods.

The absolute prohibition of alcohol (popularly known as the Dry Law) is generally decreed in Venezuela only during electoral events, but from April 2007 the government began to implement the Dry Law during the Easter holidays and other holiday seasons as a recurring action. In addition, since 2010 the government has implemented severe controls in regards to opening hours for both on-trade and off-trade channels. From the Wednesday prior to Easter week across the national territory the sale of alcohol at off-trade channels was restricted from 11.00hrs to 19.00hrs whereas on Sunday, the sale of alcoholic drinks was prohibited at any time since that day was expected to see the return of most vacationers. In terms of on-trade channels, the sale of alcohol was banned between 11.00hrs and 24.00hrs during the Easter holiday season.

On-trade establishments

The on-trade channel has been affected by the decline of Venezuelans' purchasing power. Consumers of all income levels and social strata are adopting the home as a place of consumption not only for economic reasons but also because of the lack of safety in the Venezuelan environment and the implementation of the smoking ban which prohibits smoking in public places.

In the on-trade channel, establishments which continue being preferred by consumers for lunch meetings are those specialising in meats. Whisky remains the drink that is mostly consumed at group lunches. A trend that has been observed in Venezuela, which is affecting on-trade performance, is that consumers are spreading out consumption occasions because of the decline in their purchasing power. The industry remained almost static in 2011 in terms of new establishment openings.

TAXATION AND DUTY LEVIES

Under current legislation, companies importing alcoholic drinks are charged 35% of the value of the cargo for all alcoholic drinks. However, there are countries that have agreements that exempt their companies from import taxes or give them preferential rates. One example is Chile, whose products are completely exempt from import taxes, thanks to agreements signed within the framework of ALADI (Latin American Association for Integration). Argentina, Brazil, Paraguay and Uruguay also have agreements under the framework of Mercosur that give their products preferential tax rates for import into Venezuela.

Countries that belong to the Andean Community of Nations (Colombia, Ecuador, Peru and Bolivia) also enjoy preferential tax rates for exporting to Venezuela; however, Venezuela requested its exit from this community in 2006, leaving these treaties valid only until 2011.

In October 2007, the government increased sales taxes for imported and domestic alcoholic drinks and established a very strict supervision of payments of such duties. The increase was from 8.5% to 15% for beer, wine and cider/perry, and from 10% to 20% for whisky, vodka, rum and gin.

The VAT tax also increased in 2009 from 9% to 12% as part of the economic measures taken by the government to confront the effects of the global economic crisis, which caused a decrease in the demand for crude oil, reducing its trading price and, consequently, the income for the country.

Table 33 Taxation and Duty Levies on Alcoholic Drinks 2011

	Beer	Rum	Bitter and other spirits	Fortified wines <= 14°G.L.	Wine > 14°G.L.
Import tax	35%	35%	35%	35%	35%
Excise tax:					
Tax units/L (1)	0.0025	0.012	0.0153	0.00045	0.0025
Tax units/L Alcohol 100° G.L.					
Distribution tax:					
Tax units/L (1)	0.00005	0.0001	0.0001	0	0.0001
Sales tax:					
%	15			15	15
% (<50°G.L.)		20	20		
Value-added tax (%):	12	12	12	12	12
		Brandy, , cognac whiskies	Fortified wines	Artisanal fortified wines	Artisanal alcoholic drinks
Import tax		35%	35%	35%	35%
Excise tax:					
Tax units/L (1)					
Tax units/L Alcohol 100° G.L.		0.102	0.0018		0.0054
Distribution tax:					
Tax units/L (1)		0.0001	0.0001	0.0001	0.0001
Sales tax:					
%					
% (<50°G.L.)		20	20	20	20
Value-added tax (%):		12	12	12	12

Source: Decreto N° 5.618 Con Rango, Valor y Fuerza de Ley de Reforma de la Ley de Impuesto Sobre Alcohol y Especies Alcohólicas (www.seniat.gob.ve)

Note: (1) Tax Unit 2011 = BsF76.00

Table 34 Typical Wholesaler and Retailer Mark-Ups by Sector 2011

	Beer	C/p	RTDs	Wine	Wh	BC
Wholesaler	9.5	13.2	15	14.6	17	14

Retailer	15	13	11	14	10	42
		WS	Rum	T	L	OS
Wholesaler		18	14	12.5	16	9.5
Retailer		28	15	34	35	15.5

Source: Trade interviews, store checks

Note: C/p=Cider/perry; Wh=Whiskies; BC=Brandy and cognac; RTDs = RTD + High-strength premixes;
WS=White spirits; T=Tequila (and mezcal); L=Liqueurs; OS=Other spirits

Table 35 Selling Margin of a Typical Beer Brand 2011

% retail value rsp	2011
VAT	10.7
Retailer	11.6
Distributor	6.7
Excise	10.7
Manufacturer	60.2
TOTAL	100.0

Source: Trade interviews, store checks

Table 36 Selling Margin of a Typical Wine Brand 2011

% retail value rsp	
VAT	10.7
Retailer	11.0
Distributor	10.0
Excise	10.3
Manufacturer	58.1
TOTAL	100.0

Source: Trade interviews, store checks

Table 37 Selling Margin of a Typical Spirits Brand 2011

% retail value rsp	2011
VAT	10.7
Retailer	13.6
Distributor	12.1
Excise	11.3
Manufacturer	52.3
TOTAL	100.0

Source: Trade interviews, store checks

OPERATING ENVIRONMENT

Contraband/parallel trade

The Venezuelan law on the crime of smuggling (Ley Sobre el Delito de Contrabando) states that any person who attempts to bypass whichever type of control at custom authorities in the course of the introduction or transit of goods to Venezuela will be punished with imprisonment from four to eight years.

Because of the restriction of access to foreign currency, which tightened in 2010 when a measure to close all brokerage firms operating in Venezuela was taken by the government, contraband alcoholic drinks were expected to increase.

Duty free

Duty-free zones in Venezuela are the island of Margarita, located in the north of the country, and the Paraguaná peninsula, located at the northern end of Falcon state. The importance of duty-free zones in alcoholic drinks is very high. In 2009, Margarita alone accounted for some 35% of alcoholic drinks sales in the country, and boasted prices as low as 40% of the regular price. Many people from the country travel to the duty-free zones to buy liquor not only for major celebrations (weddings) but also as a provision for home consumption.

In the duty-free zones, however, a restriction exists on the quantities allowed to be carried by a customer. SENIAT (internal tax agency) states that the maximum amount per person is nine litres of whisky, eight litres of wine, nine litres of beer and five litres of other alcoholic drinks; and these amounts can only be transported a maximum of six times a year.

Cross-border/private imports

Private imports are declining as Venezuelan citizens face more legal restrictions obtaining foreign currency. Before 2009 the state allowed Venezuelan citizens travelling abroad up to US\$5,000 for credit card purchases at a fixed exchange rate of BsF2.15 per dollar. In 2010, the exchange rate was changed to BsF4.30 and the Venezuelan government implemented more limitations regarding foreign currency acquisition. In this context, quotas depending on destination and period of residence abroad were fixed and the maximum amount of foreign currency Venezuelans can legally access was set at US\$3,000 per year. In addition, the Venezuelan government announced the suspension of purchase and sale of securities in foreign currency through brokerage firms in May 2010. This announcement also included the closure of brokerage firms operating in Venezuela.

MARKET INDICATORS

Table 38 Retail Consumer Expenditure on Alcoholic Drinks 2006-2011

BsF million	2006	2007	2008	2009	2010	2011
Total	4,608.0	6,477.6	8,646.8	10,896.3	15,379.3	15,715.2

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Note: 2011 data is forecast

MARKET DATA

Table 39 Sales of Alcoholic Drinks by Category: Total Volume 2006-2011

Million litres	2006	2007	2008	2009	2010	2011
Beer	2,352.7	2,568.1	2,436.9	2,242.0	2,123.8	1,953.9
Cider/Perry	0.3	0.3	0.3	0.4	0.4	0.4
RTDs/High-Strength Premixes	3.7	4.2	4.4	4.2	3.8	3.6
Spirits	108.6	113.5	114.3	118.2	121.9	126.0
Wine	13.2	15.0	16.4	15.5	13.4	11.9
Alcoholic Drinks	2,478.5	2,701.1	2,572.3	2,380.3	2,263.3	2,095.9

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 40 Sales of Alcoholic Drinks by Category: Total Value 2006-2011

BsF million	2006	2007	2008	2009	2010	2011
Beer	9,165.1	12,265.6	16,217.0	22,162.0	29,284.8	39,312.5
Cider/Perry	4.7	6.0	7.8	11.7	17.7	23.8
RTDs/High-Strength Premixes	43.9	57.1	78.0	105.2	114.9	140.3
Spirits	3,752.0	4,766.7	6,793.1	9,835.3	14,465.8	19,646.4
Wine	326.3	464.1	699.7	919.8	1,387.0	1,635.3
Alcoholic Drinks	13,292.0	17,559.4	23,795.5	33,034.0	45,270.3	60,758.4

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 41 Sales of Alcoholic Drinks by Category: % Total Volume Growth 2006-2011

% total volume growth	2010/11	2006-11 CAGR	2006/11 Total
Beer	-8.0	-3.6	-16.9
Cider/Perry	5.2	7.5	43.5
RTDs/High-Strength Premixes	-5.0	-0.6	-3.2
Spirits	3.4	3.0	16.0
Wine	-11.2	-2.0	-9.4
Alcoholic Drinks	-7.4	-3.3	-15.4

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 42 Sales of Alcoholic Drinks by Category: % Total Value Growth 2006-2011

% local currency, current value growth	2010/11	2006-11 CAGR	2006/11 Total
Beer	34.2	33.8	328.9
Cider/Perry	34.5	38.1	402.3
RTDs/High-Strength Premixes	22.2	26.2	220.1
Spirits	35.8	39.3	423.6
Wine	17.9	38.0	401.2
Alcoholic Drinks	34.2	35.5	357.1

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 43 Sales of Alcoholic Drinks by Category by On-trade vs Off-trade Split: Volume 2011

	Off-trade	On-trade	TOTAL
Beer (million litres)	1,705.6	248.3	1,953.9
Cider/Perry ('000 litres)	402.1	16.2	418.3
RTDs/High-Strength Premixes ('000 litres)	2,952.7	672.2	3,624.9
Spirits ('000 litres)	114,769.1	11,259.1	126,028.2
Wine (million litres)	9.0	3.0	11.9
Alcoholic Drinks (million litres)	1,832.7	263.3	2,095.9

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 44 Sales of Alcoholic Drinks by Category by On-trade vs Off-trade Split: Value 2011

BsF million	Off-trade	On-trade	TOTAL
Beer	25,037.0	14,275.5	39,312.5
Cider/Perry	22.2	1.6	23.8
RTDs/High-Strength Premixes	98.5	41.9	140.3
Spirits	12,750.8	6,895.6	19,646.4
Wine	825.9	809.4	1,635.3
Alcoholic Drinks	38,734.4	22,024.0	60,758.4

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 45 Sales of Alcoholic Drinks by Category by On-trade vs Off-trade Split: % Volume 2011

% volume analysis	Off-trade	On-trade	Total
Beer	87.3	12.7	100.0
Cider/Perry	96.1	3.9	100.0
RTDs/High-Strength Premixes	81.5	18.5	100.0
Spirits	91.1	8.9	100.0
Wine	75.1	24.9	100.0
Alcoholic Drinks	87.4	12.6	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 46 Sales of Alcoholic Drinks by Category by On-trade vs Off-trade Split: % Value 2011

% value analysis	Off-trade	On-trade	Total
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Beer	63.7	36.3	100.0
Cider/Perry	93.3	6.7	100.0
RTDs/High-Strength Premixes	70.2	29.8	100.0
Spirits	64.9	35.1	100.0
Wine	50.5	49.5	100.0
Alcoholic Drinks	63.8	36.2	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 47 Company Shares of Alcoholic Drinks by Global Brand Owner 2007-2011

% total volume Company	2007	2008	2009	2010	2011
Empresas Polar CA	66.2	67.9	68.7	72.7	73.7
Cisneros, Grupo	22.3	21.1	20.1	16.0	14.9
Anheuser-Busch InBev NV	-	5.7	4.9	4.8	4.3
Diageo Plc	0.9	1.0	1.1	1.2	1.4
Pernod Ricard Groupe	0.5	0.5	0.6	0.6	0.6
Grupo Osborne SA	0.2	0.3	0.5	0.5	0.6
Industrias Monterrey CA	0.4	0.4	0.4	0.5	0.5
Ron Santa Teresa CA	0.2	0.2	0.2	0.3	0.4
Consorcio Licorero Nacional CA	0.2	0.2	0.2	0.2	0.3
Complejo Licorero Ponche Crema	0.1	0.1	0.1	0.2	0.2
Others	9.1	2.7	3.1	3.1	3.2
Total	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 48 Off-trade Sales of Alcoholic Drinks by Distribution Format: % Value Analysis 2006-2011

% off-trade	2006	2007	2008	2009	2010	2011
Store-Based Retailing	100.0	100.0	100.0	100.0	100.0	100.0
- Grocery Retailers	100.0	100.0	100.0	100.0	100.0	100.0
- - Discounters	-	-	-	-	-	-
- - Food/drink/tobacco specialists	61.1	61.1	61.3	62.0	64.0	65.1
- - Hypermarkets	1.6	1.7	1.6	1.7	1.2	1.2
- - Small Grocery Retailers	21.3	20.5	20.4	20.1	20.5	20.1
- - - Convenience Stores	0.1	0.2	0.3	0.4	0.4	0.4
- - - Forecourt Retailers	-	-	-	-	-	-
- - - Independent Small Grocers	21.2	20.3	20.1	19.8	20.1	19.8
- - Supermarkets	16.0	16.6	16.6	16.2	14.3	13.5
- - Other Grocery Retailers	-	-	-	-	-	-
- Non-Grocery Retailers	-	-	-	-	-	-
Non-Store Retailing	-	-	-	-	-	-
- Direct Selling	-	-	-	-	-	-
- Homeshopping	-	-	-	-	-	-
- Internet Retailing	-	-	-	-	-	-

- Vending	-	-	-	-	-	-
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 49 Off-trade Sales of Alcoholic Drinks by Category and Distribution Format: % Volume Analysis 2011

% off-trade	B	C/P	RTDs/HSPs	S	W
Store-Based Retailing	100.0	100.0	100.0	100.0	100.0
Grocery Retailers	100.0	100.0	100.0	100.0	100.0
Discounters	0.0	0.0	0.0	0.0	0.0
Food/drink/tobacco specialists	64.3	75.2	53.9	54.0	23.7
Hypermarkets	1.3	2.0	3.5	3.0	6.2
Small Grocery Retailers	20.7	1.0	1.6	10.6	1.0
Convenience Stores	0.5	0.0	1.6	3.8	0.3
Forecourt Retailers	0.0	0.0	0.0	0.0	0.0
Independent Small Grocers	20.2	1.0	0.0	6.8	0.7
Supermarkets	13.8	21.8	41.0	32.4	69.1
Other Grocery Retailers	0.0	0.0	0.0	0.0	0.0
Non-Grocery Retailers	0.0	0.0	0.0	0.0	0.0
Non-Store Retailing	0.0	0.0	0.0	0.0	0.0
Direct Selling	0.0	0.0	0.0	0.0	0.0
Homeshopping	0.0	0.0	0.0	0.0	0.0
Internet Retailing	0.0	0.0	0.0	0.0	0.0
Vending	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Key: B = beer; C/P = cider/perry; RTDs/HSPs = flavoured alcoholic beverages; S = spirits; W = wine

Table 50 Forecast Sales of Alcoholic Drinks by Category: Total Volume 2011-2016

Million litres	2011	2012	2013	2014	2015	2016
Beer	1,953.9	1,992.9	2,022.8	2,071.3	2,170.6	2,305.1
Cider/Perry	0.4	0.4	0.5	0.5	0.5	0.5
RTDs/High-Strength Premixes	3.6	3.6	3.7	3.8	3.9	4.1
Spirits	126.0	130.9	135.0	138.4	141.8	145.5
Wine	11.9	12.1	12.3	12.6	13.1	13.9
Alcoholic Drinks	2,095.9	2,140.0	2,174.2	2,226.5	2,329.9	2,469.0

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 51 Forecast Sales of Alcoholic Drinks by Category: Total Value 2011-2016

BsF million	2011	2012	2013	2014	2015	2016
Beer	39,312.5	40,639.8	43,084.0	44,822.3	47,878.0	51,932.5

Cider/Perry	23.8	25.6	27.8	29.3	30.9	32.0
RTDs/High-Strength Premixes	140.3	143.7	150.2	155.6	164.5	174.7
Spirits	19,646.4	20,476.8	21,916.2	22,774.3	23,757.2	25,023.4
Wine	1,635.3	1,715.1	1,830.8	1,937.1	2,108.2	2,323.5
Alcoholic Drinks	60,758.4	63,001.0	67,008.9	69,718.5	73,938.7	79,486.1

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 52 Forecast Sales of Alcoholic Drinks by Category: % Total Volume Growth 2011-2016

% total volume growth	2015/16	2011-16 CAGR	2011/16 Total
Beer	6.2	3.4	18.0
Cider/Perry	1.8	3.4	18.0
RTDs/High-Strength Premixes	4.3	2.3	12.2
Spirits	2.6	2.9	15.4
Wine	5.4	3.1	16.2
Alcoholic Drinks	6.0	3.3	17.8

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 53 Forecast Sales of Alcoholic Drinks by Category: % Total Value Growth 2011-2016

% local currency, constant value growth	2011-16 CAGR	2011/16 TOTAL
Beer	5.7	32.1
Cider/Perry	6.1	34.3
RTDs/High-Strength Premixes	4.5	24.5
Spirits	5.0	27.4
Wine	7.3	42.1
Alcoholic Drinks	5.5	30.8

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

DEFINITIONS

Explanations of words and/or terminology used in this report are as follows:

- GBO refers to Global Brand Owner, which is the ultimate owner of a brand.
- NBO refers to National Brand Owner, which is the company licensed to distribute a brand on behalf of a GBO. The NBO may be a subsidiary of a GBO or it may be a completely separate company. Share tables at both GBO and at NBO level are provided in the report. Reference to shares in the report analysis is at NBO level.

Published Data Comparisons

National consumer expenditure

- Size data reported in this alcoholic drinks report for Venezuela are not consistent with consumer expenditure data reported by Venezuela's National Institute of Statistics (INE). Euromonitor International's data include distributor and retailer mark-ups as well as all taxes, which are not captured in the official consumer expenditure data.

Sources

Sources used during research include the following:

Summary 9	Research Sources
Official Sources	Agencia Bolivariana de Noticias
	Instituto Nacional de Estadística (INE)
Trade Associations	Asociación de Importadores de Licores
	Asociación Latinoamericana de Fabricantes de Cerveza (ALAFACE)
	Bureau National Interprofessionnel du Cognac (BNIC)
	Cámara de la Industria Venezolana de Especies Alcohólicas (CIVEA)
	Cámara Nacional de la Industria Tequilera
	Cámara Venezolana de Fabricantes de Cerveza (CAVEFACE)
	Comité Interprofessionnel du Vin de Champagne (CIVC)
	Gin & Vodka Association
	Office International de la Vigne et du Vin
	Scotch Whisky Association
	SENIAT
	Beverage World
	Drinks International
	El Nacional
	El Universal
Trade Press	Gerente 500
	Globovision
	Nacional
	Producto
	Publicidad & Mercadeo
	Punto de Venta
	Revista Producto
	Supermercado
	The Press & Journal
	Todo en Domingo

Wine & Spirits International

World Drink Trends

Source: Euromonitor International