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Prepared By: Fabiola Cortez

Approved By: Andre Bradley

Report Highlights:

In 2019, exports of U.S. agricultural and related products to Mexico totaled \$18.6 billion, which demonstrates a more than 47 percent increase over the last 10 years. Mexico remains one of the largest and most consistent markets for U.S. agricultural products and especially for food processing ingredients.

Executive Summary

Mexico continues to be a strong and consistent market, although its economy had no growth in 2019 in part due to several budget cuts and the expansion of social programs.

The Mexican economy has strong consumer confidence, growth in real wages, and high levels of remittances. Mexico's top trading partner is the United States, which imports 80 percent of all Mexican exports and provides Mexico with 50 percent of its total imports.

Imports of Consumer-Oriented Products



Food Retail Industry

According to the Mexican Association of Nationwide Retailers (ANTAD), there are 33 supermarket chains, with 3,227 stores, 2,365 department stores, and 53,793 specialized stores throughout the country. Still, nearly 50 percent of the retail market is covered by informal establishments, such as mobile street vendors and open public markets, which traditionally distribute local, domestic products. ANTAD also reports that retail sales keep a steady growth pace of around 7.8 percent per year.

Quick Facts CY 2020

Imports of Consumer-Oriented Products \$7.53 billion

List of Top 10 Growth Products in Mexico

- | | |
|-------------------|-----------------------|
| 1) Milk | 2) Beef (fresh) |
| 3) Pork (fresh) | 4) Processed foods |
| 5) Chicken (cuts) | 6) Sauces, condiments |
| 7) Turkey (cuts) | 8) Pork (frozen) |
| 9) Beef (frozen) | 10) Apples (fresh) |

Food Industry by Channels (U.S. billion) 2019

Food Industry Output	\$5.8
Food Exports	\$24.5
Food Imports	\$9.02
Retail	\$2.7
Food Service	\$12.5

Top 10 Mexico Country Retailers

- 1) Bodega Aurrerá (owned by Walmart)
- 2) Walmart
- 3) Soriana
- 4) Chedraui
- 5) Comercial Mexicana
- 6) Casa Ley
- 7) HEB
- 8) Oxxo (convenience store owned by FEMSA/Coca-Cola)
- 9) Superama (owned by Walmart)
- 10) La Comer

Source: ANTAD

GDP/Population

Population (millions): 124.7 million (IMF WEO 10/18)
 GDP (billions USD): \$1.2 trillion (2018)
 GDP Real Growth: 2.2% (2IMF WEO update 10/18)

Sources: Mexico by the numbers- ECON Section – U.S. Embassy Mexico

Strengths	Weaknesses
Mexico has maintained a steady growth in retail stores, adapting its formats according to the consumer needs.	The exchange rate is constantly fluctuating, relying more into domestic sourcing than imports.
Opportunities	Threats
Mexico is successfully migrating to e-commerce and digital platforms and relying more in technology.	The new Front of Pack labeling regulation affecting most processed foods.

Data and Information Sources: Trade Data Monitor, INEGI, Euromonitor

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Executive Summary

This report is for informational purposes only to assist exporters of U.S. food and agricultural products in their sales and promotional efforts in Mexico. U.S. exporters should take normal commercial precautions when dealing with any potential business contract, including checking references.

SECTION I. MARKET OVERVIEW

Mexico continues to be a strong and consistent market, representing one of the largest consumer markets in the world for U.S. products. Overall, Mexico's top trade partner is by far the United States, which imports 80 percent of all Mexican exports and provides Mexico with 50 percent of its total imports. Since NAFTA was implemented in 1994, total bilateral trade has increased from \$50.84 billion to \$229.70 billion.

According to INEGI (National Institute of Statistics and Geography), Mexico imported 7.53 billion USD in processed food products during 2019 from the United States. Milk was the most imported, followed by beef and pork products. Likewise, Mexico exported \$22.2 billion of processed foods to the United States. The biggest categories of exports to the United States were beer, avocados, tomatoes, chili peppers and beef.

The Mexican economy saw no growth in 2019, impacted by several budget cuts and the expansion of social programs. Although the adverse economic situation in Mexico, retailers implemented several strategies to attract consumers into their stores.

According to the 2019 Mexico National Household Survey, 26 percent of the family income is spent in supermarkets and convenience stores. The National Retailers and Department Stores Associations (ANTAD) reported that retail in Mexico comprises 3,263 supermarkets, 2,467 department stores and 56,389 specialized stores. See chart below for percentage distribution.



Source: ANTAD Economic studies department – Retail Sales in Mexico 2018 (latest available information)

Traditional trade (public markets, mom & pops, wet markets) remain important in Mexico due to its convenience and tradition, mainly for the middle and low-income population.

Separately, Mexican retailers are adopting an omnichannel strategy to maximize the consumer experience and improve their services at different points of sale. It is common in Mexico to find physical stores and digital platforms. Some retailers are adapting the size of their stores according to each niche market needs.

During the 2009 economic crisis that Mexico faced; Mexicans did their weekly grocery shopping at convenience stores rather than supermarkets, buying only necessary staples. Mexican retailers noted this trend and began opening similar types of “express” stores to reach more consumers in different locations. This model has been consistent, and now retail chains have established hypermarkets in addition to express stores.

Mexico’s main retail chains are *Walmart*, *Soriana*, *Chedraui* and *Grupo La Comer*. Regional supermarket chains play an important role as well, such as *Casa Ley* (Pacific Coast), *Merza* (Central), *Calimax* (Baja), *Alsuper* (Northeast), and *HEB* (Northeast and Central), among other smaller chains.

The key retailers in Mexico have their own strategy to reach each niche market:

Walmart is opening more *Bodega Aurrera* stores—their low-income format—which represent 59 percent of their stores in Mexico and 45.3 percent of their sales. Walmart has 3,407 stores in Mexico including its *Walmart Supercenters*, *Bodega Aurrera*, *Superama* and *Sam’s Club*. *Walmart* is intensifying their e-commerce platform in Mexico by opening three distribution centers and plans to open 20 more in the next 10 years.

Soriana's has 815 total stores, including 295 hypermarkets. Their plans include reinforcing their e-commerce platform to increase their product range.

Grupo La Comer is the smallest retail chain in Mexico. It has four store formats: *City Market*, *Fresko*, *La Comer*, and *Sumesa*. *Grupo La Comer's* main target is the high-income and middle-income consumers. *Sumesa* stores will disappear in 2020 and will be replaced by formats like *City Market* and *Fresko*. *Grupo La Comer* makes 84 percent of its sales in *City Market* and *La Comer*. By incorporating more stores in these formats, *City Market* and *Fresko* will each take 30 percent of *Sumesa's* share, and the remaining 40 percent will go to *La Comer*.

Chedraui has 179 stores in Mexico, covering all niche markets from the high to the low income. *Chedraui's* strategy for the Mexican market is to open more express formats. In 2018, *Chedraui* bought 63 stores from Texan retailer *Fiesta Mart*. *Chedraui* is the only Mexican retailer with presence in the United States (59 stores).

HEB has an important presence in Northern and Central Mexico. The Texan retailer has a good acceptance in this region and its expansion plans are only in these areas. *HEB* has 62 stores in Mexico and plans to open 8 more stores per year.

Key market drivers and consumption trends

1. Mexico remains a price-sensitive market overall even while there are consumers willing to pay for premium quality products. Mexican market is divided in two big segments:
 - High-end consumers: Covering high and middle socioeconomic levels demanding quality and functional products (normally imported).
 - Regular consumers: Covering middle to low socioeconomic levels principally purchasing based on price points. (According to World Bank, 53 percent of Mexico's population lives on less than 100 USD a month.)
2. Consumers increase demand for wellness and healthy products made for specific needs (Gluten/Soy Free, Vegan products, Sugar Free, Organic, Kosher, etc.)
3. Consumers are searching for authentic, differentiated products and experiences that allow them to express their individuality.
4. Consumers rely less on brand names, but rather, purchase products that suit their lifestyle and make them happy.
5. At the same time, consumers value convenience, and prepared, pre-packaged foods see immense popularity.

Advantages and Challenges facing U.S. foods

Advantages	Challenges
Increased awareness in health and body care generates greater demands for healthy products, positioning the huge array of U.S. products at an advantage.	A new front of pack labeling requirement is being discussed in the Mexican Congress. The new front of pack labeling will stipulate that black stop signs be placed on products that exceed certain thresholds in calories, fats, salts, and sugars, and will limit advertisements and promotions that target children
Continued industry-wide and government investments in the supply chain, insuring better infrastructure and logistics. This complements the existing, and extensive logistic networks between the United States and Mexico, including trains, trucks, planes and ships.	Lower-end retailers and smaller hotels are the fastest growing segments, which are not the primary locations for more expensive U.S. products.
Mexican retailers, hotels, and restaurant chains are familiar with U.S. products and best practices.	Local manufacturers are adapting quickly to meet retail and hospitality industry needs and specifications, bringing new competition to U.S. products.
Industry practices are becoming more sophisticated insuring cold chain distribution for wider nationwide penetration and increased use of technology.	While cold chain distribution is now available nationwide, it lacks penetration throughout lower levels of the distribution chain. Specifically, regional distribution in southern Mexico is still underdeveloped.
The shared border between the United States and Mexico gives U.S. exporters a competitive logistical advantage over other third country suppliers.	With Mexico’s food distribution network continuing to improve, Mexico’s market become attractive for other countries trying to export their products.

SECTION II. ROAD MAP FOR MARKET ENTRY

Many U.S. companies seeking to export to Mexico attend trade shows such as [Expo ANTAD](#) (retail), to gain insight on the Mexican market, establish new contacts, and get to know buyers, potential business partners, importers, and distributors. In addition to recognizing the differences between Mexican and U.S. [business culture](#), it is important for U.S. exporters to consider regional purchasing patterns. Some products might fit perfectly in certain regions, but not in the whole country.

It is important for U.S. companies to find an experienced and professional importer or distributor as local partner. Distributors or importers will help with issues related to regulations, procedures, labeling, and customs clearance. The main supermarket chains have their own purchasing and importing departments. Companies attempting to approach large chains should have enough production capacity to

meet the large product volumes they typically require. We encourage you to check our [Exporter Guide](#) and [Mexico’s Food Processing Ingredients report 2019](#) for a detailed view. In addition, the ATO Mexico City launched a series of educational videos available on the following [website](#).

Additional information on product requirements, labeling issues, and other topics is available via [FAS GAIN](#) system.

Section III. Competition

The Mexican Processed Food Industry receives about 90 percent of its supplies locally. The supplies include fruits, vegetables, cartons, glass, plastic and tinplate. Domestically produced products have certain competitive advantages, such as a better understanding of the local industry and its needs, but small players may face issues of quality or lack of ability to meet larger quantity orders.

The remaining 10 percent is imported from the United States, Spain, France, and Canada. Imports from these countries include produce, beef, poultry, canned goods, gourmet products, and wines and spirits.

The United States remains the main supplier of agricultural products to Mexico. The U.S. industry has a good reputation in the Mexican market for its consistent quality, stable supply, and proximity. Mexican consumption trends are adopted mainly from the United States, in specific wellness foods. Since 2018, there has been a noticeable increase on Asian products, specially the younger population which is becoming curious on trying new flavors and experiences.

Specifically, since joining NAFTA in 1994, Mexico has negotiated 46 trade agreements. This includes the new 11-member Comprehensive and Progressive Agreement for Trans- Pacific Partnership (CPTPP), formally created in March 2018. The agreement entered into force in Canada, Australia, Japan, Mexico, New Zealand, and Singapore on December 30, 2018. As of March 13, 2020, all three countries have ratified the United States-Mexico-Canada Agreement. This update to the North American Free Trade Agreement will bring a more inclusive and responsible trade, strengthen the competitiveness of Mexico and the region, and maintain certainty for trade and investment.

Total Imports of Selected Products into Mexico and Main Competitors, 2019

Mexico Import Statistics		
Commodity: Consumer-Oriented Agricultural Products		
Annual Series 2018-2019		
Partner Country	Value in US Dollars	
	2018	2019
World	12,235,324,821	9,023,183,489

United States	8,935,739,564	7,535,636,683
Canada	568,170,650	397,575,368
Chile	356,691,472	185,471,535
Spain	235,264,939	137,756,299
Brazil	270,439,991	124,958,681
China	152,885,784	110,254,145

Source: Trade Data Monitor

Mexico Import Statistics		
Commodity: 08, Edible Fruits and Nuts, Peel off Citrus Fruits		
Calendar Year: 2015-2019 / Jan-Apr 2019		
Partner Country	Value in US Dollars	
	2018	2019
World	8,696,632,905	3,896,365,371
United States	7,058,426,813	8,167,545,378
Canada	734,805,739	801,050,367
European Union	347,955,361	427,333,342
Japan	281,219,259	329,465,088
China	71,734,163	75,336,922
Hong Kong	22,153,806	22,735,121

Source: Trade Data Monitor

Mexico Import Statistics		
Commodity: 0808 Apples, Pear, and Quinces Fresh		
Calendar Year: 2015-2019 / Jan-Apr 2019		
Partner Country	Value in US Dollars	
	2018	2019
World	382,793,443	388,079,720
United States	371,173,161	366,144,490
Argentina	5,076,024	8,638,207
Chile	4,300,783	8,345,173
Canada	689,495	2,393,266
China	758,133	1,247,182
South Africa	593,498	835,975

Source: Trade Data Monitor

Mexico Import Statistics		
Commodity: 0207 Meat and Edible Offal of Poultry (Chickens, Ducks, Geese, Turkeys, and Guineas), Fresh, Chilled or Frozen		
Calendar Year: 2015-2019 / Jan-Apr 2019		
Partner Country	Value in US Dollars	
	2018	2019
World	1,061,591,170	1,216,100,772
United States	822,494,367	986,160,684
Brazil	200,317,089	182,727,335
Chile	37,945,663	45,800,132
Canada	672,407	1,021,639
Argentina	40,478	257,602

Source: SIAVI – Mexico Ministry of Economy

Mexico Import Statistics		
Commodity: 0202 Meat of Bovine animals, frozen		
Calendar Year: 2015-2019		
Partner Country	Value in US Dollars	
	2018	2019
World	42,361,020	50,115,776
United States	31,668,035	33,867,261
Australia	2,803,688	11,803,972
Canada	2,457,195	2,769,237
Nicaragua	3,580,678	1,288,130
Uruguay	302,600	323,362

Source: SIAVI – Mexico Ministry of Economy

Mexico Import Statistics		
Commodity: 0201 Meat of Bovine animals, fresh or chilled		
Calendar Year: 2015-2019 / Jan – Mar 2019		
Partner Country	Value in US Dollars	
	2018	2019
World	802,430,682	810,512,357
United States	672,817,528	680,345,151
Canada	80,481,387	89,329,228

Nicaragua	44,750,515	36,606,097
Australia	1,607,244	2,020,806
Japan	1,442,823	1,671,262

Source: Trade Data Monitor

Mexico Import Statistics		
Commodity: 2204 Wine of Fresh Grapes		
Calendar Year: 2015-2019 / Jan-Apr 2019		
Partner Country	Value in US Dollars	
	2018	2019
World	271,812,159	271,572,368
Spain	79,175,580	79,275,085
France	47,806,714	46,450,554
Chile	48,208,646	46,338,166
Italy	44,310,710	46,130,186
Argentina	22,993,077	23,538,968
United States	20,968,514	22,861,282

Source: Trade Data Monitor

Section IV. Best Product Prospects

Niches of opportunity continue to appear as the processing sector diversifies and consumers demand various convenient, health, and high-quality foods. Based on Post assessments, some of the products with high sales potential in the food-processing sector are:

- Healthy/environment friendly processed foods (i.e. low sodium, low-fat, reduced sugar, clean labeling)
- Premium products – claiming better quality and product innovation
- Gourmet Food -sauces, condiments, artisanal cheeses
- Dairy products – functional yogurts, added with probiotics, lactose free
- Plant-based beverages and products – soy, almond, coconut, rice, oat, beverages/yogurt/pudding/ice cream
- Convenience Foods such as ready-to-eat, meal helpers, frozen foods
- Craft Beer – there is a growing demand for differentiated premium beers.

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

The primary mission of the U.S. Agricultural Trade Offices (ATO) in Mexico City and Monterrey is to assist the market development and promotion of U.S. food and agricultural products in the Mexican market. There are a wide variety of activities and services that the ATOs, along with other private sector representatives called “cooperators,” make available to help develop U.S. agricultural interests in Mexico. If you have any questions or comments regarding this report or need assistance exporting U.S. food and beverage products to Mexico, please contact the ATO in Mexico City or Monterrey.

U.S. Agricultural Trade Office in Monterrey
Prol. Av. Alfonso Reyes #150, Col. Valle Poniente
Santa Catarina, NL 66196
T: + 52 (81) 8047-3100 ext. 3232
E: atomonterrey@fas.usda.gov

U.S. Agricultural Trade Office in Mexico City
Liverpool #31, Col. Juarez
Mexico City, CDMX 06600
T: +52 (55) 5080-2000 ext. 5282
E: atomexico@fas.usda.gov

MAIN TRADE SHOWS IN MEXICO

Trade Show	Description	Website
Expo ANTAD	Trade show organized by the National Retailers and Department Stores Association. Takes place annually in Guadalajara.	Expo ANTAD
Confitexpo	Confectionary industry tradeshow. Takes place annually in Guadalajara.	Confitexpo
Mexipan	Bakery industry trade show. Takes place every other year in Mexico City.	Mexipan
Expo Café	Trade show related to coffee and coffee shops suppliers. The show has two editions per year one in Guadalajara and the second one in Mexico City.	Expo Cafe
Gourmet Show	Trade show related to gourmet products, including new categories like vegan,	Gourmet Show

	organic, wines and spirits and chocolate products.	
Expo Cerveza Mexico	Craft beer trade show. Takes place annually in Mexico City.	Cerveza Mexico
Agro Baja	Agricultural and Fishery exhibition. Takes place annually in Mexicali.	Agro Baja
Expo Carnes y Lacteos	Beef, Pork, Poultry meat and dairy trade show. The event takes place annually in Monterrey.	Expo Carnes
Cake and Bake Masters	Pastry and bakery ingredients trade show. The event takes place annually in Mexico City.	Cake and Bake Masters

ADDITIONAL INFORMATION

FAS/ Mexico Web Site: We are available at: <http://www.mexico-usda.com.mx/> or visit the FAS headquarters' home page at: <http://www.fas.usda.gov> for a complete selection of FAS worldwide agricultural reporting.

Useful Mexican Web Sites: Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at <http://www.sagarpa.gob.mx> and Mexico's equivalent to the U.S.

Department of Commerce (SE) can be found at <http://www.economia.gob.mx>. These websites are mentioned for the readers' convenience, but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.

Attachments:

No Attachments