

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Required Report - public distribution

**Date:** 12/28/2011

**GAIN Report Number:** MX0345

## Mexico

### Food Processing Ingredients

### Food Processing Sector Report 2011

**Approved By:**

W. Garth Thorburn

**Prepared By:**

ATO Mexico City

**Report Highlights:**

The processed foods sector in Mexico in 2011 continues to see trends in products supporting healthier eating habits, more convenience products for busier lifestyles, private label and lower-priced alternatives, and new packaging formats, as discussed in Gain Report MX0323. While the industry has seen certain adjustments in market shares of important players in recent months, final figures have not yet been released. Thus, the [March 16, 2011, Food Processing Sector Report 2010 \(Gain report MX0323\)](#), remains current. Updated figures, where relevant, will be included in the 2012 report to be issued in mid-2012.

**Post:**

## Mexico City ATO

2011 showed gradual signs of economic recovery for Mexico, with the country's GDP growth rate reaching 3.9%. However, unemployment, higher personal income taxes, and higher prices resulting from inflation and the peso devaluation continued to greatly affect consumer decisions. Overall, the food and beverage sector remains stable and growing as these products meet "basic" consumer needs. As a result of less buying power, lower-income families have had to reduce their consumption of basic food items. Middle-income consumers continue to purchase, but are more commonly replacing popular brands with private label and lower-priced brands or substitutes, and cutting back on more expensive food products such as cheese and ice cream. The higher-income sector has also made some adjustments by cutting back on premium brands, although it continues to consume "non essential" items on a regular basis.

As discussed in Gain Report MX0323, consumers in Mexico tend to be very brand loyal, even despite economic struggles, and as a result many sectors of the food processing industry continue to remain fragmented. The markets shares in many sectors are concentrated within the top two to three major processors, which are commonly multinational corporations with long established distribution channels, that invest a great deal in innovations to develop new brands and products to target all sectors.

The purchasing power of the Mexican consumer is expected to continue to grow as the economy continues to recover in 2012, along with higher education rates, more women in the workforce, and lower fertility rates. Together, these factors will lead to higher disposable incomes, which will positively impact the processed foods sector.

**Sources:**

The Economist, Dec. 17, 2011

Mexican Statistics Institute (INEGI) data

Euromonitor data