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Report Highlights:

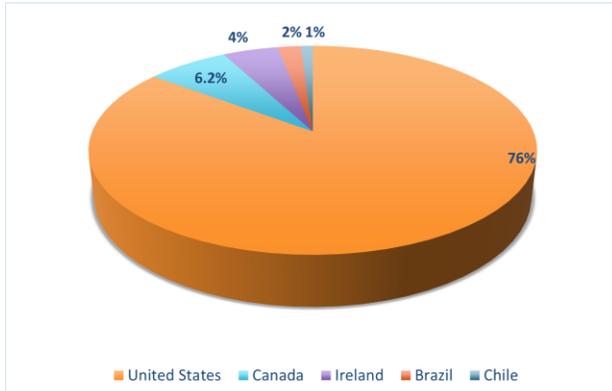
Mexico, with its growing population, market-oriented agricultural and food sectors, and 2,000-mile land border with the United States, is the second-largest export market for U.S. agricultural products. In 2022, exports of U.S. agricultural products to Mexico totaled \$28.5 billion, showing an increase of 11.8 percent versus 2021 when U.S. agricultural and related exports to Mexico totaled \$25.5 billion. Despite post-pandemic supply chain challenges and ripple effects stemming from Russia's invasion of Ukraine, Mexico remains one of the largest and most consistent markets for U.S. agricultural products, especially U.S. consumer-oriented products.

Market Fact Sheet Mexico

Executive Summary

Mexico's economy grew by three percent in 2022, driven mainly by exports, foreign direct investment, and remittances. Economic growth in 2023 is projected at a more modest 1.1 percent. Mexico's post-COVID economic recovery has been slow but is relatively consistent. Inflation remains a challenge with peak inflation reaching 8.7 percent in September 2022. In 2022, Mexican consumer-oriented product exports to the United States reached upwards of \$40 billion, while U.S. consumer-oriented product exports to Mexico reached \$12 billion.

Origin of Mexico's Imports of Agricultural Products (2022)



Source- Trade Data Monitor, LLC – BICO Agricultural Products

Food Processing

According to the National Institute of Geography and Statistics ([INEGI](#)), there are 217,477 economic units including offices, manufacturing plants, and distribution centers under the industry classification of “food and beverage manufacturing and processing.” In the second half of 2022, 2.04 million people worked in this sector, of which 50.9 percent were women.

Food Retail Industry

According to the Mexican Association of Nationwide Retailers ([ANTAD](#), 2022), there are 31 supermarket chains with 3,333 stores. Additionally, there are 2,524 department stores (apparel, furniture) and 41,501 specialized stores (pharmacies, hardware) that carry food products throughout Mexico. More than 57 percent of the retail market is covered by traditional trade (mom & pop stores, public and open-air markets) which usually only distribute local products. ANTAD also reported that retail sales in supermarkets grew steadily by approximately 8.6 percent per year (2021).

Quick Facts

Total Imports Consumer-Oriented Products (\$US):
\$12 billion (2022, [BICO Consumer Oriented Products Report](#))

Mexico's most imported US agricultural products, by value (Trade Data Monitor, LLC):

- | | |
|--------------------|----------------------|
| 1. Corn | 6. Beef |
| 2. Pork | 7. Wheat |
| 3. Soybeans | 8. Food preparations |
| 4. Milk and dairy. | 9. Sauces |
| 5. Poultry | 10. Cotton |

Top five sub-sectors in Mexico's Food Industry, 2021:

1. Bakery and tortilla making
 2. Meat production
 3. Beverages*
 4. Dairy production
 5. Crushing seeds & oil prod.
- *Alcoholic and non-alcoholic, includes water purifying and bottling

Source: [Statista](#)

Latest available data

Leading food and beverage companies in Mexico, 2021 (by net revenue):

- | | |
|----------------------|---------------------------|
| 1. Bimbo | 6. Industrias Bachoco |
| 2. Coca-Cola FEMSA | 7. Nestlé Mexico |
| 3. Arca Continental | 8. SuKarne |
| 4. Pepsico Alimentos | 9. Pilgrim's Pride Mexico |
| 5. Grupo Lala | 10. Grupo Herdez |

Source: [Statista](#)

Latest available data

Top ten retailers in Mexico 2021:

- | | |
|--------------|--------------------------|
| 1. Walmart* | 6. Mercado Libre |
| 2. Oxxo | 7. Farmacias Guadalajara |
| 3. Soriana* | 8. Costco |
| 4. Coppel | 9. The Home Depot |
| 5. Liverpool | 10. Chedraui* |

Source: [Statista](#), based on estimated value of chain retail sales

*Supermarkets

GDP/ Population:

Population: 130 million (2022, [World Bank](#) estimate)

Median age ([INEGI](#)): 29

GDP 2022 (USD): \$2.48 trillion (Estimate)

GDP per capita 2022 (USD): \$10,204 (Estimate)

SECTION I. MARKET OVERVIEW

Economy Overview

Mexico is the second-largest export market for U.S. agricultural products and continues to be a strong and consistent partner, representing one of the largest consumer markets in the world for U.S. goods. Overall, Mexico's top trade partner by far is the United States, which imports 80 percent of all Mexican exports and provides Mexico with 50 percent of its total imports. Since the North American Free Trade Agreement (NAFTA) was implemented in 1994, total agricultural exports to Mexico increased from \$4.7 billion to \$28.5 billion in 2022.

In 2022, the U.S. exported \$8.2 billion in processed foods to Mexico.¹ The top five exports were dairy products, food preparations, syrups and sweeteners, processed meats, fats and oils.² Imports of processed foods from Mexico in 2022 were valued at \$21.3 billion.³ The top five imports from Mexico were alcoholic beverages, snacks, chocolate and confectionary, non-alcoholic beverages, and processed fruits.⁴

The Mexican economy registered a 3 percent growth in 2022, driven mainly by exports, foreign direct investment, and remittances. There was growth in the three main contributors to the economy. Agriculture grew by 2.8 percent, industry grew 3.2 percent, and the service industry grew 2.7 percent. The main economic challenge was inflation with a rate of 7.9 percent, reaching its highest point in August and September at 8.7 percent.

In 2022, supermarkets benefited from the return to physical stores, as pandemic-related public health restrictions were lifted. Supermarkets adopted an omnichannel structure by having physical stores, online stores, and partnering with delivery apps. According to the National Survey of Income and House Spending (ENIGH) which is conducted every other year, in 2020 Mexicans spent MXP \$11,380 (\$620) quarterly in food and beverages. The 2020⁵ survey showed that the most consumed foods at home are meats, cereals, vegetables, food preparations, and dairy. The return to normal also helped convenience stores close to workplaces and schools. During the pandemic, convenience stores were negatively affected as schools and non-essential jobs shifted to remote operations.

¹ Source: [U.S. Census Bureau Trade Data](#)– U.S. Exports of Processed Food Total – CY 2018-2022

² Source: [U.S. Census Bureau Trade Data](#)– U.S. Imports of Processed Food Total – CY 2018-2022

³ Source: [U.S. Census Bureau Trade Data](#)– U.S. Imports of Processed Food Total CY 2018-2022

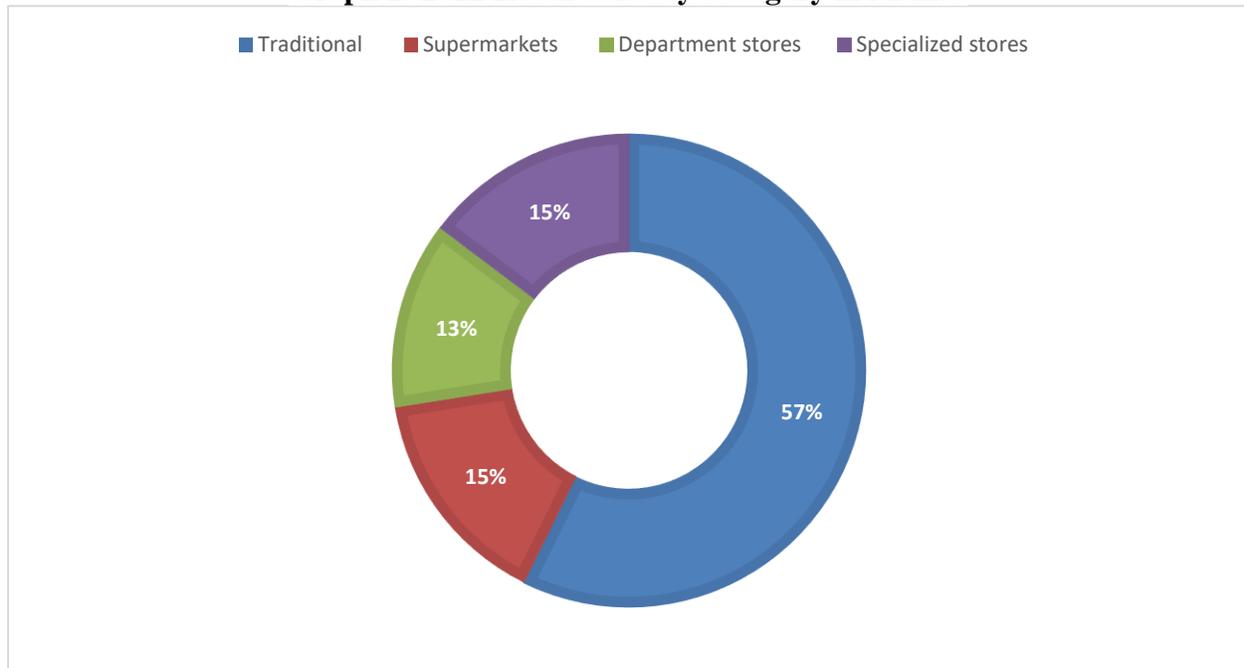
⁴ Source: [U.S. Census Bureau Trade Data](#)- U.S. Imports of Processed Foods from Mexico Total – CY 2018-2022

⁵ Latest available data

Retail Industry in Mexico

The National Retailers and Department Stores Association (ANTAD) reported that retail in Mexico has 3,333 supermarkets, 2,524 department stores and 41,501 specialized stores. Graph 1 shows how retail sales are distributed in Mexico.

Graph 1: 2022 Retail Sales by Category in Mexico



Source: ANTAD Economic studies department

Traditional trade is very important for food distribution in Mexico. Open air and public markets (mercados públicos), and mom and pop stores (tienditas) offer convenience and lower prices and exist mainly in middle and low-income neighborhoods. Mexican consumers have a great appreciation for these types of establishments since they have existed in their neighborhoods for years and are local and family-owned businesses. Many companies produce brands and promotions specific for these types of establishments.

ANTAD classifies the various types of retail outlets according to their size, product lines and additional services they offer.

- A) Megamarkets: Surface area of 10,000 m² and sell all lines of merchandise such as groceries, non-food items, perishable products, clothing, furniture, personal care, computer equipment, etc. They also offer additional services such as pharmacy, restaurants, banking services, among others. Megamarkets in Mexico are *Mega* (Soriana), *Selecto* (Chedraui), *City Market* (La Comer).
- B) Hypermarkets: Surface area between 4,500 and 10,000 m²; hypermarkets handle almost all the merchandise lines mentioned above and provide some services. *Walmart Supercenter* and *HEB* are examples of hypermarkets in Mexico.
- C) Supermarkets. Surface area of 500 to 4,500 m². The products at these stores are mainly groceries and perishables such as fruit, vegetables, and frozen foods. Generally, they

offer pharmacy services as well. There are also regional supermarket chains with important presence in Mexico according to its location, some of them are Casa Ley (Pacific), Calimax (Baja California), Super San Francisco de Asis (South Mexico), among others.

- D) Price Clubs: Surface area is greater than 4,500 m² and sell groceries, perishables, clothing, and general merchandise (furniture, gifts, personal care products, household appliances, among others); domestic or imported, some of the products are seasonal or single occasion purchases. The stores are not decorated. Most of the products are intended for wholesale or hospitality purposes. Some of the services include pharmacy, optical stores, and soda fountains. Price Clubs in Mexico are led by Sam's Club, Costco, and City Club.
- E) Discount Stores: Also known as *Bodegas* (Warehouses), their surface areas are around 2,500 m². They manage most product lines with less varieties. Their prices are lower due to the lack of decoration and services offered at the stores. *Bodega Aurrera* (Walmart) is led in sales among all supermarket categories, as they have several formats like Bodega Aurrera Express which is like a convenience store located in low-income neighborhoods and *Mi Bodega* located in small cities.
- F) Convenience Stores: Surface is less than 500 m², functioning 24 hours. Their sales rely mainly on "on-the-go" purchases while commuting. Convenience stores offer a wide variety of services like cell phone credit, bank deposits, and food courts. Oxxo is the most widespread chain followed by 7-Eleven, Circle K, and Supercity (Soriana).
- G) Mini Markets: Located in venues with less than 250 m² offering basic staples, frozen and refrigerated products. Some examples are Walmart Express (Walmart) and Sumesa (La Comer). In the last decade, the Mexican government and some food and beverage companies have offered support to Mini Markets to enhance their venues, training on best practices and incorporation to the electronic payment system.
- H) Specialty Stores: Refers to stores that carry clothing, footwear, medicines, sporting goods, generally non-food items.

Since the beginning of the pandemic, retailers adopted 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. Supermarket chains invested in e-commerce, but also partnered with delivery apps to expand their consumers.

Since 2019, some startups developed online only supermarkets, or "dark stores." Online only supermarkets offer grocery deliveries at competitive prices. They do not have a physical store where the consumer can buy products directly. Orders are placed through a website or mobile application and a delivery driver picks up the order at warehouses located in different parts of the city. These online supermarkets are currently available only in major cities like Mexico City, Monterrey, and Guadalajara.

Discount stores and the informal sector were frequented regularly by Mexican consumers in 2022. Consumers reduced their disposable income, and look for options that fit their budget, buying mainly basic staples. Discount stores offer a wide range of products, including non-groceries, as well as promotions and discounts in certain days of the week.

The informal sector refers to street vendors and open markets that usually set up in neighborhoods once a week. These type of vendors and markets offer lower prices than a public market, as merchants buy their products at a wholesale market or are direct producers.

Table 1: Top 10 Consumer Trends in Mexico for 2023

| | | |
|----|---|---|
| 1 |  | Private label brands have an opportunity in the market, as the high inflation levels made consumers budget conscious, looking for lower price alternatives and private labels. |
| 2 |  | Since the pandemic, consumers are looking for functional products that help them to promote a good health. Mainly those that promote reinforcing the immune system. |
| 3 |  | Experiential dining has become popular for meals outside the home, as Mexicans are looking for restaurants, bars or cafeterias that offer innovative food presentations and flavors, or places where they can interact with food. |
| 4 |  | Processed food companies are adapting traditional foods with plant-based ingredients as there is an increasing number of vegans and vegetarians in Mexico. |
| 5 |  | “New Glocal” impulse, or new sustainable companies with a minimum environmental footprint and seek to achieve a fair-trade business model. |
| 6 |  | Regenerative food production and regenerative agriculture creating healthy soils with high organic matter content and increased microbial diversity. |
| 7 |  | Mexico has implemented actions to reduce single-use plastics. Consumers had become aware about sustainable and recyclable packaging. |
| 8 |  | Collaborations among popular brands of the 80’s and 90’s decades with current brands. The “nostalgia” market is popular in Mexico as consumers are looking for occasional indulgence. |
| 9 |  | As a result of the pandemic trends that have persisted (e.g. remote work), consumers are looking to cook at home more. Social media short videos promote simple and quick recipes. |
| 10 |  | “Mocktails” cocktails with less or no alcohol and sugars. Consumers are more conscious about their health. |

Sources: *The Food Tech with information from Fitch Ratings. El Universal culinary section*⁶

⁶ El Universal – Culinary food trends for 2023 [Estas son las tendencias gastronómicas para el 2023 \(eluniversal.com.mx\)](https://eluniversal.com.mx)

Key Drivers and Consumer Trends

Mexico remains a price-sensitive market overall even though there are consumers willing to pay for premium quality products. The Mexican market is divided into two 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. (According to the World Bank, 53 percent of Mexico’s population lives on less than 100 USD a month).

In 2022, inflation in Mexico reached levels of 7.8 percent, the highest in two decades. This caused a change in consumption patterns like changing brands and stores looking for sales and promotions. The traditional channel also proved to be important for consumers, as they reached small stores and public markets looking for basic staples.

On May 4, 2022, the Mexican government created the Anti-Inflation and Anti-Cost Package (PACIC) aimed at containing food price inflation at or below 8 percent, targeting 24 products of the basic market basket or *canasta basica*. The Mexican government agreed with 15 Mexican companies that include food processors and supermarkets, to maintain a low prices for these key products.

Table 2: Advantages and Challenges for U.S. Exporters

| <u>Advantages</u> | <u>Challenges</u> |
|---|--|
| Increased awareness of health and body care generated greater demand for healthy food products. | In 2020, the Government of Mexico implemented new mandatory Front of Pack Labeling Regulations. Products that exceed specified nutrition thresholds for calories, fats, salts, and sugars must display a warning label. Please refer to our GAIN Report on NOM 051 standard. |
| Consistent private-public supply chain investments ensure reliable and timely deliveries of perishables, preserving product quality and adding to U.S.-Mexico supply chain connections by land, air, and sea. | The costs in logistics increased during the pandemic due to the closures of ports and lack of containers. Air cargo is not well consolidated in Mexico for certain products. |
| Industry practices are gaining in sophistication to ensure end-to-end cold chain distribution nationwide. | Cold chain distribution remains limited at the “last mile” of delivery and in Southern Mexico, where distribution hubs remain undeveloped. |
| 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 becomes attractive for other countries trying to export their products. |

FAS Mexico conducted a study in 2021 to assess Mexican consumer purchasing habits following the COVID-19 pandemic. The survey focused on how consumer habits changed during the confinement, consumer perceptions about imported products, and the effect of the new Front of

Pack Labeling Law (NOM-051) has in consumer purchasing decisions. Please consult our [GAIN report](#) on the subject for additional information.

SECTION II. ROAD MAP FOR MARKET ENTRY

Market Entry and Structure

It is important for U.S. companies to find an experienced and professional importer or distributor as a 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. Please reference our [Exporter Guide](#) and [Food Processing Ingredients Report](#) for more details. In addition, ATO Mexico City launched a series of educational videos available on the following [website](#).

Strategies for entering the Mexican market vary depending on the specific product, competition, and the market segment. Small-to-medium sized potential exporters can work with U.S. State Regional Trade Groups (SRTGs) to take advantage of the SRTG's resources for marketing and promotional support in Mexico. To learn about more services available from the SRTGs, find the SRTG for your geographic region in the list below and visit the website.

- Western U.S. Agricultural Trade Association (WUSATA)
- Southern U.S. Trade Association (SUSTA)
- Food Export-Midwest (previously named MIATCO) (Food Export)
- Food Export-Northeast (previously named Food Export USA) (Food Export)

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.

Entry Strategy

To get started, companies interested in exporting should:

- Read available literature on the Mexican market to determine if there is demand for their product(s). FAS Mexico City has several reports available via [FAS GAIN](#) system.
- Ensure production capacity is sufficient to meet consumer and buyer demands.
- Begin to develop relationships with Mexican buyers. This can be done by participating in a local trade show or by contacting the Agricultural Trade Offices (ATOs) in Mexico City and Monterrey (contact info in Section V).
- Ensure financial and non-financial (staff, time, etc.) resources are available to actively support efforts.
- Evaluate whether the product needs to be tailored specifically for the Mexican market.

- Evaluate whether the product meets all Mexican requirements. Additional information on product requirements, labeling issues, and other topics is available via [FAS GAIN](#) system.
- Ensure necessary knowledge to ship product, such as selecting an international freight forwarder, managing climate controls, and navigating letters of credit.

SECTION III. COMPETITION

Mexico’s retail sector is a crowded and highly competitive marketplace. Mexico is a largely self-sufficient domestic market that can source about 90 percent of its inputs locally, including fruits, vegetables, and packaging materials. For the remaining 10 percent, the United States is the supplier of choice. U.S. agricultural exports enjoy a sterling reputation in Mexico due to consistent product quality, stable supplies, and proximity. Additionally, preferential market access under the NAFTA, signed in 1994, and USMCA (the United States-Mexico-Canada Trade Agreement), its successor agreement which entered into force in July 2020, further enhance bilateral trade.

Table 3: Mexico’s Top Consumer-Oriented Imports and Global Competition in 2022

| Annual Series: January-December 2022 | | |
|---|------------------------|-----------------------------|
| Commodity | Partner Country | Value in \$ Millions |
| Agricultural Products | World | \$ 31,084 |
| | United States | \$ 23,245 |
| | Canada | \$ 1,853 |
| | Ireland | \$ 1,564 |
| Dairy Products | World | \$ 2,439 |
| | United States | \$ 2,023 |
| | New Zealand | \$ 165 |
| | Unidentified | \$ 129 |
| Pork and Pork Products | World | \$ 3,007 |
| | United States | \$ 2,519 |
| | Canada | \$ 451 |
| | Spain | \$ 37 |
| Poultry and Poultry Products | World | \$ 1,360 |
| | United States | \$ 1,082 |
| | Brazil | \$ 269 |
| | Chile | \$ 8 |
| Beef and Beef Products | World | \$ 965 |
| | United States | \$ 830 |
| | Canada | \$ 128 |
| | Nicaragua | \$ 5 |
| Soups and Other Food Preparations | World | \$ 828 |
| | United States | \$ 740 |
| | Guatemala | \$ 14 |
| | Uruguay | \$ 13 |

Source: INEGI and Trade Data Monitor

Other major exporters to Mexico include Canada, Ireland, Brazil, Chile, and China. Since joining NAFTA, Mexico has negotiated trade agreements with more than 45 additional countries. The latest agreements include 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.

SECTION IV. BEST PRODUCT PROSPECTS

Current U.S. export sales trends indicate that intermediate-and-consumer oriented products will play an important role in driving future growth. Opportunities continue to appear as Mexico's domestic processing sector diversifies and consumers shift to demand healthy, convenient, and high-quality foods, as indicated by recent consumer habits during the COVID-19 pandemic.

Based on Post assessments, the U.S. food and agricultural products with the highest sales potential are:

- Healthy and environmentally friendly processed foods (i.e., lower sodium, fat, sugar, etc.).
- Dairy products-functional yogurts, supplemented with probiotics, as well as lactose-free.
- Plant-based beverages and products-e.g., soy, almond, coconut, rice, oat, beverages/yogurt/pudding/ice-cream products.
- Convenience Foods-such as ready-to-eat, meal helpers, and frozen foods.
- Family-size packaging for household and food products.
- Pet foods (80 percent of households in Mexico own at least one pet).

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

The primary mission of the ATOs 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.

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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, organic, wines and spirits and chocolate products. | Gourmet Show |
| 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 biennially in Monterrey (last show in Feb 2023). | Expo Carnes |

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 <https://www.gob.mx/agricultura/> and Mexico's equivalent to the U.S. Department of Commerce (SE) can be found at <https://www.gob.mx/se>. 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