

MEXICO

With a population of more than 90 million, Mexico is another large potential market for Canadian food and beverage products. Several factors suggest that Mexican demand for processed food products will be very strong in coming years. Approximately 70 percent of the country's population lives in cities and towns. The three largest urban regions, Mexico City, Guadalajara and Monterrey account for one third of the country's population, almost 70 percent of which is under the age of 30.

For international investors, the key target market in Mexico is composed of upper and middle income households which account for 17 percent of the population, an estimated 16 million people. This group also accounts for a disproportionately large share of processed food sales through supermarkets, import stores and specialty food retailers. These more affluent Mexican consumers are also acquiring appliances such as microwave and convection ovens for which many new convenience foods are being designed. Well educated and exposed to international travel, foreign cuisine and imported products, this relatively narrow segment of the Mexican consumer market holds the most promise for Canadian food products in the near term.

Market research has shown Mexican consumers to generally regard imported packaged foods as being of higher quality than many domestic products. Emerging consumer preferences due to lifestyle and health considerations are serving to reinforce this perception. Market research suggests that Mexican consumers view food and beverages processed in Canada as being of high quality and offering good value.

MAJOR MARKET TRENDS

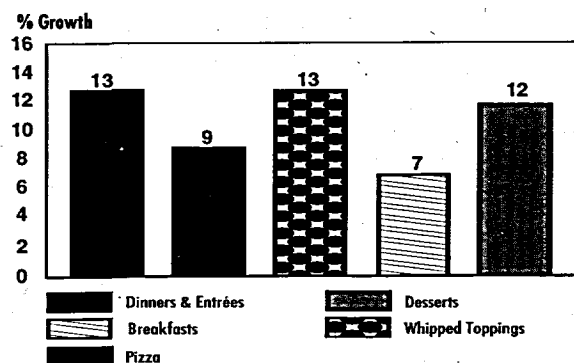
CHANGING LIFESTYLES

For the foreseeable future, the North American market will be characterized by sustained growth driven by an expansion of the population, increasing sophistication and greater diversity in consumer tastes. Consumer demands are being heavily influenced by changing lifestyles. An ageing population, the growing prevalence of dual income and single-parent households and growing ethnic populations are all factors leading to an increased demand for a diversity of prepared and convenience foods.

Per capita consumption of processed, value-added foods is increasing more quickly than that of fresh foods. This is contributing to growth in food, beverage and food service sales volumes that exceed general rates of population growth. As a result, Canadian retail grocery volumes grew by more than 5 percent in 1994.

One illustration of these growth patterns is offered by the steadily increasing consumption of frozen foods (see Figure 10).

Figure 10.
Growth in Sales of Frozen Foods in Canada, 1994



Source: Nielsen Marketing Research.