

## CONSUMER MARKETS

According to the U.S. Department of Commerce, each person in Mexico acquires an average of between 12 and 14 garments per year. With a 1994 population of 90 million, and a projected annual population growth rate of 2 percent, the potential market for apparel is clearly substantial. Other less-obvious economic and demographic trends are contributing to make the Mexican market even more attractive.

## THE APPAREL MARKET

### THE ECONOMY

Demand for apparel depends greatly on the state of the economy. Over the past several years, Mexico has been remarkably successful in getting its economic problems under control. Although the peso suffered a large drop in December 1994, it was generally regarded as an overdue correction and the economy is gradually re-stabilizing. Government policies of privatization, deregulation and continuing reliance on market forces are working to maintain investor confidence despite the devaluation. Moreover, sharply increased exports as a result of the devaluation are generating foreign exchange earnings, and competition is leading to substantial productivity gains. All of these indicators suggest a capability for sustained economic growth over the medium term.

### DEMOGRAPHICS

These macroeconomic developments are enhanced by demographic trends. Half of the Mexican population is under the age of 21, and about two-thirds are under 30. The Mexican "Baby Boom" consists of teenagers who are influenced by foreign TV and North American lifestyles, very fad and fashion conscious, and savvy about quality.

The mood of the Mexican consumer is also positive. The October 1993 issue of *Chain Store Age Executive* reported the results of a survey of heads of households in 10 populous Mexican states. It found that Mexicans felt more secure in their jobs compared with a year earlier. They were more financially secure and were planning on making major purchases. Other findings — that Mexican youth believe that their standard of living will equal or exceed that of their parents — are reminiscent of the expansion years in Canada and the United States of 20 years ago.