

**Required Report:** Required - Public Distribution

**Date:** September 30,2020

**Report Number:** MX2020-0055

## **Report Name:** Food Service - Hotel Restaurant Institutional

**Country:** Mexico

**Post:** Mexico City ATO

**Report Category:** Food Service - Hotel Restaurant Institutional

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### **Report Highlights:**

Mexico maintains its position as the 15th largest economy in the world and the second largest economy in Latin America, though it experienced no economic growth in 2019. The 2019 average exchange was \$19.21 MXP, and Mexico imported \$6.1 billion in processed food products from the United States. Milk was the most imported, followed by beef and pork products. Likewise, Mexico exported \$22.2 billion in processed foods to the United States. The largest categories of exports to the United States were beer, avocados, tomatoes, chili peppers and beef. The key players in the HRI sector in Mexico are Alsea ( 18 casual eating brands), FEMSA – OXXO (19,558 convenience stores), CMR (12 brands), IHG (12 brands), Marriott International (14 brands), Hyatt Group (7 brands) and Hilton Hotels (7 brands). Nevertheless, independent restaurants and hotels (as well as non-traditional formats like Airbnb) are worth mentioning as visitors tend to like having a “local” experience when they travel for pleasure.

# Hotel Restaurant and Institutional Guide 2020

## Market Fact Sheet Mexico

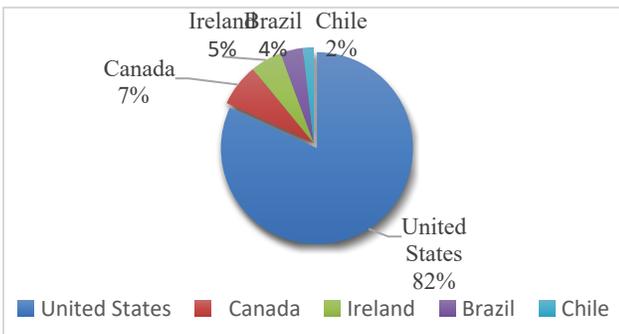
### Executive Summary

Mexico is the 15th largest economy in the world and the second largest economy in Latin America. Mexico saw no growth in the economy in 2019 as it was impacted by budget cuts and the expansion of social programs. The average exchange rate was \$19.21 MXP.

In 2019, Mexico imported \$6.1 billion in processed food products from the United States and exported \$22.2 billion to the United States. The largest export categories were beer, avocados, tomatoes, chili peppers and beef.

The key players in the HRI sector in Mexico are Alsea (operating 18 casual eating brands including the ones previously owned by Walmart), CMR (operating 11 brands, nice casual eating and one signature dining), IHG (operating 12 brands), Marriott International (operating 14 brands), Hyatt Group (operating 7 brands) and Hilton Hotels (operating 7 brands). Nevertheless, independent restaurants and hotels (as well as other formats like Airbnb) are worth mentioning as visitors tend to like having a “local” experience when they travel for pleasure.

### Imports of Agricultural Products



Source: Trade Data Monitor – BICO USDA

### HRI Industry

Major hospitality multinationals as well as local companies will continue to expand throughout Mexico, launching more sustainable and practical formats to capture new visitors (international and locals). During 2019 the number of international visitors increased to 44.7 million with an average expenditure of \$496.26 USD.

### Quick Facts

#### Imports of Consumer-Oriented Ag. Products 2019:

US \$6.1 Billion

#### Top 10 Players

1. IHG (InterContinental Hotels Group)
2. Marriott International
3. Hyatt Group
4. Hilton Hotels & Resorts
5. NH Hotels
6. Hoteles Misión
7. Grupo Posadas
8. City Express Hotels
9. Hotel ONE
10. Boutique Hotels (independent)

#### Food and Beverage Trends in Mexico for 2019:

Foods across all age groups; organic foods, ethnic and natural products; visitors being more knowledgeable regarding food and drink quality demand better and more specialized products.

#### GDP/Population

Population: 125.5 million (2019, latest available data)

GDP: \$1.2 Trillion (2019)

GDP Real Growth: -0.1% (2019)

Sources: Global Trade Atlas, Euromonitor, World Bank

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## Market Summary

Tourism in Mexico is one of the main macroeconomic activities, contributing 8.7 percent to overall GDP. It is also one of the major sources of employment, creating 4.3 million direct jobs in 2019.

Table 1. Mexico: Economy at a Glance

INDICATORS	2016	2017	2018	2019
GDP (% Growth)	2.9	2.1	2.0	-0.1
Inflation (% Growth)	2.8	6.0	4.9	3.6
Exchange rate (Pesos)	\$18.66	\$18.87	\$19.25	\$19.21
Total Imports to U.S. (Billions of USD)	\$179.58	\$194.54	\$215.81	\$191,52
Total Exports to U.S (Billions of USD)	\$302.64	\$326.96	\$344.31	\$357,58

Source: World Bank Data, Trade Data Monitor

In 2019, 45 million international visitors traveled to Mexico, representing an 8.9 percent growth in comparison to 2018. Data from SECTUR (Mexico Ministry of Tourism) reflected a slight increase in average expenditure in 2019 of \$496.26 from \$490 in 2018.

The increase in tourism was captured in flight arrivals and land arrivals along the Northern border. The number of visitors arriving by land in the border is mainly business travel, medical purposes, shopping and recreational. December was the busiest month, as many Mexicans that live abroad spend the Christmas holidays with their relatives.

During the government budget cuts of 2019, the Tourism Promotion Board was eliminated. The Embassies and Consulates of Mexico are now in charge of tourism promotion among high-income population countries, including the United States, United Kingdom, France, Italy, United Arab Emirates, India, China, Korea, Japan, and Russia.

The Ministry of Tourism used the National Development Plan for 2020 as a vehicle to encourage tourism in Mexico. One of the government’s main priorities is to strengthen the southeast in terms of economy and infrastructural development. Currently, the Administration is focused on the Mayan Train (Tren Maya in Spanish) project. The train will cross five southern states and provide access to the main touristic destinations, such as the Mayan Riviera and archaeological sites. In addition, an airport will be constructed in central Mexico in the area known as *Huasteca Potosina* located in San Luis Potosi. Recently, this area has gained popularity among domestic and international travelers due to its natural resources, festivities, cuisine, and archeological sites.

Mexico has a total of 23,200 hotels comprising 830,000 rooms. The main hotel chains in Mexico are IHG (12 Brands), Marriott (14 brands), Hyatt (7 brands), Hilton (7 brands), focusing on urban lifestyle hotels, business hotels and Grand Tourism resorts.

The Mayan Rivera, Cancun and Cabo are still the main destinations for international visitors. Nevertheless, Mexico City, Monterrey, and Guadalajara—as well as the “Bajío” region (Queretaro, Guanajuato, Jalisco and Aguascalientes)—are showing expansion in hotels and logistics investing.

Digital lodging platforms have shown positive results since their start in 2016, reaching an increase of 45 percent in lodging in 2019. Mexico has a total of 7 digital platforms, Aribnb, Booking, Homeaway, Windy, Flipkey, Kid and Co, and Housemap. Mexico is one of the top market destinations for Airbnb with 52,500 active members. Mexico City is the main destination area with 8,700 members, of which 50 percent are managed by women. The average nightly cost is \$64. Since the beginning of 2020, lodging platforms have been subjected to taxes. Beginning in July 2020, members will pay a 5 percent lodging tax, and users will pay VAT (16 percent) and income tax (1.25 percent).

The restaurant industry in Mexico contributes 2 percent to the domestic GDP. The industry key players are Alsea, who operates 18 casual dining brands, followed by FEMSA- Oxxo with 19,558 convenience stores where fast foods are sold. CMR operates 12 brands—nice casual eating and one signature dining. According to the Mexico National Institute of Statistics, Geography, and Informatics (INEGI) there are a total of 500,000 establishments that prepare foods and beverages. Micro and small enterprises make up 96 percent of the restaurant industry in Mexico. According to Euromonitor, independent restaurant operators lost market share to chained players due to the cost of legal permits for operating and increases in tariffs on services. Most independent operators are moving to virtual restaurants and offering its services via delivery apps. Home delivery and take-out are becoming popular options in Mexico. Delivery apps are increasing its value in Mexico, offering convenience to place orders and online payments with mobile apps.

**I. Mexico: Advantages and Challenges for U.S. Exporters**

ADVANTAGES	CHALLENGES
Industry leaders are hiring and partnering with sophisticated security companies to ensure tourist areas keep safe and businesses continue interrupted.	Security issues are real and extreme in some states of the country, but businesses continue operating.
Constant flow of visitors—international and domestic—in all socioeconomic levels.	New job creation in Mexico is not keeping pace with the population growth, keeping unemployment rates practically unchanged.
Mexican hotel and restaurant chains are familiar with U.S. retail best practices.	Local manufacturers are adapting quickly to meet hospitality industry needs and specifications bringing new competition to U.S. products.
Industry practices are becoming more sophisticated insuring: <ul style="list-style-type: none"> <li>- Cold chain distribution for wider penetration nationwide.</li> <li>- Increased use of technology.</li> </ul>	While cold chain distribution is now available nationwide, it has not been implemented throughout lower levels of the distribution chain, such as wet markets. Regional distribution south of Mexico City is still being developed.
Greater knowledge about organic products from the visitors is opening new product opportunities at the hospitality level.	Mexico exports large volumes of organic produce, offering direct competition to American organic producers.
Industry-wide investments are continuously	Lower-end, smaller hotels and Airbnb are the

being made, insuring the better infrastructure and logistics.	fastest growing segments in hospitality, which are not the primary locations for more expensive U.S. products.
Local producers are rising to the challenge of producing quality goods with an increase in variety, learning, and adapting to growing demands.	Mexico is the country with the most free trade agreements in Latin America, opening the door to many competitors delivering products into the market with few to no tariff barriers.
Increased awareness in health and body care generates greater demands for healthy products, positioning U.S. produce and its huge array of products at an advantage.	Mexico is a price driven market. As the economy is showing low levels of growth importers are carefully selecting new to market products and conscious about the exchange rate.

Table 2. Mexico’s Total Imports and Exports 2020

Major export destinations	2019	Major import sources	2019
Exports to North America	32,348,556	Imports from North America	16,688,727
Exports to Central America	443,351	Imports from Central America	169,920
Exports to South America	554,514	Imports from South America	930,781
Exports to Europe	2,007,008	Imports from Europe	4,331,182
Exports to Asia Pacific	2,452,022	Imports from Asia Pacific	13,250,699
Exports to Africa and the Middle East	53,093	Imports from Africa and the Middle East	107,097
Exports to Australasia	58,672	Imports from Australasia	54,921

Note: Data expressed in million USD, Freight on Board (FOB)  
Source: INEGI

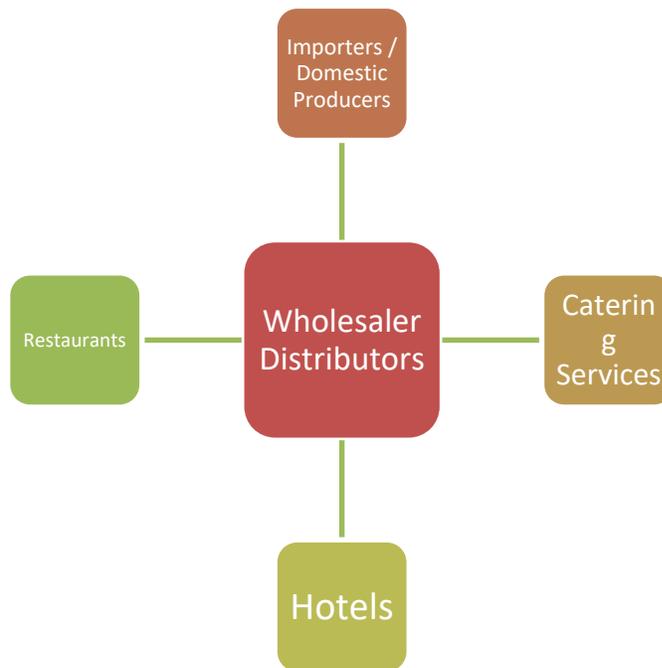
## II. Road Map for Market Entry

Many U.S. companies seeking to export to Mexico attend [Abastur](#) and [Expo Hotel](#) (the biggest HRI shows in Mexico) to get 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 a region, 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. Big hotel and restaurant 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.

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

**Diagram I: Distribution Channels for Processed Food/Fresh Products in Mexico**



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

<b>Mexico Import Statistics</b>		
<b>Commodity: BICO All codes Agricultural Products</b>		
Calendar year: January - December		
<b>Partner Country</b>	<b>United States Dollars (Millions)</b>	
	<b>2018</b>	<b>2019</b>
World	28,591.4	2,9047.1
United States	19,766.8	19,990.6
Canada	1,893.9	1,753.4
Ireland	1,289.6	1,296.6
Brazil	500.5	921.4
Chile	434.0	452.4

Source: Trade Data Monitor

<b>Mexico Import Statistics</b>		
<b>Commodity: 08, Edible Fruit and Nuts; Peel Off Citrus Fruit or Melons</b>		
Annual Series: 2018-2019		
Partner Country	United States Dollars	
	2018	2019
World	1,185,474,101	1,186,590,069
United States	982,133,303	958,581,970
Chile	103,398,876	103,335,038
Peru	27,937,552	46,717,655
Turkey	17,518,059	19,684,176
Argentina	12,909,729	14,334,035

Source: Trade Data Monitor

<b>Mexico Import Statistics</b>		
<b>Commodity: 0808, Apples, Pears and Quinces, Fresh</b>		
Annual Series: 2018-2019		
Partner Country	United States 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

Source: Trade Data Monitor

<b>Mexico Import Statistics</b>		
<b>Commodity: 0207, Meat and Edible Offal of Poultry (Chickens, Ducks, Geese, Turkeys And Guineas), Fresh, Chilled Or Frozen</b>		
Annual Series: 2018-2019		
Partner Country	United States 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: Trade Data Monitor

<b>Mexico Import Statistics</b>		
<b>Commodity: 0202, Meat of Bovine Animals, Frozen</b>		
Annual Series: 2018 -2019		
Partner Country	United States 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: Trade Data Monitor

<b>Mexico Import Statistics</b>		
<b>Commodity: 0201, Meat of Bovine Animals, Fresh Or Chilled</b>		
Annual Series: 2018-2019		
Partner Country	United States 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

<b>Mexico Import Statistics</b>		
<b>Commodity: 2204, Wine of Fresh Grapes, Including Fortified Wines; Grape Must (Having An Alcoholic Strength By Volume Exceeding 0.5% Vol.) Nesoi</b>		
Annual Series: 2018-2019		
Partner Country	United States Dollars	
	2018	2019
World	271,812,159	271,572,386
Spain	79,175,580	79,275,085
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: Global Trade Atlas

### III. Best Products Prospects

A more educated population, expansion of urban lifestyle in small cities, credit availability, and the booming number of dual income, no kids (DINK) couples in urban areas, all open several possibilities for imported products of high quality and value.

Food service trends in Mexico are on par with what is happening globally. Mexican consumers are aware of popular diets such as Keto or Paleo, they want to be informed of where products come from, the caloric content, or if they are free of allergens. Consumer experience is important in restaurants, and food needs to be appealing to be captured in photos and shared in social media, whether it comes from a street stall or fine dining.

The Mexican restaurant industry is adapting its formats to the consumers' needs, and some restaurants have their own kitchen gardens or partner with local farmers and producers for supplies. As well, high-end restaurants are opening casual options that offer quality foods at affordable prices, and some renowned Mexican chefs are collaborating with chain restaurants, cafes, bakeries, and cinemas designing seasonal menus.

As mentioned above, the hospitality industry is expanding on the high-end/sustainable formats

where imported products are a major draw for consumers. Given the rapid expansion of hotels and restaurants in this niche area, in order to maintain visitors and expand the market, the HRI industry needs to offer products in the following categories:

- Health and wellness products (Super foods, vegan and gluten free products).
- Probiotic products (Kefir, kombucha, kimchi)
- Sugar-free and alcohol-free beverages (smoothies, juice blends, mocktails, sugar-free sodas, alkaline water, vitamin added water)
- Asian style products (noodles, sauces, beverages)
- Fresh food (Organic, Non-GMO)
- Ethnic foods (Spices, food bases, cereals, and condiments)
- Wines/Spirits/Craft Beer
- Specialized dairy products

#### **IV. Key Contacts and Further Information**

For further information and to learn more about the services provided by the Agricultural Trade Offices (ATO) in Mexico, please contact us at:

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**Attachments:** No Attachments