USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

Required Report - public distribution

Date: 12/29/2011

GAIN Report Number: MX0346

Mexico

Retail Foods

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Report Highlights:
The Retail Sector in Mexico continues to show strong growth fueled by new store openings in both supermarkets and specialty stores including convenience stores. This year was marked by strong promotional activities including Mexico's new Black Friday end of the year campaign. Top retailers are restructuring their businesses to become more competitive. The economy was stable even though the Mexican peso devalued relative to the U.S. dollar.

Post:
Mexico City ATO

Executive Summary

2011 has been a stable year for the Mexican retail sector economically allowing key players to focus clearly on the future of their businesses. This sector has seen significant changes within the industry over the past twelve months, helping the whole sector grow. Key retailers have developed specific strategies to strengthen their businesses, making them more competitive and better positioned for 2012. Wal-Mart continues to grow their small store segment, Comercial Mexicana has restructured its debt from 2008 liberating much needed cash flow to bolster merchandise inventories, Soriana has began a corporate restructuring to clearly position its stores targeting specific consumer groups and Chedraui has started trading on the Mexican Stock Exchanging infusing it with capital in order to manage its in country growth as well as the Latino market in the United States.

Additionally, ANTAD, the retailers' industry association, launched a new promotional campaign "El Buen Fin" (The Good Weekend) looking to replicate Black Friday in the United States. With key retailer and major manufacturer participation as well as government agencies agreeing to give part of the end-of-year bonuses in mid November, the retail industry is looking to permanently establish this initiative in order to generate additional sales.

Finally, Mexico sees a growing trend in the number of premium and gourmet supermarkets with most key retailers expanding into this niche, giving local wealthy customers an opportunity to find high-end products, not readily available in the past.

Section I. Market and Retail Sector Summary

Two economic indicators in Mexico which were the primary influence on consumer spending during 2011 were the Consumer Confidence Index which is monitored by the INEHI and the Banco de Mexico and the rate of unemployment.

The first indicates a general increase in consumer confidence over 2010. Consumers report more economic stability within their family group; they are more optimistic about their personal economic outlook for 2012; while consumers believe that Mexico's economy is similar to last year; they also believe the country's economic outlook for 2012 will be better and they report that they are in a stronger financial position today to make high valued purchases than they were in 2010.
Secondly, unemployment statistics remain stable from 2010. With a GDP growth at 3.9%, the country generated just enough new jobs to cover the new entrants into the labor force, maintaining the current rate of unemployment.

Sustained growth in the retail sector continues through 2011. ANTAD reports an 11.8% growth over a year ago, with growth driven by new store openings and "El Buen Fin" weekend. A 3.5% growth rate is reported among all types of stores (departmental, supermarket and specialty) factoring out new store openings in 2011. It is important to note that ANTAD reports no sales growth in the supermarket segment once new store openings are excluded. The growth in supermarkets is thus driven by new store openings. Total retail sales are estimated to close the year at $74.9 billion dollars, 11.8% increase over 2010. The Mexican peso has lost strength against the US dollar averaging 13.68 pesos per dollar compared to 12.35 pesos per dollar in 2010 which makes the sales amount in dollars almost even.

As reported by the Nielsen Retail Index, Mexico saw an increase in sales in consumer and grocery products throughout 2011. The primary growth can be seen in value added products which are driving the perceived increase in sales, not additional volumes. This is consistent with the increase many supermarkets are reporting in the ticket sales per customer, more than an increase in costumer volumes in stores. Retail prices are slowly increasing but are not increasing as rapidly as the rate of inflation which was estimated at 3.4% this year. Most price increases are seen in traditional markets (mom and pop stores and municipal markets) more than in the organized trade/retail sectors as the latter has been very aggressive in driving sales by offering discounts and promotions. The two areas of highest growth include non-alcoholic drinks showing a 10% increase in volume but a 14% increase in value of sales, and snacks showing an increase of 8% in volume and 12% in value driven by both high-end and value brands of cookies.

An interesting trend ATO Mexico is noticing is the increase presence of top-of-the-line supermarket outlets. A new City Market was opened by Comercial Mexicana which has plans to open more in 2012, Chedraui is testing a Chedraui Selecto concept gourmet store newly opened in September and regional chains such as Super Casa Ley and HEB stores in the northern part of the country are increasing new store openings in this high-end sector. In these stores, consumers are now able to find premium and gourmet products, wines and prepared meals for the most discerning tastes. Retailers are more willing to cater to this growing segment of retail, and are targeting growth for 2012, since the return on investment is significantly higher due to higher margins. We see a growing trend in the consumption of high value, high quality goods throughout all the top retailers.

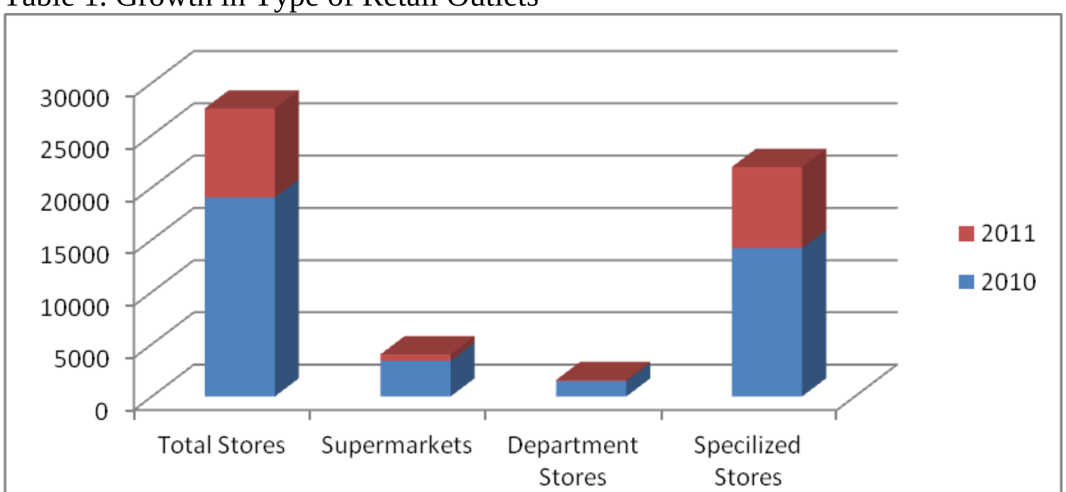
Overall, we have also seen a very active calendar of activities among the primary national supermarkets with Wal-mart leading a year-long campaign of "everyday low prices" aimed at matching Comercial Mexicana's two long-term campaigns. The well entrenched promotional campaigns by Comercial Mexicana "miercoles de plaza" (Wednesday market days) and the summer campaign of "Julio Regalado" (July Give-a-Way) were heavily supported this year offering 2 for 1 and 3 for 2 promotions as well as price discounts on major items. "Super Venta de Verano" (Super Summer Sale) by Soriana is this retailer's call to action against the more aggressive promotional campaigns of its competitors. Soriana offered 20-30% discount on some items, free cellular phone air-time with the purchase of participating products as well as no-interest incentives.

By far, the strongest promotional campaign launched this year was “El Buen Fin” (the Good Weekend) which is Mexico’s initiative to bolster consumer spending. Members of ANTAD, major manufacturers, credit institutions and government agencies joined forces under a heavily publicized program to imitate Black Friday’s success in the United States. By encouraging companies to give employees their “Aguinaldo” (end of year bonuses) in November, consumers were offered many opportunities to spend by receiving direct discounts, no-interest payment options and many novel promotions across the country as the industry banded together to incentivize sales over the long holiday weekend of November 18-22, 2011. Among its member retailers, ANTAD reported an increase of 22.4% over sales a year ago in November. Wal-Mart reported higher sales at an increase of 11.8%, its highest month’s increase since 2008, as did HEB reporting a 50% increase in November sales. It is not yet known how the year will end as Mexican consumers prepare for Three Kings Day on January 6th, marking the end of the Christmas shopping season. These year’s overall results will be key in planning for the future of “El Buen Fin” given that the question remains whether November sales will cannibalizes those of December.

Section II. Retail Store Openings

This year, ANTAD reported a total of 27,551 retailers in their member base including Supermarkets, Department Stores and Specialized Stores (including convenience stores). The latter amounts to more than 50% of all new store openings, consistent with the large increase Mexico is experiencing in the Convenience Store sector.

Table 1. Growth in Type of Retail Outlets



Source: ANTAD

Specialized stores include convenience stores and pharmacies making this sector the highest growth sector in the retail industry by far. OXXO convenience stores owned by Coca-Cola continues to expand showing a 7% growth this year, with other convenience stores showing positive sales growth in existing stores and 15% growth when new store openings are considered.

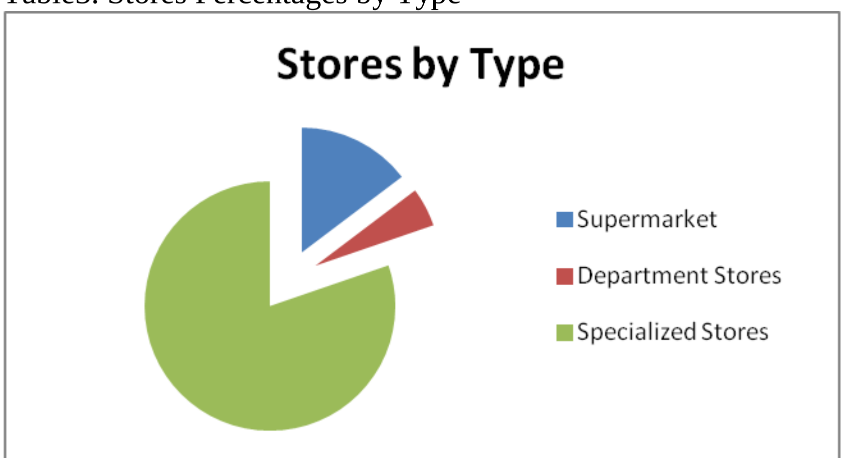
Table 2. Number of Stores and Percent Change

Retail Chains	Number of Stores	Number of Stores	% Change
Total	19,044	27,551	45%
Super Markets	3,398	4,019	18%
Department Stores	1,473	1,576	7%
Specialized Stores	14,177	21,956	55%

Source: ANTAD

Small stores within in the supermarket segment show the highest growth in new super market store openings with Wal-Mart alone representing 40%. Convenience stores and pharmacies are included within the Specialized Store segment showing a 55% growth rate. This reflects OXXO's objective of duplicating the number of stores over 5 years. Specialized stores now represent 80% of total retail outlets within ANTAD.

Table3. Stores Percentages by Type



Source: ANTAD

Section III. Top National Retailers' Initiatives and New Store Openings (All Numbers are Estimates):

Wal-Mart

Wal-Mart continued to grow through 2011 maintaining its double digit growth in the low-end and small-sized supermarket category with an estimated 223 new store openings. Wal-Mart alone accounts for 40% of the category's growth this year.

Table 4. Number of Wal-Mart Stores

	2011	Total

Wal-Mart store openings	223	1473
Bodegas Aurrera-	33	365
Mi Bodega-	45	205
Bodega Express-	131	506
Superama-	4	75
Wal-Mart Supercenter-	9	201
Sam's Club-	13	121

Source: Wal-Mart, Retail in Detail and ANTAD

Among its initiatives, Wal-mart has had a very aggressive promotional calendar, joining in with a full advertising campaign enticing customers to maximize their shopping savings with their "El Buen Fin" promotions in all their stores. As the results were very favorable and to minimize cannibalization of their December sales, Wal-Mart alone launched an extension to this campaign under the slogan "El Ultimo Fin" (the last weekend before Christmas) hoping to capitalize on consumers receiving the second part of the year-end bonuses.

Additionally, they have established a year-long campaign focusing on everyday low prices in order to compete head on with Comercial Mexicana's summer promotion "Julio Regalado" and Wednesday's market day under "Miercoles de Plaza."

Finally, this chain has launched a store-in-store concept of general merchandise for under 10 pesos (less than $1 dollar) at the front of many of its Wal-Mart and Bodega Aurrera store formats in order to capture customers' impulse buying without having to enter the larger section of the store.

Comercial Mexicana / Costco

Comercial Mexicana announced a debt restructuring at the end of 2010 liberating cash flow to reinvest in much needed inventory and merchandise. This debt originated in 2008 from all the financial problems confronting the company. A better payment scheme with suppliers has increased the product offering at the point of sales. Walking into stores, consumers can see more products, better assortments as well as novelty items previously not found in these stores. Additionally, the store's traditional promotional campaign "Julio Regalado" took on a new twist to its long standing campaign by advertising "Todos quieren ser Julio Regalado" (Everyone wants a discounted July) supported by an aggressive promotional budget. The latter coupled with better product assortment at the point of sales has strengthened Comercial Mexicana's income and sales.

This retailer closed 3 existing locations and remodeled using the City Market format capitalizing on its premium location within an elite neighborhood in Mexico City. For 2012, they will continue this track of refurbishing existing locations as part of their strategy to strengthen their position in the market.

Table 5. Number of Comercial Mexicana

	2011	Total
Comercial Mexicana Store Openings	(3)	227
Comercial Mexicana	0	53
Bodega C.M	0	42
Mega C.M.	(3)	79
Al Precio	0	6
Sumesa	(1)	12
Fresko	0	1
City Market	1	3

Source: Comersi, Retail in Detail and ANTAD

Grupo Soriano

Due to the problems Soriana faced in the market in past years, Mexico's third largest retail chain announced late this year a change in strategy which will help clearly direct its stores to satisfy specific customer segments. As the company was struggling to remain competitive against market leaders, an area of opportunity was identified showing confusion in the market among its customer base about the types of stores and product offerings this company had in Mexico. As a result, Soriana developed a new strategy to differentiate its store formats targeting specific market segments and thus giving consumers what they need. The company will now manage each store format independently of each other, with clearly defined product offerings focusing on well identified consumer targets. The company is hoping to attain better productivity and financial returns by focusing on its customers and their needs.

In September, the new positioning advertising campaign was launched for Mercado Soriana. As the medium-sized supermarket in this retail group with 132 stores, Mercado's focus will be to give families region-specific product offerings with low prices every day unlike Comercial Mexicana which offers low grocery prices only on Wednesdays. This way, Mercado hopes to become part of a family's ability to save, helping families meet their every day budgets. The slogan is “Es Parte de mi Familia” (Mercado Soriana is part of my family).

Then, in October, Soriana launched its communication and advertising campaign specific to Hipermercados Soriana “El Super Para ir de Compras” – the hypermarket to do all your shopping- stressing this store's ability to help consumers purchase all their needs for groceries and home, under one roof and at a fair price. At the launch of the campaign, Soriana had 228 Hipermercado Soriano hypermarkets.

Additionally, Soriana is testing a high-end store concept called Soriana Super Marne hoping to capitalize on the growing market in premium and gourmet products. Its first store opened in September of this year in the northern city of Monterrey which using a refurbished existing location. Its target is high income consumers in the region with incomes higher than $5,500 USD per month. The product mix being offered includes wines and liquors, delicatessen and prepared meals from around the world made by local chefs. Its high employee-to-customer ratio will insure the best customer service in the region.

Finally, while Soriana is headquartered in Northern Mexico with 45% of its stores in northern states, Soriana is quickly becoming a national chain, opening stores in southern and southeastern states. Grupo Soriano opened 50 new stores, increasing the number of outlets by 10%, fifty percent of these in the small “express” type format keeping pace with this sector’s continued growth.

Table 6. Number of Soriana Stores

	2011	Total
Soriana New Store Openings	50	558
Hiper Soriana	7	234
Mercado Soriana	11	135
Soriana Super	2	108
Mercado Express	26	47
Soriana Super Marne	1	1
City Club	3	33

Source: Grupo Soriano, Retail in Detail and ANTAD

Grupo Comercial Chedraui

Chedraui is looking to differentiate its position in the market by adding high-end stores to its product offering. The new store format competes with the high end Superama (Wal-Mart) as well as with HEB stores in the north. Chedraui Selecto now has its first store in Mexico City, new this year.

Additionally, of the top Mexican retailers, Chedraui is the only one looking to expand to the north by continuing to increase its presence in the U.S. with 36 El Super stores, three of which are new this year. The company has just bought 11 stores targeting the Latino market in California and other southern United States, all to operate under the El Super store format.

Finally, Chedraui went public at the end of 2010 as it joined the Mexican Stock Exchange in its first stock offering with a value of $373 million dollars. This will enable the company to continue their national expansion to other states in Mexico as well as to further penetrate into the U.S. market.

Table 7. Number of Chedraui Stores

	2011	Total
Chedraui New Store Openings	21	171
Chedraui	12	133
Super Chedraui	4	38
Chedraui Selecto	1	1

El Super (USA)	3	36

Source: Chedraui, Retail in Detailand ANTAD

Section IV. Top Regional Retail Chains

Casa Ley

Casa Ley is the largest privately owned supermarket chain servicing 12 northern states in Mexico. It has 179 stores as of September of this year in its three segment types, making it the largest regional retailer in the country. Ley's mission is to offer quality and the broadest selection of products at a good value. In these stores "Customers find all their needs… and much more". Next, Ley Express has over 25 stores offering convenient locations to its customers, very close to home so that they can buy their daily needs in one convenient location. Primarily groceries and some products for the home can be found here.

Super Ley is the more modern of its stores, insuring the best service by having the latest technology and design within these stores. By insuring the best store layout and modern graphics, Super Ley is modern and well suited to their customer's tastes and needs. Many specialty items and select food products can be found in here.

Finally, Ley Super Mayoreo is a wholesale-type retail store offering door-to-door service at wholesale prices catering to institutions, restaurants, pharmacies and small retailers. The general public can buy here without needing a membership.

Calimax

Calimax is located in Mexico's northwest and has joined forces with another regional retailer S-Smart in order to strengthen its purchasing power. Calimax has made an investment in renewing its image and has started building its supermarkets under its new store concept which is smaller but more functional. In these new stores, produce plays a central role in order better serve customer's needs. In August it celebrated the opening of its 75th store. This chain carries over 30% of its products from abroad, mostly of U.S. origin. It is important to note that this is the only chain in the region with an aggressive expansion plan versus its primary competitors Soriana and Comercial Mexicana which have opened very few stores in the area during 2011. It is hoping to open 9 additional stores by year-end.

Section V. Supermarkets by Geographic Location

<u>Supermarket Chains</u>

There are 36 supermarket chains reported by ANTAD in Mexico, some servicing specific regions while others have nationwide coverage. Some cater directly to consumers as do all national chains, while others focus on wholesalers and small businesses, tending to operate regionally.

Table 8. ANTAD Distribution Description

Country Location or Zone	Mexican States included:
Metropolitan	Mexico City and surrounding area
Center	Aguascalientes, Colima, Hidalgo, Guanajuato, Jalisco, Michoacán, Morelos, Puebla, Querétaro, San Luis Potosí and Tlaxcala
North	Coahuila, Chihuahua, Durango and Zacatecas
Northeast NE	Nuevo Leon and Tamaulipas
Northwest NW	Baja California Norte, Baja California Sur, Nayarit, Sinaloa y Sonora
Southeast SE	Campeche, Quintana Roo, Tabasco, Veracruz and Yucatán
Southwest SW	Guerrero, Chiapas and Oaxaca

Source: ANTAD and Retail in Detail

Table 9. Supermarket Geographic Locations

	DF	Center	North	NE	NW	SE	SW	Total 2010	Total2011	% Change
Wal-Mart	X	X	X	X	X	X	X	1250	1473	18%
Comerial Mexicana	X	X	X	X	X	X	X	231	227	-2%
Soriana	X	X	X	X	X	X	X	479	558	16%
Casa Ley	-	X	X	-	X	-	-	158	179	13%
Chedraui	X	X	-	X	-	X	X	143	171	20%
Calimax	-	-	-	-	-	X	-	60	75	25%
Alsuper	-	-	X	-	-	-	-	49	n/a	n/a
Merco	-	-	X	X	-	-	-	34	n/a	n/a
S-Mart	-	-	X	X	-	-	-	47	49	4%
MZ	-	-	-	-	X	-	-	31	37	19%
HEB	-	X	X	X	-	-	-	33	35	6%
Waldo's	-	X	X	X	X	-	-	n/a	297	n/a
Super Stafe	-		X	X	X			n/a	81	n/a

Source: ANTAD and Retail in Detail

Section VI. Total Imports into Mexico, Main Competitors 2009-2010

Commodity	%Change	Rank	Country	% Share

Edible Fruits and Nuts				
HS Code: 08		1	United States	75
Total Net Imports 2009 (USD): $618.4 million		2	Chile	18
Net Imports YTD Q3 2009: $476 million		3	Argentina	1.9
Net Imports YTD Q3 2010: $533 million	12%	4	China	0.9
Fresh Apples, pears and quinces				
HS Code: 0808		1	United States	91
Total Net Imports 2009 (USD): $259 million		2	Argentina	3
Net Imports YTD Q3 2009: $234 million		3	Chile	5
Net Imports YTD Q3 2010: $205 million	14%			
Grapes fresh and dried				
HS Code: 0806		1	Chile	75
Total Net Imports 2009(USD): $69.4 million		2	United States	24
Net Imports YTD Q3 2009: $50 million				
Net Imports YTD Q3 2010: $61 million	23%			
Chicken Meat fresh or frozen				
HS Code: 0207		1	United States	93
Net Imports 2009(USD): $703.5 million		2	Chile	7
Net Imports YTD Q3 2009: $529 million				
Net Imports YTD Q3 2010: $582 million	10%			
Meat frozen				
HS Code: 0202		1	United States	57
Net Imports 2009(USD): $31 million		2	Costa Rica	4
Net Imports YTD Q3 2009: $21.9 million		3	Australia	20
Net Imports YTD Q3 2010: $18.5 million	-15%	4	Canada	7
		5	New Zealand	9
Meat fresh or chilled				
HS Code: 0201		1	United States	80
Net Imports 2009(USD): $808.1 million		2	Canada	20
Net Imports YTD Q3 2009: $607 million				
Net Imports YTD Q3 2010: $622 million	2.35			
Dairy Products				
HS Code: 04		1	United States	66
Net Imports 2009 (USD): $1.07 billion		2	New Zealand	18
Net Imports YTD Q3 2009: $767 million		3	Uruguay	5
Net Imports YTD Q3 2010: $898 million	17%	4	Chile	4
		5	Netherlands	2

Rice				
HS Code: 1006				
Net Imports 2009(USD): $345.3 million		1	United States	99
Net Imports YTD Q3 2009: $253 million	-7.4%	2	Uruguay	0.08
Net Imports YTD Q3 2010: $234 million				
Wheat				
HS Code: 1001		1	United States	73
Net Imports 2009(USD): $728 million		2	Canada	27
Net Imports YTD Q3 2009: $572 million				
Net Imports YTD Q3 2010: $620 million	8.4%			
Cereal				
HS Code: 10		1	United States	91
Net Imports 2009(USD): $3.03 billion		2	Canada	8
Net Imports YTD Q3 2009: $2.4 billion				
Net Imports YTD Q3 2010: $2.5 billion	5.9%			
Dry Beans and Legumes				
HS Code: 0713		1	United States	72
Net Imports 2009(USD): $208.4 million		2	Canada	24
Net Imports YTD Q3 2009: $157 million		3	China	4
Net Imports YTD Q3 2010: $115.6 million	-27%			
Wine				
HS Code: 2204		1	Spain	31.5
Net Imports 2009(USD): $144.3 million		2	Chile	21
Net Imports YTD Q3 2009: $90.07 million		3	France	17
Net Imports YTD Q3 2010: $100.5 million	11.53%	4	Italy	10.9
		5	Argentina	9.4
		6	United States	6.04
		7	Germany	1.4
Total Agricultural Trade				
HS Code: 1-24		1	United States	72
Net Imports 2009(USD): $18 billion		2	Canada	7.3
Net Imports YTD Q3 2009: $12.9 billion		3	Chile	2.8
Net Imports YTD Q3 2010: $14.5 billion		4	Guatemala	1.8
		5	China	1.4
		6	New Zealand	1.3
		7	Spain	1.2
		8	Argentina	1

Source: Global TI (FAS import information)

Section VII. Best Product Prospects

Best Product Prospects remains the same as 2010 as these trends are still applicable today.
As more women enter the work force and the professional way of life becomes more fast paced, food manufactures can see growing opportunities for products catering to the restaurant segment where growth is seen in fast food chains as well as restaurants targeting middle income professionals.

Fresh Food for In-Home Use:

Eating out is still considered an expensive option for most Mexican consumers and eating at local street vendor stalls is considered unhealthy. Eating at home, with meals cooked fresh is still the practice most Mexican families prefer both because it's less expensive and because traditionally they prefer home cooked meals. These practices insure a steady market for fresh food in the foreseeable future.

Ready-to-Serve:

Supermarket chains are experiencing a growing demand for good quality products targeting those consumers looking for ease of preparation. Ready to serve products are a fast growing niche in most high-end supermarkets as are those products that come ready to cook, with little to no preparation needed.

Ready-to-Eat Products for Convenience Stores:

Convenience stores offer unique opportunities in Mexico given the aggressive growth over the past few years. This sector is still expected to continue to grow through 2013 at a fast pace. This channel of distribution poses a challenge for American producers as most products sold here are ready-to-eat, snacks or a quick meal on the run. Many convenience stores have a section of warm goods such as hot dogs, sandwiches and instant soups with many offering fresh fruits both cut and packaged or whole. The latter offered in a bowl at the counter where as the former packaged, single serve in the refrigerated sections.

Health and Wellness products:

Mexico now is the world leader in obesity of its young population. The Mexican government, as well as the private sector is focusing more and more on products which can contribute to a healthy, well balanced diet. Natural agricultural products are well positioned to capitalize on this growing segment and can benefit from clear health instruction at the point of sale, insuring that their quality and nutrition are highlighted.

Products for the Low-End Market:
The lower end supermarkets and small “express” type stores offer huge potential for American products. But, the challenge comes in that products in this sector are very price sensitive. U.S. exporters must reach economies of scale to offer low priced goods to these budget conscious consumers. As most stores focus on produce and groceries, these offer the most viable opportunities for export.

Products Delivered Locally:

A growing trend by leading retailers is to source the majority of their products locally so exporters who can deliver their American goods locally through distributors or their own sales force will be well positioned to service retailers in Mexico. Wal-Mart currently sources approximately 80% of its products locally, including most of its imported goods and is setting the trend for this practice among other retailers.

American Wines:

With 9% growth in the overall wine market in Mexico, American wineries need to focus their attention on this expanding market. U.S. wines have a small presence locally and account for approximately 6% of total imports. With a well developed strategy there is large potential for growth.

Section VIII. Mexico: Advantages and Challenges for U.S. Exporters

The table below remains accurate and current:

Table 10. Advantages and Challenges to Doing Business in Mexico

Advantages	Challenges
Industry leaders are hiring and partnering with sophisticated security companies to insure commerce continues uninterrupted	Mexico is suffering from an increase in delinquency, threatening national security
Direct foreign investment in Mexico is growing slightly	New job creation in Mexico is not keeping pace with population growth, forcing unemployment to remain unchanged
Mexican retailers are very familiar with U.S. retail practices	Local manufacturers are adapting quickly to meet retailers needs and specifications bringing new competition to US products
Western style supermarkets are gaining wider acceptance in every segment of the retail environment, even lower-end stores	Local retailers are demanding more often that products be delivered locally with local servicing and attention
Mexican consumers are becoming more knowledgeable about what they buy,	While U.S. products are of very high quality, many times they come at a higher cost than sourced locally,

looking for quality and price with retailers reacting by opening high end supermarkets	limiting the stores where they can be sold
Industry practices are becoming more sophisticated insuring cold chain distribution for wider penetration nationwide	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 is opening new product opportunities at the retail level	Mexico exports large volumes of organic produce, offering direct competition to American organic producers
Industry-wide investments are continuously being made, insuring better infrastructure and logistics	Lower end, smaller supermarkets and convenience stores are the fastest growing segments in retail, which are not the primary locations for more expensive U.S. products
Growth in retail is driven by new store openings both at the supermarket and convenience store levels, expanding opportunities for U.S. products nationwide	Approximately 30% of Mexican workers are employed in informal, non-tax paying jobs which places a large burden on the tax system, limiting funds in the market
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 obesity issues is creating greater demand for healthy products, positioning U.S. produce and its huge array of products at an advantage	Mexico has opened negotiations with Brazil for a free trade agreement, bringing many products which will compete directly with U.S. goods

Section IX.

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B. News Clippings

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C. Miscellaneous Retail Store Websites

http://www.supermercadossantafe.com/

www.waldos.com

www.s-martmx.com

http://www.supermercadossantafe.com/

www.mz.com.mx

www.casaley.com.mx

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