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Food Truck Market in Mexico

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Report Highlights:

Mexico's gourmet, fast food market is undergoing a significant change as consumers of all generations increasingly embrace affordable, to-go, hearty meals from the growing number of Food Trucks across the country. In recent years, the food truck industry has seen a series of launches of local food trucks providing exquisite, fast casual dining at affordable prices. This industry has grown to attract the largest market in terms of consumption: the millennial. The trucks are ready to provide nutritious menus suitable for young people working in the office, heading to class, or enjoying a Sunday afternoon out.

Additionally, gourmet presentations and carts decorated by seasoned designers also offer their personalized services, enhancing and empowering local economies. Food trucks offer the opportunity to satisfy the hunger of millions of millennials seeking the speed, localness, and experience of new concepts in gourmet food with easy accessibility and lower costs.

[Give us your feedback on this report:](#) Please take a moment to answer this brief 6 question survey by clicking on the above link which will take you to a non-U.S. Government website (i.e. SurveyMonkey). We value your opinion and want to provide information that matters to you as it relates to U.S. and

Mexico food and agricultural production, trade, demand, and policy. Thank you for your time.

General Information:

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Table of Contents

I. U.S. MARKET OVERVIEW

- A. History – How the United States became a Food Truck Nation
- B. Market Growth and Current Size
- C. Market Research

II. MEXICAN MARKET OVERVIEW

- A. The development of Mexico's Food Truck Industry
- B. Market Growth and Current Size
- C. Market Research

III. Challenges and Recommendations for Mexican Food Truck Industry

IV. Opportunities for U.S. Companies

V. Post Contact

Section I: U.S. MARKET OVERVIEW

A. History – How the United States became a Food Truck Nation

Food trucks have long been a staple in the United States' culinary landscape and have become very trendy in recent years. The history of this new phenomenon can be traced back to the 17th century when push carts serving food were found in large cities on the east coast. The modern-day food truck has been traced back to 19th century Texas. After the Civil War, an influx of the population began moving westward. This expansion created a strong demand for beef. Chuck wagons, essentially cooking workstations built on wagon beds, became popular during this time period by ranchers as they were

always on the road herding cattle all over the country and needed a convenient way to store, cook, and serve food. In New England, lunch wagons became a common sight. Carts that eventually lost their wheels became what we know today as American diners.

Mobile food trucks have been serving construction sites and blue collar workers for years. In recent decades, immigrants from Mexico brought the taco truck culture to the West Coast where the food truck scene eventually evolved and has earned its reputation as being hip and modern.

Founded in 2008, Roy Choi's Kogi Korean BBQ Food Truck in Los Angeles has been credited as one of the pioneers of the gourmet food truck movement. This truck sells fusion Korean and Mexican cuisines. Initially, Kogi did not have a fixed location and announced its daily locations using media platforms such as Twitter and Facebook. This move heavily influenced the food truck industry's use of social media marketing. His success inspired fleets of similar food trucks with followings for niche specialties such as Brazilian barbecue, Greek sausages, and Indian dosas.

B. Market Growth and Current Size

Several factors have led to the growth of food trucks in the United States. A major factor was the United States recession that began in 2008. When the economy slowed down, chefs from high-end restaurants were laid off, and many food businesses closed. For experienced chefs and restaurant owners, food trucks seemed ideal as they require little start-up funding compared to big-city restaurant spaces that require millions of re-investment. New vendors began recognizing the changing consumer preferences favoring gourmet cuisines, particularly for millennials. In a globalized, interconnected world where people are more aware of other cultures and trends, the younger generation has an increasing curious appetite for new experiences. Additionally, these consumers widely affected by economic crisis began seeking inexpensive foods of higher quality than standard restaurant chains.

As consumers sought to maximize their disposable incomes, food trucks began to fill their appetites.

According to IBIS world, food trucks and carts grew 12.4 percent from 2009 to 2014, producing \$804 million in revenues, employing 14,424 people. The most successful food trucks focus on a specific niche such as burgers, lobster rolls, or falafel. There is a wide range of estimates on the number of food trucks in the United States – everything from a few thousand to hundreds of thousands. Most market sites indicated a total of around 5,000 to 10,000. Though there are no firm national numbers on the size and scope of the industry, the segment is experiencing rapid growth. According to Emergent Research, it is expected that food trucks will generate \$2 billion in revenues by 2017, making up between 3 and 4 percent of total restaurant revenue.

Food trucks were initially only found in large coastal cities, but today they exist in both rural and urban areas across the country. Cities that are particularly well known for their food trucks are Chicago, Los Angeles, New York, Washington D.C., Houston, Miami, and San Francisco. Food trucks are generally used to feed people at special events such as birthday parties, school dances, public gatherings, music and art festivals, and the list goes on. Food Truck Festivals have also become increasingly popular in major metropolitan cities in the United States.

Legalities

In major cities across the United States, food trucks have had difficulties in operating legally in public spaces. Often times attaining the proper permits and license applications can be a hassle. For example, in Miami, Florida, food trucks must obtain Zoning Permit, Certificates of Use, Health Licenses, and Local Business Tax Forms. These certifications and licenses come with hefty fees. Additionally, there are certain zoning districts where the trucks are allowed. Hours of operation are limited from 7am to 10pm. The city prohibits trucks from parking in public parking lots and metered spaces, only able to operate at scheduled special events and still not allowed to roam freely in the city. Much like other cities, Miami does not have concrete regulations for food truck operations, making it difficult for truck owners to operate efficiently. Additionally, the food trucks are not allowed to operate within 500 feet of traditional brick and mortar restaurants. In Pittsburgh, the city mandates food trucks cannot operate within 500 feet of a business that sells a similar product, and they are legally required to move every 30 minutes. In Chicago, food trucks cannot operate within 200 feet of any business that serves or prepares food – from the city's finest steakhouse to the neighborhood 7-Eleven. The city even goes as far as requiring food trucks to install GPS tracking devices to enforce the rules. Most of the backlash across the country has come from major restaurant groups and associations. In 2010, The Illinois Restaurant Association supported the 200 foot rule and supported the requirement of food truck owners to have an already established brick-and-mortar restaurant in order to operate (the latter did not make it into the final ordinance).

In contrast, Los Angeles has some of the friendliest laws in the nation for food trucks and thus has one of the best food truck markets in the country along with one of the best restaurant scenes. The city officials reject the kind of protectionist regulations found in other locations—protectionism developed to protect brick-and-mortar businesses from food-truck competition. Second, L.A. provides clear regulations that are largely based on public health and safety concerns as opposed to protectionism. Unfortunately, other cities from San Francisco to D.C. haven't followed this example. San Francisco operates much like Miami where they impose a costly and time-consuming vending licensing scheme. Truck owners must first apply for a particular spot, and later get permission from city officials to operate. From coast to coast these and other jurisdictions impose licensing laws and regulations to protect incumbent businesses from newcomers serving inexpensive, innovative cuisines in the streets.

C. Market Research

In 2012, Emergent Research interviewed 272 customers in person at food truck sites in San Francisco and 27 food truck owners. Below are some of their findings.

- More than 90% of lunchtime survey respondents rated food truck quality as either excellent (43%) or good (48%).
- About 50% characterized dinner cuisine as excellent
- More than two thirds view the cuisine a treat or opportunity to try something new and fun
- More than 80% of those interviewed used words like fun, exciting, new, different, unusual, and unique when asked why they dined at food trucks

Consumer Trends

Aside from the economic aspects, contributing factors to the success of food trucks in the United States are due to many evolving social and cultural trends.

Speed, quality, value: According to the National Restaurant Association's 2012 Restaurant Industry Forecast, these are the top three attributes consumers look for in quick-serve establishments. Food trucks have the capacity to outperform traditional restaurants in all three areas.

Fresh, local, and sustainable: Most gourmet food trucks use fresh and local foods to differentiate themselves from traditional fast food establishments. The cultural shift in eating habits across the globe is aimed at fresh, healthy, and hearty meals. Additionally, consumers are increasingly more willing to support small and local businesses as opposed to large chain restaurants. Day-to-day personal interactions in neighborhoods across the country between food truck owners and consumers form long lasting relationships.

Social Media

The San Francisco Food Truck project found that food trucks work predominately as a "lean start up", where they focus on rapid prototyping, business flexibility, conserving cash and resources, and promoting a laser-like focus on customers to quickly adapt to market needs. This business model allows for startups to create and test products with customers to verify consumer interest in products before allocating financial resources to them. With the easy accessibility of a vast variety of free or low cost (Facebook, Twitter, tumblr, Instagram, etc.), popular interactive social media outlets, lean start up business models are being used by both large and smaller companies. This method allows food trucks to develop and test new concepts and menus at the click of a button. The interactivity between seller and consumer allows for information exchange including customer feedback, menus, locations, daily updates, etc.

Section II: MEXICAN MARKET OVERVIEW

A. The development of Mexico's Food Truck Industry

Street food in Mexico is nothing new. In Spanish it is known as "antojitos", and street vendors have been preparing tacos, tamales, quesadillas, as well as fresh fruit and vegetables; a tradition that has been around since pre-Hispanic times. Mexico has one of the most extensive street food cultures in Latin America, and Forbes named Mexico City as one of the foremost cities in the world in which to eat on the street.

However, not until 2013 or so did the food truck culture catch the attention of entrepreneurs and millennials across the country. Food trucks have emerged as a new form of cuisine that serves the same, multiple needs U.S. consumers are seeking. It has also offered an alternative to talented chefs

who cannot find work or simply cannot afford setting up their own restaurants. There is also a growing, common language within the food service sector in Mexico to help modernize and improve informal street food practices, particularly for health and sanitary purposes. In addition, the gourmet cuisines food trucks provide featuring dishes and traditions from all over the world allow for ordinary Mexican to enjoy exquisite products that would cost a lot more at chains or established restaurants. The emergence of food trucks has been the driving vehicle to bring gourmet cuisines to a larger segment of the population and has become a true offering of gastronomic experiences for all in the country.

B. Market Growth and Current Size

There are currently over 100 food trucks operating in and around Mexico City. Estimates from the research firm SAP suggests the food truck industry will increase by over 50 percent by 2017. Food trucks in Mexico are a relatively new concept, compared to the United States. Interestingly enough, many food trucks in the United States are driven by Mexicans, such as the popular Tamale Spaceship in Chicago.

The food trucks roaming the streets of Mexico are identical to those seen in New York, San Francisco, and Miami. They operate similarly as well – they do not operate in one specific location, they utilize social media platforms to market new menus, promotions, and daily locations, and are increasingly attracting consumers from every socioeconomic status.

As consumers seek to maximize their increasing disposable incomes, food trucks appeared to fill their appetites. As in the United States, it is seen that so far, the most successful food trucks focus on a specific niche such as traditional American food, Thai Food, Vegan, etc. Though there are no firm national numbers on the size and scope of the industry, the segment is experiencing rapid growth.

Events

Guadalajara Green Race 2014

Since food trucks must operate in private arenas, they participate mostly in large special events. For example, the U.S. consulate in Guadalajara hosted at the American School for their second annual Green Race. The Guadalajara Food Truck Association participated at this event which brought in over 1,000 runners on June 23, 2014. Green Race is an initiative between the United States Consulate in Guadalajara and Pronatura Noreste, a Mexican non-governmental organizational that conducts research on environmental issues and Mexico's unique ecosystems. Several U.S. cooperators participated in the event.



Source: Guadalajara Food Truck Association Facebook

USA Food Truck Festival

On July 19 and 20, ATO Mexico City held their first USA Food Truck Festival. The festival included 11 Mexican food trucks that used U.S. ingredients in their traditional dishes. A dozen U.S. cooperators participated in the event. Those included the California Grape and Tree Fruit League, U.S. Meat Export Federation, American Peanut Council, U.S. Potato Board, among several others.

The purpose of the event was to promote and demonstrate to the public the versatility and high quality of agricultural products from the United States. Each food truck created a unique American-inspired dish. Over 3,000 people attended the event.



Source: ATO Mexico City

Legalities

Mexico currently does not have a legislation that permits or prohibits the existence and operations of food trucks in Mexico. The President of Food Trucks DF, Mexico City's food truck association, has been working the last two years alongside 50 Mexican Food Trucks to push for recognition by the state as formal, legal entities and to obtain permission to legally sell in public arenas. They would also like to pay taxes, pay social security, and work under the rule of law. Currently, food truck owners are operating and abiding by the same rules and safety regulations used in traditional restaurants.

C. Market Research

Aside from the economic aspects contributing to the growing number of food trucks operating in Mexico, there are also the same evolving social and cultural trends occurring as in the United States. In general, consumers are demanding fast, quality, fresh, nutritious food from local businesses.

Food trucks in Mexico City will commonly be found near construction sites, development sites, outside office buildings, and universities once they attain permission. Their target is the working class, young professionals, and students.

Demographics

Mexico is the second largest economy in Latin America with a population of 120.8 million and GDP of \$1.178 trillion. It is considered an upper middle income, developing country by World Bank standards.

President Peña Nieto has implemented various policy reforms to encourage and support foreign investment through implementation of structural reforms in energy, finance, and telecommunications. The Secretary of the Economy has even developed several programs to assist small business owners and entrepreneurs expand their operations. Over the next five years, it is estimated Mexico's GDP growth will surpass the GDP growth of all the developing countries in Latin America. According to the Organization for Economic Cooperation and Development (OECD), GDP per capita increased from \$12,460.00 USD in 2005 to \$18,288 USD in 2012. The annual growth of household disposable income was last registered at five percent in 2011.

Additionally, Mexico has one of the youngest populations among key OECD markets. The average Mexican is below 30 years of age. Other large markets such as the United States, China, and France have an average age of close to 40 years old or older. More and more companies in Mexico are targeting this youthful consumer group by creating product lines to garner their interests, and orienting marketing and advertising campaigns to their ever changing tastes.

Consumer Preferences

In a survey conducted by the Institute of Mexico's Adolescents in 2008, it was found that Mexican adolescents who worked or worked and studied consumed more meals prepared outside the home.

More specifically, it was found that in Central Mexico adolescents consumed more fruits, vegetables, dairy products, cereals and breads. Central Mexico includes Mexico City, where 1/5 of the population lives and where the most important food distribution centers of the country operate.

One diet trend slowly making its way to Mexico is vegetarianism and gluten-free foods. Food Truck Ruta 69, a participating truck at the USA Food Truck Festival, provides gourmet vegetarian dishes for \$69.00 Mexican Pesos (\$5.21 USD exchange rate \$1USD/\$13.24 Mexican Pesos), while restaurants would serve plates for an average of \$160 Mexican Pesos (\$12.08 USD exchange rate \$1USD/\$13.24 Mexican Pesos). Their largest target is the younger generation which now has access to more nutritional information and food products than ever before. Two years ago, a vegetarian cuisine in Mexico was unheard of. Just like in the United States, Mexican food trucks are working to meet the ever-changing needs and food preferences of consumers as the younger generation has the technological capacity to become more aware of growing health and nutritional trends around the globe, but remains heavily influenced by the United States' patterns of consumption.

Section III: Challenges and Recommendations for Mexican Food Truck Industry

The food truck industry in Mexico faces almost the same challenges the industry in the United States face as well. These challenges are being battled by food truck associations who not only organize to collaborate on special events, but to push for fair regulations on their business as well. From conversations with food truck owners, one of their primary concerns is their inability to operate freely in the streets of Mexico. Food Truck regulations differ in every municipality and every municipality requests for permission from different agencies. The trucks operate only on private spaces, limiting their possibilities for expansion. The lack of clarity on where and how they can operate is disrupting the livelihoods of these entrepreneurs.

Their second concern is the smaller street food vendors who do not operate in a hygienic fashion. There is a strong consensus that the street food must become professionalized in order to avoid the sale of foods cooked under unhygienic conditions. Street vendors do not refrigerate their foods and often mix ingredients that should not be mixed together. The food truck associations would like to use this issue to legitimize and justify their operations in order to gain government support to be able to operate in public areas. The food trucks have a comparative advantage against the street food vendors - the trucks work under the same regulations brick-and-mortar restaurants do in the city and must abide by food safety and sanitation protocols. They avoid the cost of illness to the consumer.

Another challenge is the lack of concentrated efforts on behalf of the food trucks to inform the public on their work. Most food trucks do not have permanent websites and instead use Twitter and Facebook to market themselves. It is difficult for the consumer to attain organized, concrete information on the trucks they are interested in buying from. The Facebook and Twitter pages can only offer a limited amount of information. They also do not provide an online space to record their locations in the future or past events and collaborators.

Recommendations

Food truck associations in the meantime should continue working on building partnerships with private businesses and private development sites. The market for the majority of the food trucks are people who work in large corporations with no nearby dining options. Food trucks should also work with the government on policy to allow food truck operation on sites where there are no dining options for workers. For example, in Santa Fe there are large office complexes with no dining options because rents are too high in the area. Opening a restaurant at these locations is near impossible for a startup entrepreneur. This is a great opportunity for food trucks to take advantage of the lack of dining options in the area and operate freely.

Additionally, with the growth in population and employment opportunities in Mexico, large affluent cities are like Monterrey and Mexico City continuously developing office and housing complexes. Food trucks should work with the private development sites to discuss opportunities to operate on their premises during lunch hours before (for construction workers) and after construction (for those living and working in the area) of the buildings.

In regards to the smaller street food vendors and hygiene – the food trucks may use this as leverage their stance with local governments. Food trucks operate under the same health and sanitation regulations as brick-and-mortar restaurants do, avoiding the cost of illness to the consumer. Researchers at a public interest law firm in Virginia reviewed more than 260,000 inspections that found food trucks were generally cleaner than restaurants in major U.S. cities such as Boston, Las Vegas, Los Angeles, Miami and Washington D.C. Regular city inspections have helped limit the number of health code violations issued to food truck vendors in the United States. The Mexican Food Truck Associations should work closely with government officials to propose new street food regulations in order to start regulating the street food markets and develop hygiene and legal entity status regulations.

Each food truck should invest on expanding and improving their online platforms. Since food trucks predominately use online media to market, it is critical they have their own websites detailing their vision, background, history, point of contacts, schedule, list of past/upcoming events, menus,

ingredients used, catering services or any other services they may provide, and a blog portraying their successes and upcoming activities. The blog can also be used as a method of involving consumers in the on-going issues the food associations are tackling to attain legal status and operate on public spaces. Involving the public in these efforts through informing and educating on their legality issues is crucial. Building momentum within the public will shed more attention to the issue, which in turn will hopefully bring more attention to local governments. In conversations with food truck associations in the United States, it was found that they used the free market argument with local governments to protect themselves from protectionist regulations enacted to protect brick-and-mortar restaurants.

As Mexico is a country going through important structural transformations in practically every sector of the economy, the Department of Economic Affairs (Secretaria de Economia - SEC) has developed some initiatives to encourage entrepreneurship and expand the capacities of small and medium enterprises. These initiatives include conferences and training seminars in collaboration with key industry players such as Google, Microsoft, PEMEX, Banamex, Banorte and many more. This presents a great opportunity for the food truck associations to participate in a government initiative that deals directly with policy and entrepreneurship.

Another great resource the food truck associations should take advantage of is the MUSEIC – Mexico U.S. Entrepreneurship and Innovation Council. The council is collaboration between Mexico's National Entrepreneurship Institute (INADEM) and the U.S. Department of State. MUSEIC is made up of public and private sector representatives from both countries who work to develop new initiatives and public policies to promote entrepreneurship and innovation in Mexico. The council has seven subcommittees which work on strengthening the legal framework to encourage entrepreneurship, promote women entrepreneurship, promote and integrate infrastructure supporting entrepreneurs and small and medium enterprises, and much more.

Section IV: OPPORTUNITIES FOR U.S. COMPANIES

Mexico's strategy to the obesity epidemic

Mexico is struggling to deal with an adult obesity prevalence of 32.8 percent - compared to the United States' 31.8 percent. The country has found itself in the midst of a public health crisis unprecedented in the country's history. Al Jazeera reported in April 2014 there are 21 million clinically obese adults in Mexico, marking a 38 percent rise since 2000. During this period, diabetes rates doubled, making it one of the most rapid growths seen in the world.

Mexicans constitute the second most obese nation in the world after the U.S. Consumption of junk food amongst the youth is a growing problem. The food is cheaper, more accessible, and is a replacement for whole meals to those on the lower end of the socioeconomic ladder.

President Enrique Peña Nieto has challenged the country to change their dietary and lifestyle habits. The three pillars the Mexican government are using to fight obesity are: More exercise, healthier diet (through promotional food programs, educational programs), taxation on Junk Food, and new food labeling processes.

Taxes

On January 1, 2014, Mexico imposed new taxes as part of its fiscal reforms; as part of anti-obesity and revenue raising campaign, one of the taxes is on products called “junk food” and sugary beverages. This tax may increase the cost of some U.S. ingredients going into food trucks. The proposal, while publicly debated since early 2013, but formally announced by the Finance and Public Credit Commission September 8th, is a 16 percent flat value added tax and an increase of eight percent on the Special Tax over Products and Services (IEPS) to processed foods with a determined caloric value. These taxes will be applied to domestic and imported products. The complex proposal is slated to earn an estimated 39 billion pesos in revenue by placing a tax on a wide variety of items and services, the ones concerning the processed food industry are:

1. Pet food (those who have pets reflect the ability to keep and maintain pets and are therefore able to pay a tax)
2. Chewing gum (not considered a food, rather an added sugar product)
3. Flavored drinks (including certain juices, soda beverages) that contain added sugars

Furthermore, among the new taxes in 2014, the Senate approved an increase of eight percent on the Special Tax over Products and Services (IEPS) to processed foods with a determined caloric value (“junk food”) that contain 275 Kcal or more for every 100 grams, including:

- Snacks
- Confectionary
- Chocolates
- Custards and flan
- Fruit jam, paste
- Peanut and hazelnut butter
- Ice cream
- Cereal based products (cookies, sweet bread, breakfast cereals)

For flavored drinks, Mexico is applying a tax of \$1 Mexican Peso (USD\$0.08) on each liter of flavored drinks and for every liter of product obtained through syrups, concentrates, powders, flavors, and essences when the product contains any added sugars.

The tax also applies to numerous ingredients used in bakery processing, such as dried fruits, cocoa, and gelatin because they fall into the high-calorie foods category due to energy content of at least 275 Kcal per 100 grams, even though they are often used as ingredients and not as a finished product.

Labeling Requirements & Advertising Regulations

On April 15, 2014, the Federal Commission for the Protection against Sanitary Risks (COFEPRIS) announced in the Diario Oficial (Federal Registrar) new guidelines for the labeling of processed packaged foods, making it mandatory to include a front-of-pack label with nutritional information about

sugar, sodium, fats, and caloric content per portion. These new labeling requirements must be met to export products into Mexico. COFEPRIS also issued another set of guidelines limiting TV advertising of unhealthy products. Junk food can no longer be advertised from 2:30pm to 7:30pm. These guidelines are intended to prevent further increases in childhood obesity and obesity-related problems. Mexico is ranked number one in the prevalence of childhood obesity: Mexican boys have an obesity rate of 28.1 percent and Mexican girls have a 29 percent obesity rate.

The new guidelines include changes to nutritional information labels requiring that caloric content be featured on the front of the product. Products that meet accepted calorie criteria will be able to obtain an elective seal.

The New Guidelines

The guidelines published by COFEPRIS aim to feature nutritional and advertising criteria for food and non-alcoholic beverages, when advertised in open or restricted television as well as in movie theaters. Their main purpose is that through this new information consumer can make better choices when purchasing a product. Meeting the guidelines is mandatory for manufacturers of processed and packaged foods and companies that advertise food and non-alcoholic beverages (as determined by Article 2, fraction II of the General Health Law).

There are 12 product categories affected by these guidelines:

1. Oils of animal, vegetable, and fat origin
2. Vegetables, fruits, grains, nuts, seeds, and tuber products (except those processed for snacks)
3. Meat-based products
4. Fishery products
5. Dairy products
6. Cereal and tuber based products
7. Soups, ready-to-eat dishes, main dishes, filled sandwiches, seasonings, and condiments
8. Desserts
9. Flavored beverages
10. Snacks
11. Confectionery products
12. Chocolates and chocolate-like products

The new front-of-pack labeling system requires four figures on the labels of products that highlight amounts of key nutrients and what they represent in a recommended daily diet. The nutritional information must be included on the front of the package making it eligible and visible.

What does this mean for U.S. companies?

In the last decade, the U.S. food industry has undergone major transformations under the influence of various government initiatives aimed at tackling the obesity epidemic in the country. This in turn has created a cultural awareness of healthy eating, impacting consumer choices. Today's restaurant guests want healthier menu options and more information to help them make better dietary choices. According

to a National Restaurant Association 2013 consumer survey, 71% of adults are trying to eat healthier than they did two years ago.

The same survey determined consumers prefer to dine out at local, sustainable businesses. When a consumer megatrend is fueling long-term growth within a portion of an industry, investors should take notice. In the case of high-growth fast, casual, healthy concepts, food trucks become a great vehicle to tap into these opportunities.

One U.S. government initiative that has influenced this cultural transformation is the Let's Move! program lead by First Lady, Michelle Obama. Let's Move! is about putting children on the path to a healthy future during their earliest months and years. The initiative works on giving parents helpful information and fostering environments that support healthy choices, providing healthier foods in public schools, and ensuring that every family has access to healthy, affordable food.

At the launch of the initiative, President Barack Obama signed a Presidential Memorandum creating the first-ever Task Force on Childhood Obesity to conduct a review of every single programs and policies relating to child nutrition and physical activity and develop a national action plan to maximize federal resources and set concrete benchmarks toward the First Lady's national goal. The Task Force recommendations focus on the five pillars of the First Lady's Let's Move! initiative:

1. Creating a healthy start for children
2. Empowering parents and caregivers
3. Providing healthy food in schools
4. Improving access to healthy, affordable foods
5. Increasing physical activity

In addition, On June 2, 2011, First Lady Michelle Obama and USDA Secretary Tom Vilsack released the federal government's new food icon, MyPlate, to serve as a reminder to help consumers make healthier food choices. MyPlate is a new generation icon with the intent to prompt consumers to think about building a healthy plate at meal times and to seek more information to help them do that by going to ChooseMyPlate.gov. The new MyPlate icon emphasizes the fruit, vegetable, grains, protein foods, and dairy groups. In 2011, MiPlato was launched as the Spanish-language version of MyPlate.

ChooseMyPlate.gov provides practical information to individuals, health professionals, nutrition educators, and the food industry to help consumers build healthier diets with resources and tools for dietary assessment, nutrition education, and other user-friendly nutrition information. As Americans are experiencing epidemic rates of overweight and obesity, the online resources and tools can empower people to make healthier food choices for themselves, their families, and their children.

The Obama Administration has shed light to the obesity epidemic and public health issues in the United States more than ever before. This increase public health spending has helped educate the American public on better lifestyle habits and healthier consumption choices. According to the Natural Food Expo, the food industry's revenue growth is now being driven by a consumer mega-shift from fast foods to healthy convenience food. Awareness on food quality, food processes and food nutritional values has

grown tremendously during the last decade, and thus consumers are demanding healthier foods and better nutritional labeling. Due to this consumer mega-shift, sales of soft drinks from Coca Cola and Pepsi, and fast food sales from various chains continue to fall. There is new evidence emerging on the health implications of Americans adopting a better diet as the rate of diabetes in American youth is falling.

This shift has forced the food industry to shift their strategies, and thus, dozens of companies have already been producing healthy snack lines or changed recipes on their products to cater to new consumer preferences. For example, Kelloggs has released a series of new brands such as Special K, Fiber Plus bars, and Smart Start cereal. General Mills has expanded their organic brand, Cascadian Farm which produces cereals, granola bars and frozen fruits and vegetables. Large chains like Boston Market have cut down sodium in mashed potatoes, stuffing, and other menu items, and Kraft cut out trans-fat from Oreos in 2006. These are just a few examples of what U.S. companies have already been doing to cater to the increasing demand of healthier foods in the country.

In addition, the changing consumer trends catapulted Chipotle's stock to more than \$500 per share and has helped Whole Foods become the world's leading retailer of natural and organic foods. The National Restaurant Association's industry forecast confirms that healthful options lead culinary trends in the states, and that popular menu trends include whole grains, fruit/vegetable side dishes for kids, lower sodium food, lower calorie items, and smaller portions for lower prices. The millennial generation is projected to have the largest consumer buying power in the U.S. by 2017, and they do not have McDonald's among their top ten restaurants. This buying power is already reshaping the food industry's competitive landscape by providing affordable, authentic and transparent products and services to cater to their preferences.

Food and Drug Administration (FDA) nutritional labeling standards have undergone some changes as well. General food labeling requirements which have been around the last 20 years were most recently updated in 2013. This year, FDA is proposing new changes to Nutritional Facts Labels to require information on added sugars, change serving size requirements to reflect how people eat and drink today, provide information on single servings, and many more. These proposals mirror the food labeling requirements recently drafted by the Mexican government to help consumers make more informed food choices and maintain healthy dietary practices.

Opportunities are large for U.S. companies seeking to expand their healthier options - fruits, snacks, ingredients, vegetables - into the Mexican market. The new health campaigns in Mexico reflect the same policies the United States federal government has implemented as well, from labeling regulations to junk food bans in public schools. The new wave of young culinary entrepreneurs and the growing food truck industry poses great opportunities for U.S. companies to provide Mexican consumers the nutritional, high quality foods they demand as their diets and culinary preferences change. Considering all the Food trucks who participated at the USA Food Truck Festival reported around 90 percent of their ingredients are bought from Costco, Wal-Mart, and Sam's Club, U.S. companies have the opportunity to sell their products to these chains and expand their presence in the Mexico. The United States and Mexico share many similarities in regards to consumer trends, demographics, and governmental policies addressing public health issues, most notably the obesity epidemic. If U.S. companies tap into this market at the right time, they can better supply Mexican consumers with nutritious foods through several vehicles not limited to just brick-and-mortar restaurants.

Section V: ATO Contact Information

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Articles, Publications and Sites used for Research in this Report

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