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## Fresh Food in Mexico

### COVID-19 Impact on Fresh Food

The Mexican market saw total volume sales of fresh food decline in 2020 as the COVID-19 crisis had a dramatic impact on foodservice channels and undermined consumer confidence and purchasing power. However, performances varied significantly across fresh food categories. Products that are perceived to offer a combination of affordability, nutritional value, and versatility performed well during the year. Eggs, chicken, and pulses all benefited from being seen as affordable sources of protein with a wide range of uses, while potatoes also saw demand supported by low prices and use in a variety of dishes. Such products also saw growth driven by an increase in at-home food consumption and the fact that people had more time to cook from scratch because of home seclusion and the increase in remote working and distance learning.

Meanwhile, fish and seafood were among the categories to suffer severely from the closure and restricted operations of foodservice outlets and the marked decline in inbound tourism due to the COVID-19 pandemic.

Beach restaurants and resorts, important foodservice channels for fish and seafood, depend heavily on the arrival of tourists. Some fresh food categories, including fish and seafood, and vegetables, also faced increasing competition from packaged processed alternatives, as consumers looked for products with longer shelf lives that allowed them to stock up in case of supply shortages and to reduce the frequency of shopping trips and, thereby, potential exposure to the COVID-19 virus. Concerns about viral transmission through people handling products also added to the appeal of packaged items.

### Highlights

- COVID-19 had a profound impact on fresh food sales at the height of the pandemic. Many food items grew sales as consumers stocked up to accommodate much more time at home and the closure of foodservice options.
- There was an immediate shift to cooking/eating food at home and consumers are into affordability, nutritional value, and versatility of products especially fresh food. This may continue as they try to save money and socially distance.
- Fresh food products have the opportunity to appeal to health-conscious consumers because they aim for more fresh and natural products. These consumers perceived fresh food products as more nutritional than processed food.

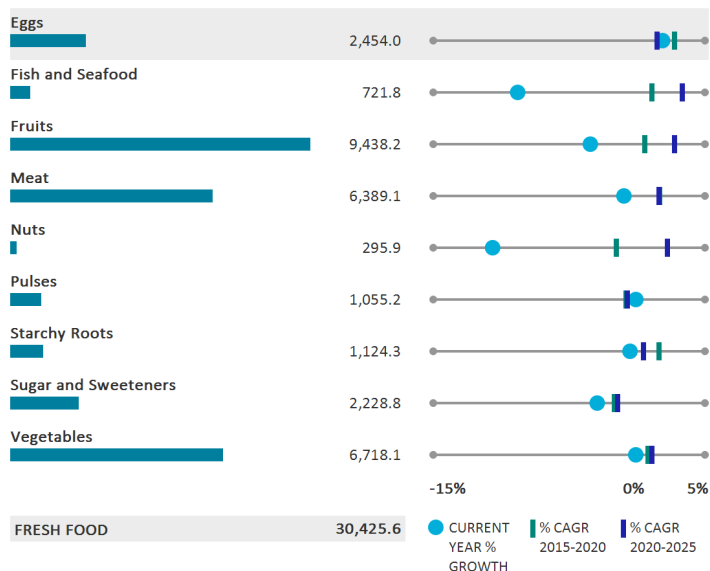
### Retailing Shift

Grocery retailing has not been heavily affected by restrictions aimed at limiting the spread of the COVID-19 pandemic, as it is considered to be an essential industry. As a result, the whole supply chain was able to operate throughout 2020, though there were some restrictions regarding the capacity of consumers allowed in stores at the same time. Across several fresh food categories, retailing was, therefore, in a strong position to absorb demand from foodservice, which was hit by closures and strict restrictions. Retailing also benefited from the rise in at-home consumption as people worked and studied from home and had more time for home cooking. Within retailing, there was a notable shift from fixed and open markets towards modern grocery retailing channels such as supermarkets, discounters, and hypermarkets, as well as to e-commerce, albeit to a lesser extent.

### Sales of Fresh Food in Mexico by Category

Total Volume - '000 tonnes - 2020

Growth Performance



This was driven by concerns of being infected with the COVID-19 virus in the crowded environments typical of fixed and open markets. E-commerce's capacity to benefit from consumers being confined to their homes and looking to avoid social contact was limited by online players' ability to take orders and deliver on time, and consumers' preference for choosing their fresh products.

### What's Next for Fresh Food?

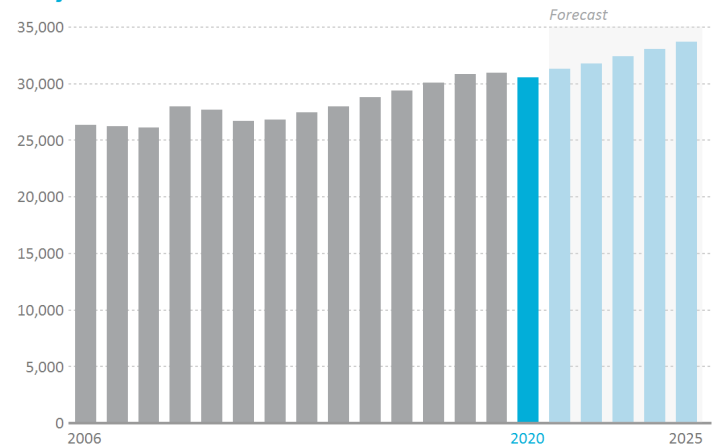
Total fresh food volumes are expected to return to grow and exceed pre-COVID-19 levels in 2021, driven by the revival of sales through foodservice as restrictions are eased. The performance of foodservice may be bolstered by the emergence of new businesses as part of an entrepreneurial response to the high levels of unemployment resulting from measures to curb the spread of COVID-19. However, the recovery of foodservice is likely to be constrained by consumer concerns about viral transmission through social contact and low levels of consumer confidence and purchasing power. It will also be affected by the fact that the revival of inbound tourism will be impeded by similar factors, as well as ongoing restrictions on international travel.

COVID-19 is set to have an enduring influence on the character of the demand for fresh food in Mexico during the forecast period. The increased budget-consciousness resulting from the economic impact of measures to contain the pandemic will continue to focus consumer spending on essentials and to support demand for affordable basics that can be used in a wide range of dishes, including eggs, chicken, potatoes, and pulses. The pandemic has also bolstered the existing trend towards increased health consciousness and concern for hygiene. This will affect both the types of products in demand and the use of packaging. In the short term, concerns about viral transmission are likely to lead to a rise in demand for products in plastic packaging which reduces the amount of direct handling by other people despite increasing concerns about the impact of plastic waste on the environment.

In the longer term, the nutritional value of products will become increasingly important, with opportunities to promote the specific health benefits of products such as fresh fruits and sweet potatoes. The health and wellness trend will harm sugar and sweeteners, however, as consumers become more aware of the role of sugar consumption in the development of conditions such as obesity, type 2 diabetes, and cardiovascular disease. Consumer health awareness will also play a part in the continued development of the trend towards reducing meat consumption, with

Sales of Fresh Food in Mexico  
Total Volume - '000 tonnes - 2006-2025

30,426



rising eco-consciousness and reduced spending power also encouraging consumers to look for meat alternatives. Pulses and eggs will attract consumers looking for affordable alternative sources of protein, while potatoes will also be used instead of meat by price-conscious consumers.

Fresh food is likely to see growing competition from packaged processed products during the forecast period, as consumers' return to hectic modern lifestyles boosts demand for convenient foods and cooking ingredients. Fresh pulses, meat, fish and seafood, and nuts are set to be among the categories facing intensifying competition from packaged processed alternatives during the forecast period. In response, fresh food products have the opportunity to appeal to consumers' health-consciousness and the demand for fresh, natural products, which is founded on perceptions that they offer greater nutritional value than processed foods. ■

Check out our previous issue:

Packaged Food in Australia

