



# Passport

## Soft Drinks in Mexico: ISIC 1554

Euromonitor International

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# SOFT DRINKS IN MEXICO: ISIC 1554

Mexico's soft drinks production value declined by 11.3% in 2020, making Mexico the largest country in the region. The industry's production value is forecast to grow at a CAGR of 6.1% over 2020-2025 and fully recover from the COVID-19 pandemic in 2021. This industry report provides comprehensive data on production, consumption, imports, exports, the industry's costs, the industry's profitability and the competitive landscape. Key indicators are benchmarked against other regional countries.

## HEADLINES

- With production value of USD17.4 billion, Mexico accounts for 43.2% of the Latin America total in 2020
- The industry's profitability decreases and stands at 32.1% of production value in 2020, the highest in the region
- The costs of the industry decrease by 10.9% in 2020, largely driven by declining B2B costs
- The total number of companies increases in 2020, to 35,093 units
- The industry is concentrated, with the top five companies generating 61.5% of total production value in 2020
- Fomento Economico Mexicano SA de CV is the largest company in Mexico, generating 26.9% of the industry's total production value in 2020
- Mexico has the largest market size for soft drinks in the region, with demand reaching USD22.6 billion in 2020
- Households drive market demand, with household spending representing 95.1% of total demand in 2020
- The market is dominated by domestic suppliers, as imports account for 2.0% of total market size in 2020

## INDUSTRY OVERVIEW

Soft drinks industry turnover in Mexico ranks first in the Latin America region. The industry's turnover is forecast to recover fully from the COVID-19 pandemic in 2021 and is forecast to rank first in 2025. In terms of absolute industry turnover growth, Mexico is forecast to rank first in the Latin America region. This indicates stronger B2B demand potential from the soft drinks industry in Mexico in comparison to other regional countries.

The soft drinks industry is mainly dependent on demand growth in the domestic markets, as exports accounted for 6.7% of total production output in 2020. Mexico ranks fifth in the Latin America region in terms of exports share.

Industry costs decreased by 10.9% in 2020. The change was largely impacted by B2B costs, which represented 89.5% of total industry expenditure in 2020. Productivity of the industry decreased over the year, as turnover per employee declined by 10.7%, and was larger than labour costs growth.

The industry's profitability decreased in 2020, and reached 32.1%. Mexico ranks first in the Latin America region in terms of the soft drinks industry's profitability.

The total number of companies operating in the industry continued to grow in 2020, to 35,093 companies. The industry can be considered concentrated, as the five largest companies accounted for 61.5% of production value in 2020. The industry's concentration decreased over the year. Fomento Economico Mexicano SA de CV remained the leading company in Mexico's soft drinks industry, and accounted for 26.9% of production value in 2020.

## PRODUCTION SCORECARD

The Production Scorecard is a benchmarking tool to evaluate the industry's performance within the region. The scorecard considers indicators in seven key pillars that are at the core of the industry's competitiveness. The scorecard is built by ranking countries in the regional context and helps to quickly identify country-specific opportunities.

### Summary 1 Scorecard of Production Pillar 2020

| Indicator  | Regional Ranking (out of 14) |
|--|------------------------------|
| Production value, 2020                             | 1                            |
| Historic production value growth, % CAGR 2015-2020 | 4                            |
| Future absolute value growth, 2020-2025            | 1                            |
| Future growth rate, % CAGR 2020-2025               | 6                            |
| Profitability, 2020                                | 1                            |
| Exports share of total production, 2020            | 5                            |
| Exports value growth, % CAGR 2015-2020             | 2                            |

Source: Euromonitor International from official statistics, trade associations

The production value indicator helps to evaluate the industry's size, supply chain network and B2B demand. Higher production value levels indicate greater potential B2B demand from the industry and a stronger supply network, which supports production.

Historic production value growth indicates the industry's average annual production value growth over the period 2015-2020. The historic growth rate indicates whether the industry is mature or in the developing stage.

Future absolute value growth indicates the industry's absolute production value growth in nominal terms over the period 2020-2025. High future absolute value growth indicates expanding production output of the industry and increasing B2B demand potential from the industry.

The future growth rate indicates the industry's average annual production value growth over the period 2020-2025. The indicator helps to evaluate the industry's future growth potential. A high average future growth rate indicates that the industry is in the development stage, with untapped B2B demand potential from the industry.

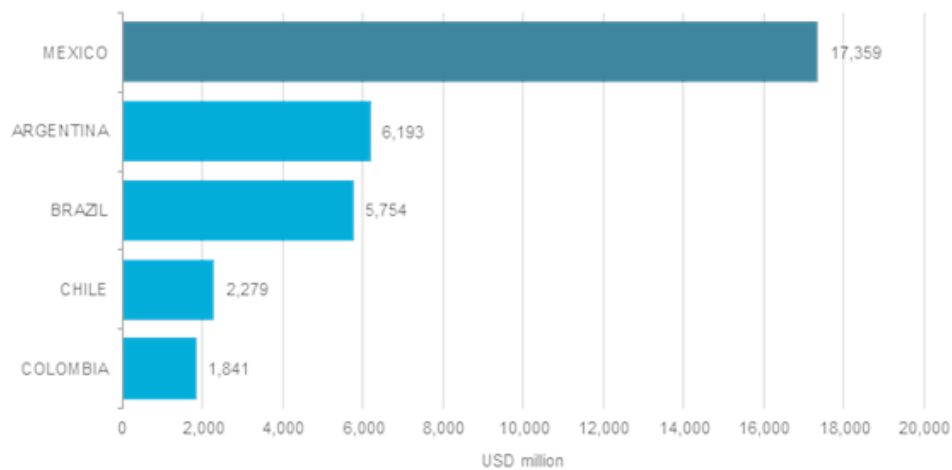
Profitability indicates the industry's profits relative to total production value in 2020. The indicator helps to evaluate the industry's financial stability, cost base and regional competitiveness. High profitability indicates a strong financial position for the industry, lower operating costs in the country and the industry's competitive advantage over rival industry in other countries.

Exports share of total production indicates the industry's export value relative to total production value in 2020. The indicator helps to evaluate the industry's competitiveness in the global market and the diversification of sales channels. A high exports share indicates that the industry is competitive globally and has a diversified sales network.

Exports value growth indicates the industry's average annual exports value growth over the period 2015-2020. The indicator helps to evaluate the industry's competitiveness in the global

market. High average growth in exports indicates that the industry remains competitive in the global market and/or has gained greater market share in the global market.

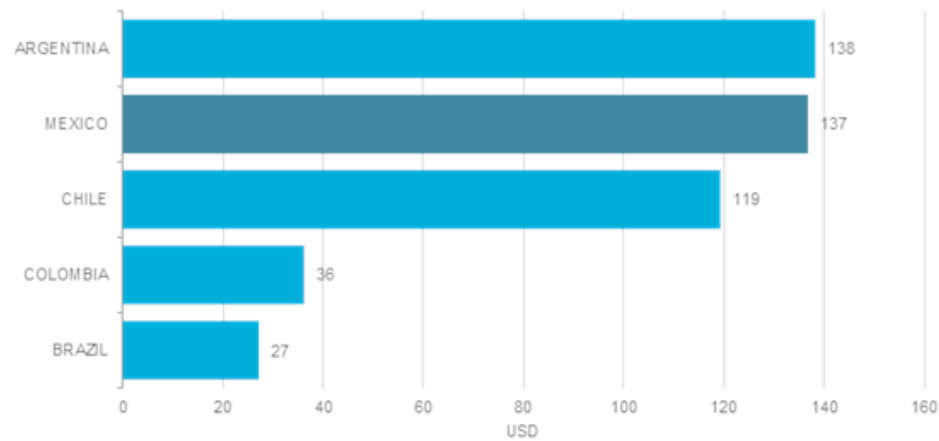
**Chart 1** Production Value Regional Comparison 2020



Source: Euromonitor International from official statistics, trade associations

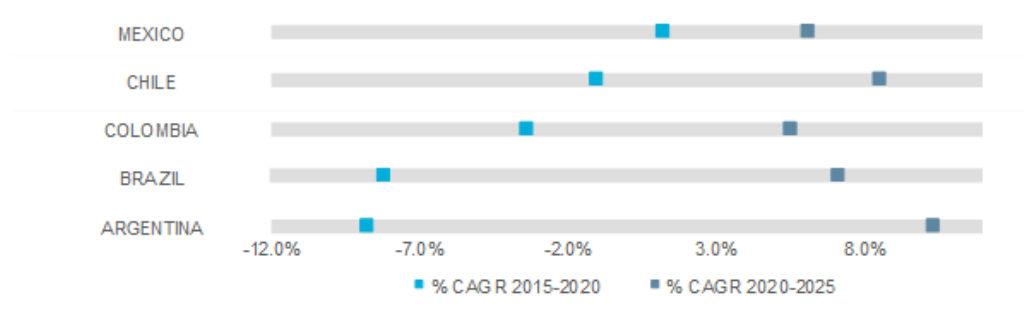
Note: Turnover shows total revenue (including export revenue) generated by all locally registered companies, the core activities of which fall under the industry definition range. Measured at basic prices/MSP. Also called turnover or turnover of local producers.

**Chart 2** Production Value per Capita Regional Comparison 2020



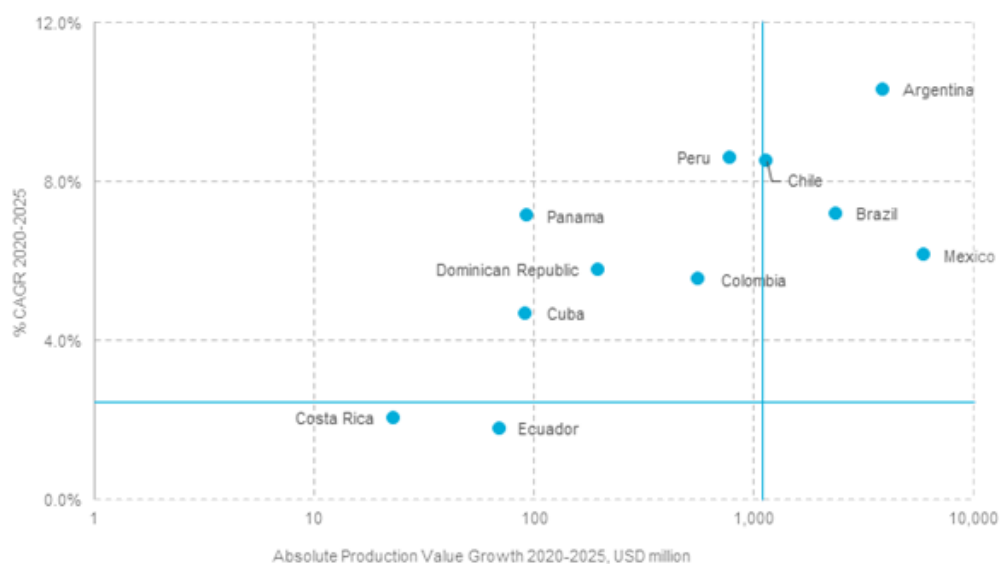
Source: Euromonitor International from official statistics, trade associations

**Chart 3** Production Value Growth Regional Comparison 2015-2025



Source: Euromonitor International from official statistics, trade associations

**Chart 4** Future and Absolute Growth of Production Value Regional Comparison 2020-2025



Source: Euromonitor International from official statistics, trade associations

Note: Top right quadrant of the chart indicates the best performing industries that will show above average annual future growth and high absolute production value growth over the period 2020-2025.

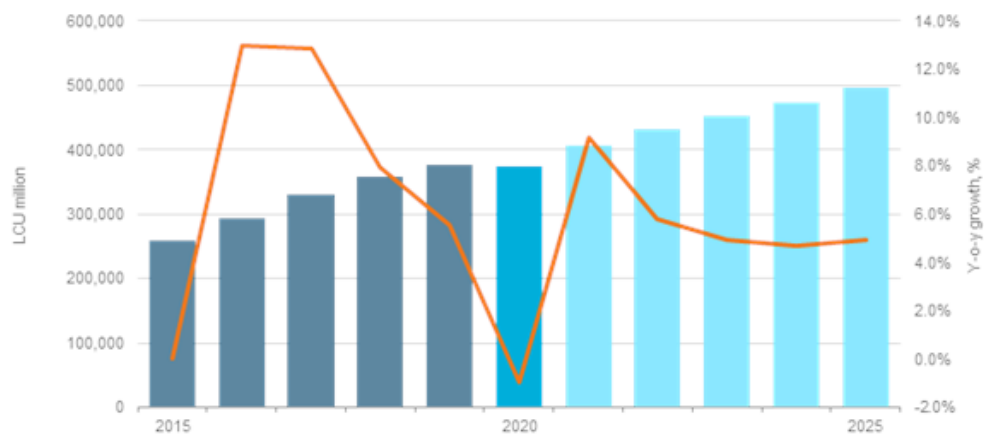
Bottom right quadrant of the chart indicates mature industries that will show below average annual future growth but high absolute production value growth over the period 2020-2025.

Top left quadrant of the chart indicates emerging industries that will show above average annual future growth but small absolute production value growth over the period 2020-2025.

Bottom left quadrant of the chart indicates underperforming industries that will show below average annual future growth and small absolute production value growth over the period 2020-2025.

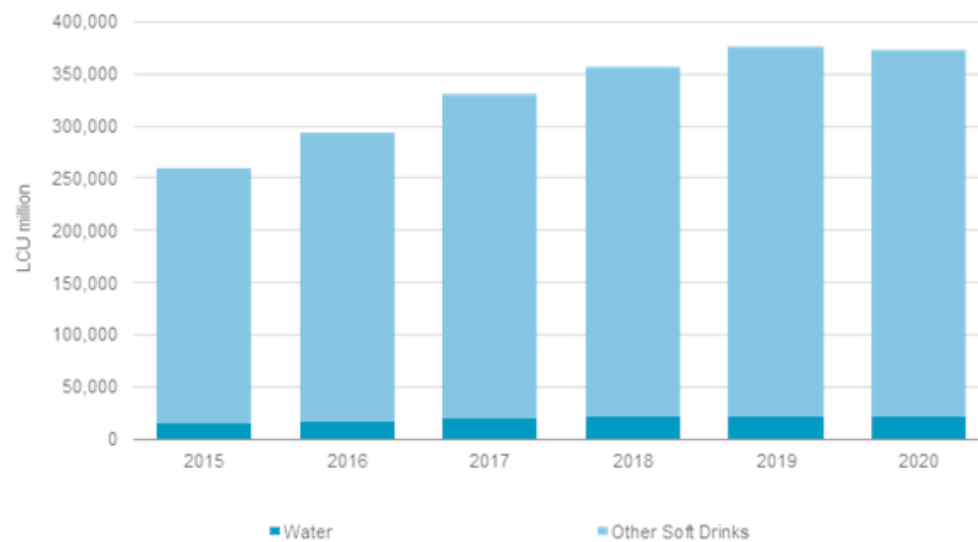
**Chart 5** Production Value 2015-2025

Turnover in 2020 – MXN373,177 million



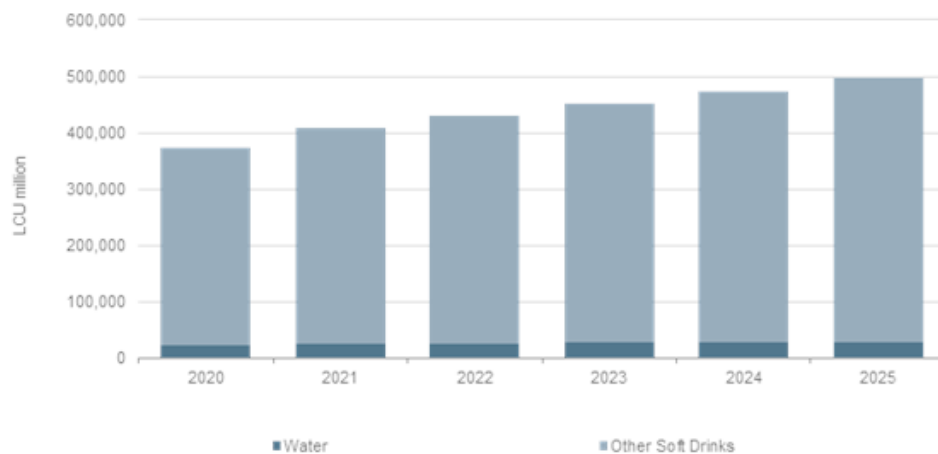
Source: Euromonitor International from official statistics, trade associations, trade press, company research

**Chart 6** Production Value by Category 2015-2020



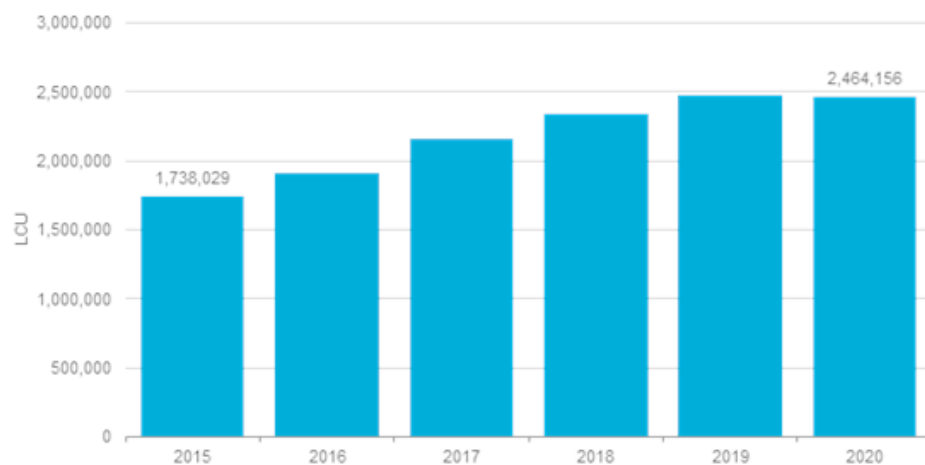
Source: Euromonitor International from official statistics, trade associations, trade press, company research

**Chart 7** Production Value by Category 2020-2025



Source: Euromonitor International from official statistics, trade associations, trade press, company research

**Chart 8** Production Value per Employee 2015-2020



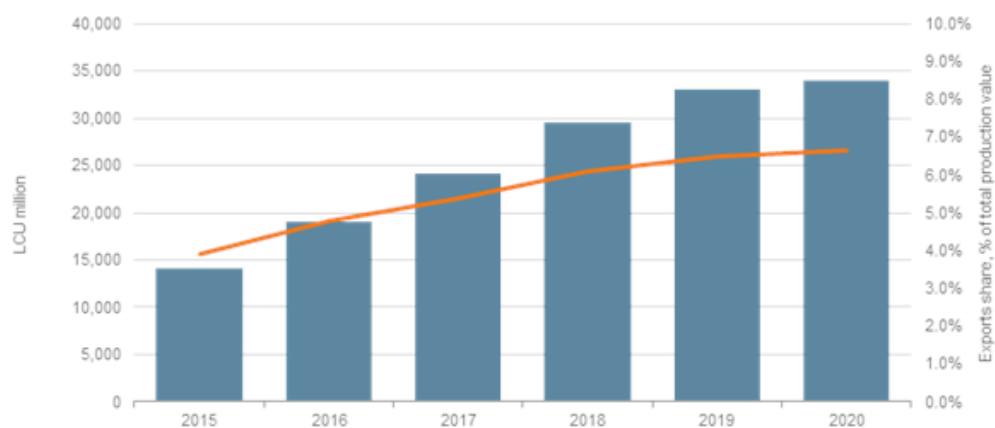
Source: Euromonitor International from official statistics, trade associations, trade press, company research

Note: Production value per employee dynamics help to evaluate the productivity of the industry. Expanding production value per employee indicates increasing productivity levels and higher future turnover growth potential for the industry.

**Chart 9** Exports 2015-2020

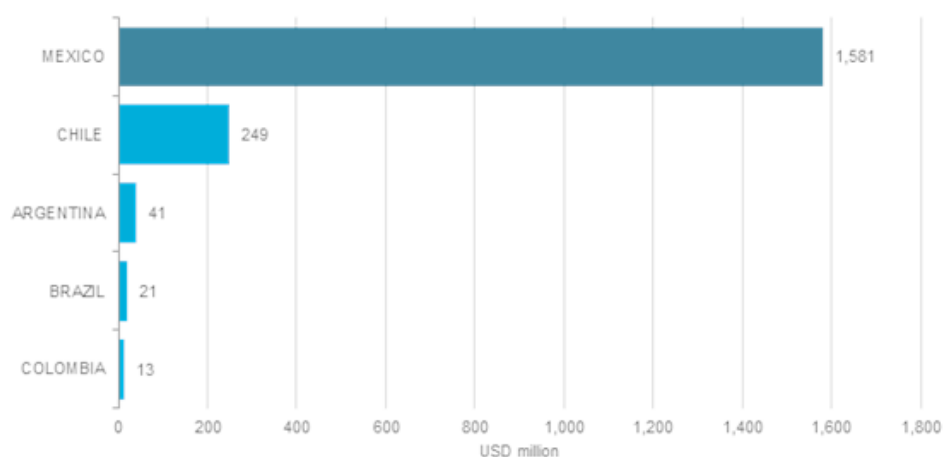
Export value in 2020 – MXN33,979 million





Source: Euromonitor International from official statistics, trade associations, trade press, company research  
 Note: Exports show the value of goods exported to foreign countries, including all production and other costs incurred up until the goods are placed on board the international carrier for export, but excluding international insurance and further transportation costs.

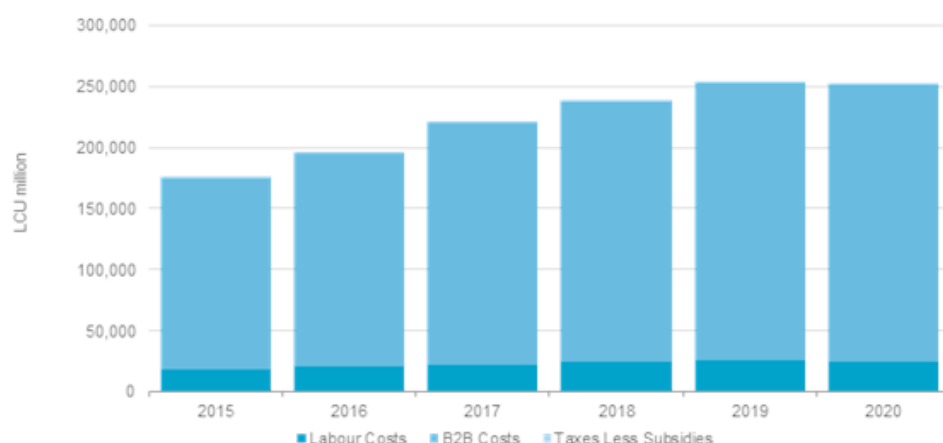
Chart 10 Exports Regional Comparison 2020



Source: Euromonitor International from official statistics, trade associations, trade press, company research

## COST STRUCTURE

Chart 11 Cost Structure 2015-2020



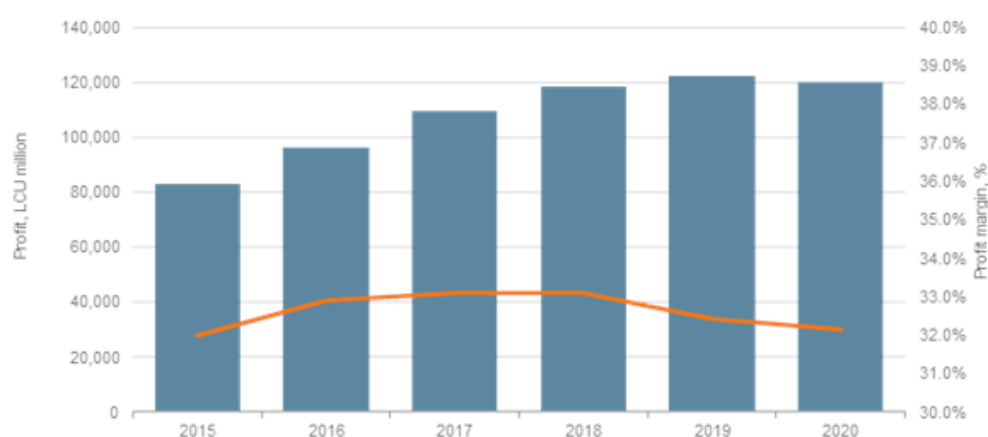
Source: Euromonitor International from official statistics, trade associations, trade press, company research  
 Note: Total costs equal production value less profits.

B2B costs show the total value of the goods and services consumed as inputs for a process of production of goods and/or provision of services. The goods and services may be either transformed or used up by the production process. Intra-industry trade, which is also included (the industry itself is among its major buyers), refers to the exchange of products within the same industry definition range.

Labour costs are defined as the total remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done. No labour costs are payable in respect of unpaid work undertaken voluntarily, including the work done by members of a household within an unincorporated enterprise owned by the same household.

Taxes less subsidies refers to taxes less subsidies on production and includes production taxes paid by the industry or subsidies received by the industry. Excluded are specific taxes on products such as VAT, petrol tax, tobacco tax and alcohol tax.

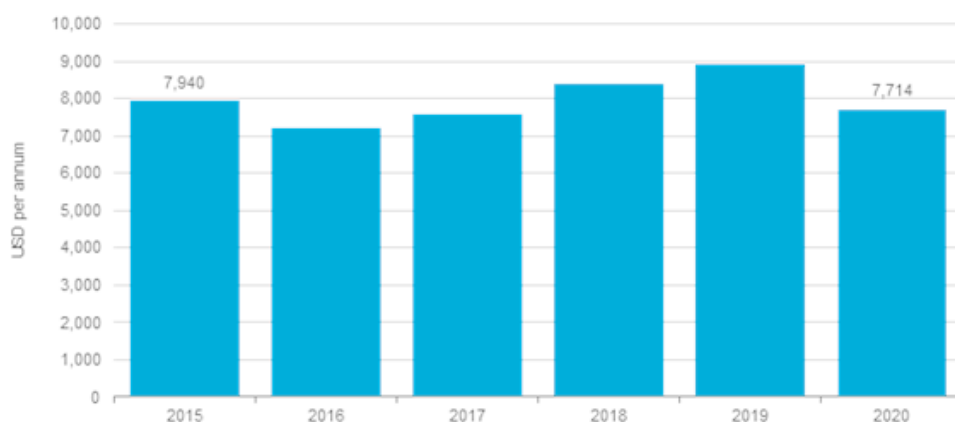
Chart 12 Profit and Profit Margin 2015-2020



Source: Euromonitor International from official statistics, trade associations, trade press, company research  
 Note: Profits are calculated as the difference between production and total costs (B2B costs, labour costs, taxes less subsidies). Profits is measured in local currency units and US dollars. The profit margin is calculated as profits divided by production value, and is measured as a percentage.

Profit and profit margin dynamics help to evaluate the financial stability and competitiveness of the industry. Stable profitability of the industry indicates that the industry is capable of maintaining its financial stability and competitiveness, indicating a stable future outlook in terms of B2B demand potential.

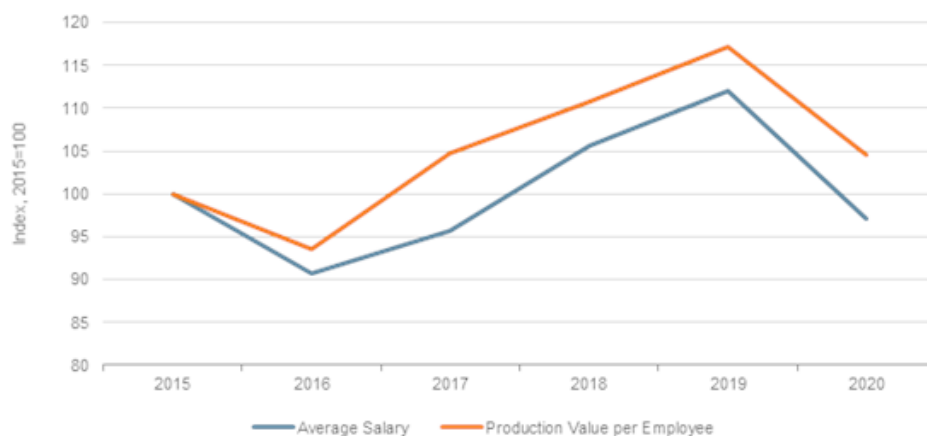
Chart 13 Average Salary 2015-2020



Source: Euromonitor International from official statistics, trade associations, trade press, company research

Note: Average salary shows labour costs divided by number of employees.

Chart 14 Labour Costs and Employee Productivity Comparison 2015-2020

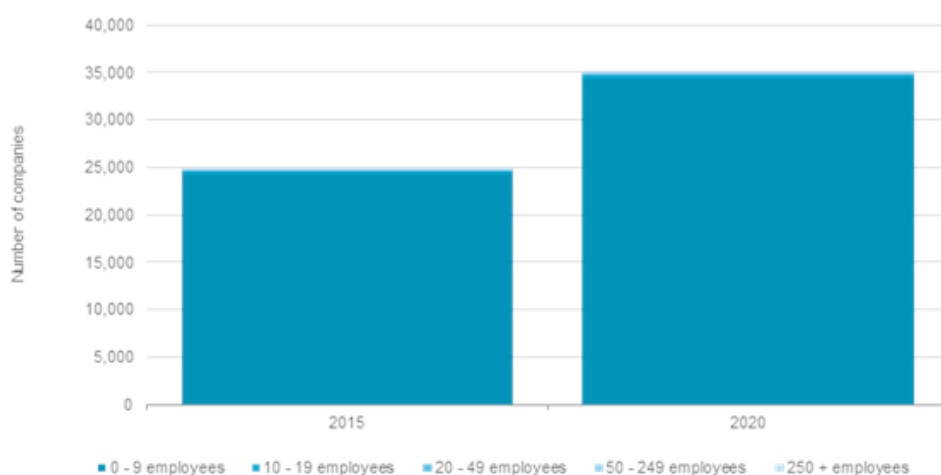


Source: Euromonitor International from official statistics, trade associations, trade press, company research

Note: Average salary and turnover per employee dynamics help to evaluate the industry's competitiveness. Faster growth in turnover per employee in comparison to average salary growth indicates that the industry is capable of maintaining its competitiveness and can compensate for cost increases through increased production output.

## FIRMOGRAPHICS

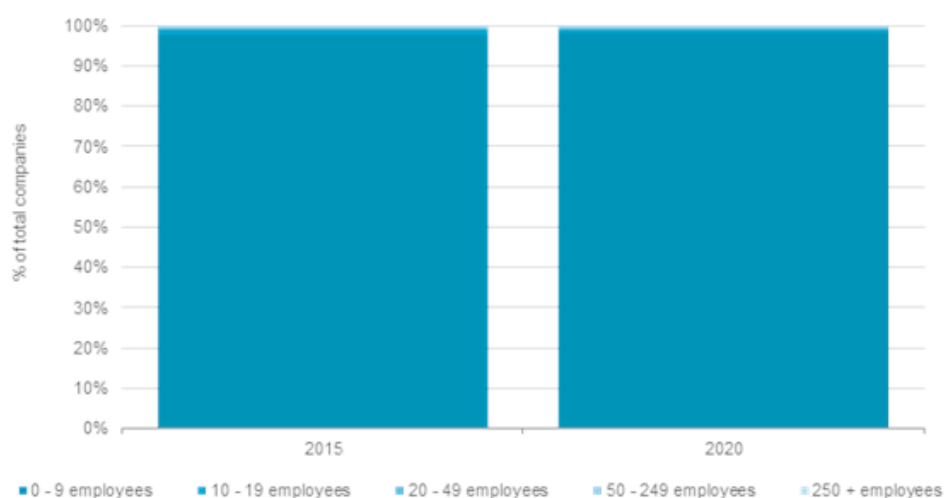
Chart 15 Number of Companies by Size 2015/2020



Source: Euromonitor International from official statistics, trade associations, trade press, company research

Note: Number of companies shows the number of locally registered enterprises (regardless of capital origin), the core activities of which fall under the industry definition range. An enterprise is an institutional unit in its capacity as a producer of goods and services; an enterprise may be a corporation, a quasi-corporation, a non-profit institution, or an unincorporated enterprise. Also includes zero employee firms (sole traders) and the self-employed. Also called number of enterprises.

Chart 16 Competitive Landscape Structure by Company Size 2015/2020



Source: Euromonitor International from official statistics, trade associations, trade press, company research

Chart 17 Top Companies' Ranking 2015-2020 and % of Production Value 2020



Source: Euromonitor International from official statistics, trade associations, trade press, company research

## MARKET OVERVIEW

The soft drinks market in Mexico ranks first in the Latin America region. In terms of absolute market size growth, Mexico ranks first in the Latin America region. The soft drinks market in Mexico was highly affected by the outbreak of COVID-19, as market size contracted by 10.5% in 2020, to reach USD22.6 billion.

Demand for soft drinks is largely driven by household demand, which generated 95.1% of total demand in 2020. In nominal terms, household demand for soft drinks decreased by 10.5% in 2020.

The soft drinks market in Mexico is dominated by domestic companies, as imports represented 2.0% of the total market size in 2020. The share of domestic companies declined from 2.4% in 2015.

## CONSUMPTION SCORECARD

The Consumption Scorecard is a benchmarking tool to evaluate the market's performance within the region. The scorecard considers indicators in five key pillars that are at the core of the market's competitiveness. The scorecard is built by ranking countries in the regional context and helps to quickly identify country-specific opportunities.

### Summary 2 Scorecard of Consumption 2020

| Indicator  | Regional Ranking (out of 14) |
|--|------------------------------|
| Market size, USD   | 1                            |
| Market size absolute value growth 2015-2020, USD million | 1                            |
| Market size historic growth rate, % CAGR 2015-2020       | 4                            |
| Imports share in total market 2020, % of total           | 8                            |
| Imports value growth, % CAGR 2015-2020                   | 8                            |

Source: Euromonitor International from official statistics, trade associations, trade press, company research

Market size value indicates the total demand potential for specific goods or services. Higher market size indicates higher demand potential from households, B2B and government buyers within the country.

Market size absolute value growth indicates absolute demand potential growth in nominal terms over the period 2015-2020. High absolute demand growth indicates expanding domestic demand for specific goods or services.

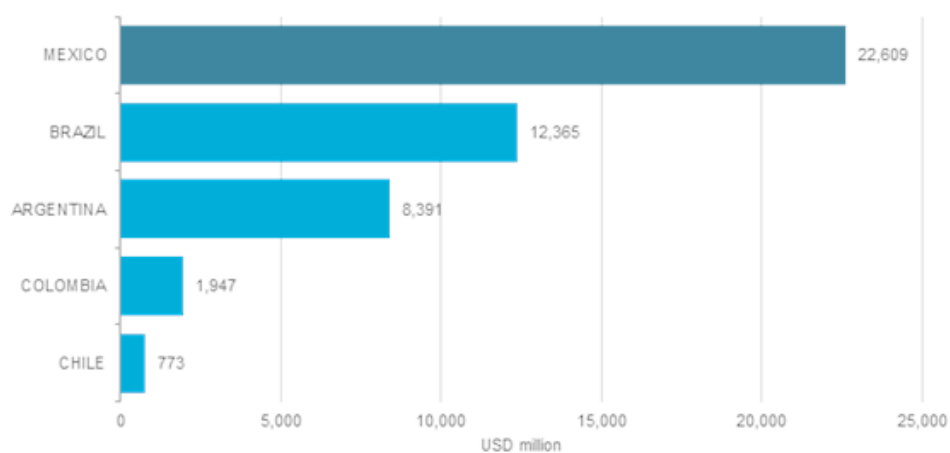
Market size historic growth rate indicates the market's average annual value growth over the period 2015-2020. A high average market growth rate indicates that the market is in development stage with untapped future demand potential for specific goods or services.

Imports share in total market indicates import value relative to total market size in 2020. The indicator helps to evaluate demand and sales potential of foreign goods. A high import share indicates high demand potential and sales potential for foreign goods in the country.

Imports value growth indicates average annual imports value growth over the period 2015-2020. The indicator helps to evaluate demand and sales potential of foreign goods. High

average growth of imports indicates that the market remains open to foreign goods, and total sales potential is expanding.

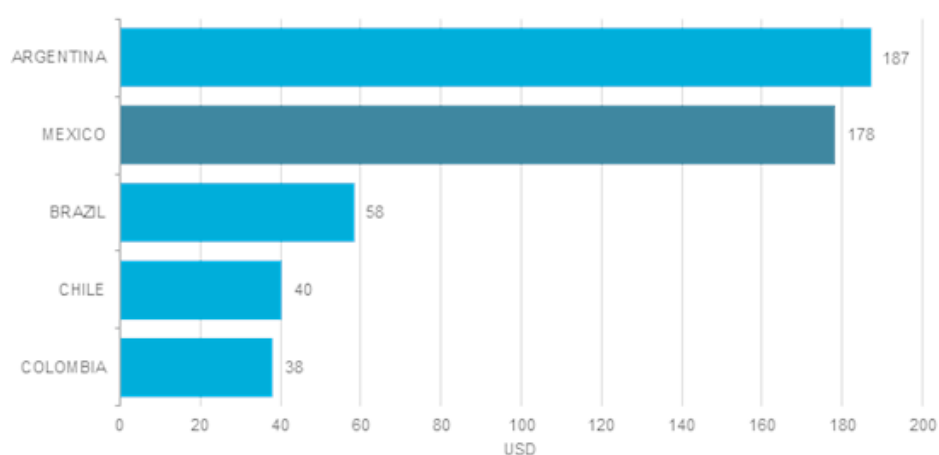
**Chart 18** Market Size Regional Comparison 2020



Source: Euromonitor International from official statistics, trade associations, trade press, company research

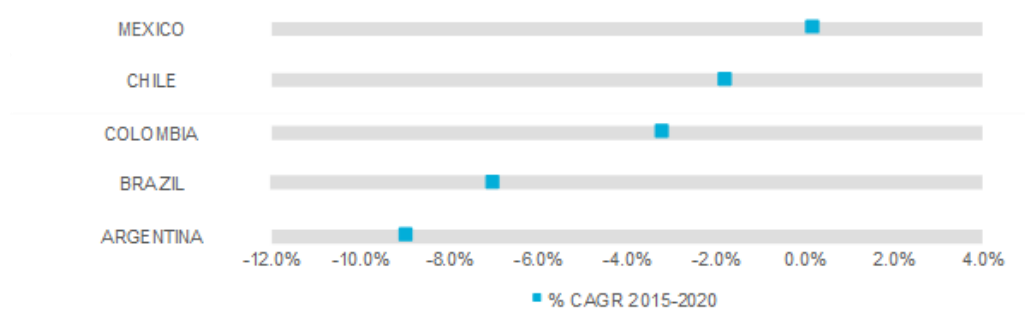
Note: Market size shows the total value of industry-specific goods and/or services, whether produced domestically or imported, that are sold in a country's market. Measured at purchaser price/RSP.

**Chart 19** Market Size per Capita Regional Comparison 2020



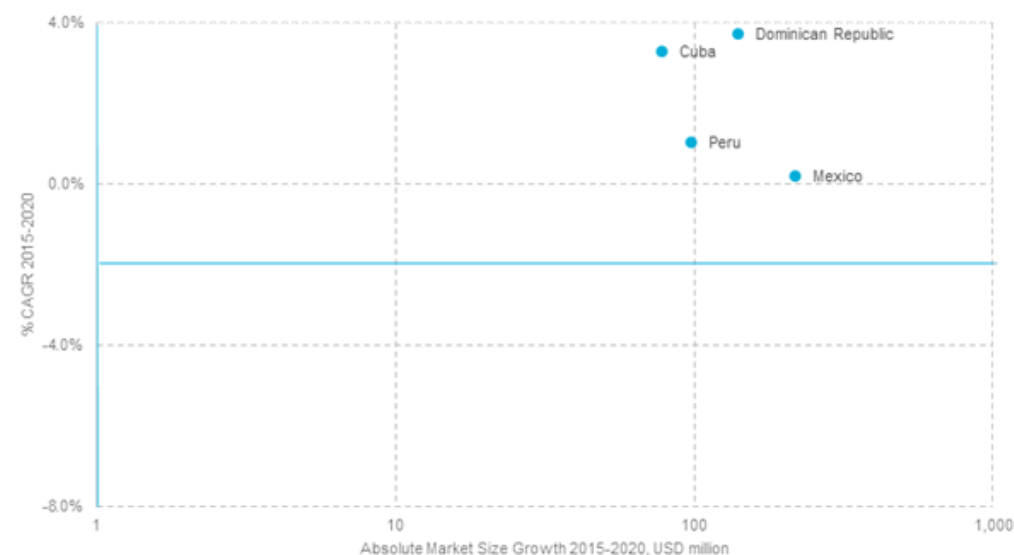
Source: Euromonitor International from official statistics, trade associations, trade press, company research

**Chart 20** Market Size Growth Regional Comparison 2015-2020



Source: Euromonitor International from official statistics, trade associations, trade press, company research

**Chart 21** Market Size Absolute and Average Historic Growth Regional Comparison 2015-2020



Source: Euromonitor International from official statistics, trade associations, trade press, company research

Note: Top right quadrant of the chart indicates the best performing markets with above average annual market growth rate and high absolute market value growth over the period 2015-2020.

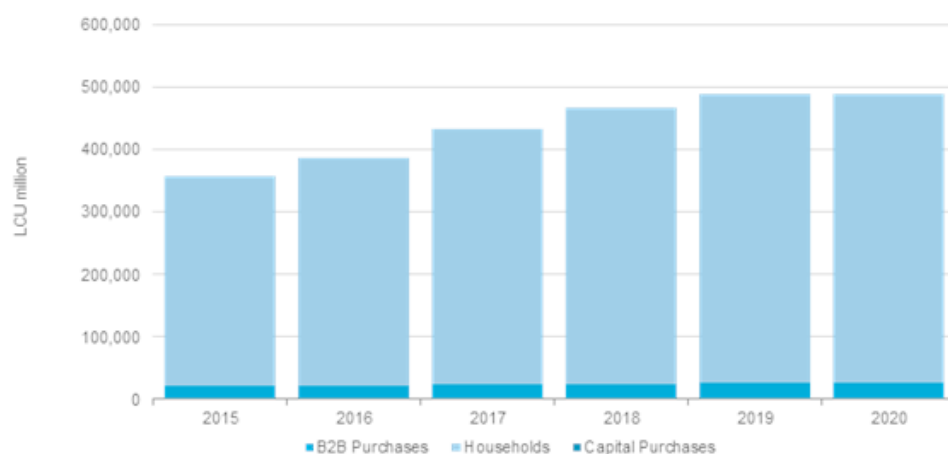
Bottom right quadrant of the chart indicates mature markets with below average annual market growth rate but high absolute market value growth over the period 2015-2020.

Top left quadrant of the chart indicates emerging markets with above average annual market growth rate but small absolute market value growth over the period 2015-2020.

Bottom left quadrant of the chart indicates underperforming markets with below average annual market growth rate and small absolute market value growth over the period 2015-2020.

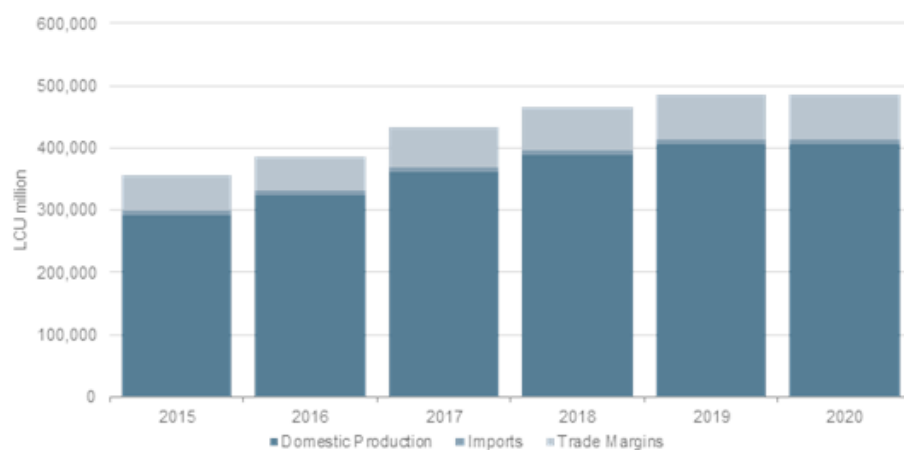
**Chart 22** Market Structure by Buyer 2015-2020

Market value in 2020 – MXN486,042 million



Source: Euromonitor International from official statistics, trade associations, trade press, company research

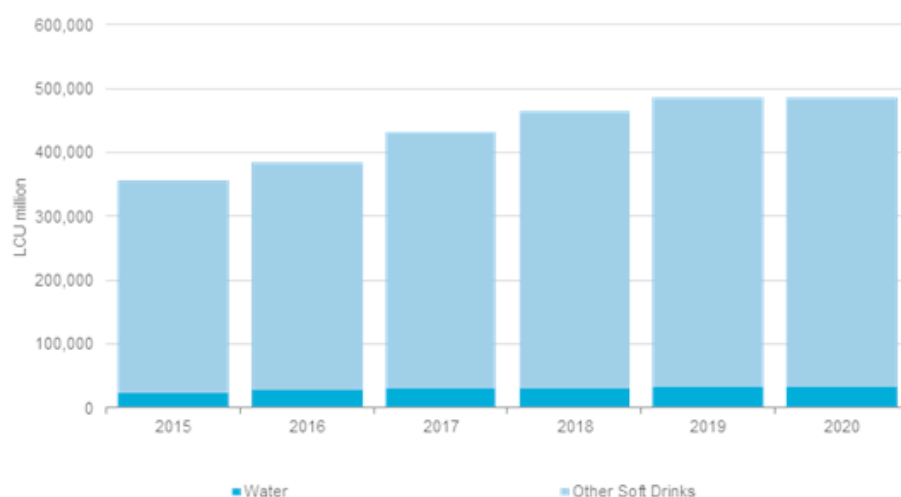
Chart 23 Market Structure 2015-2020



Source: Euromonitor International from official statistics, trade associations, trade press, company research

Chart 24 Market Structure by Category 2015-2020

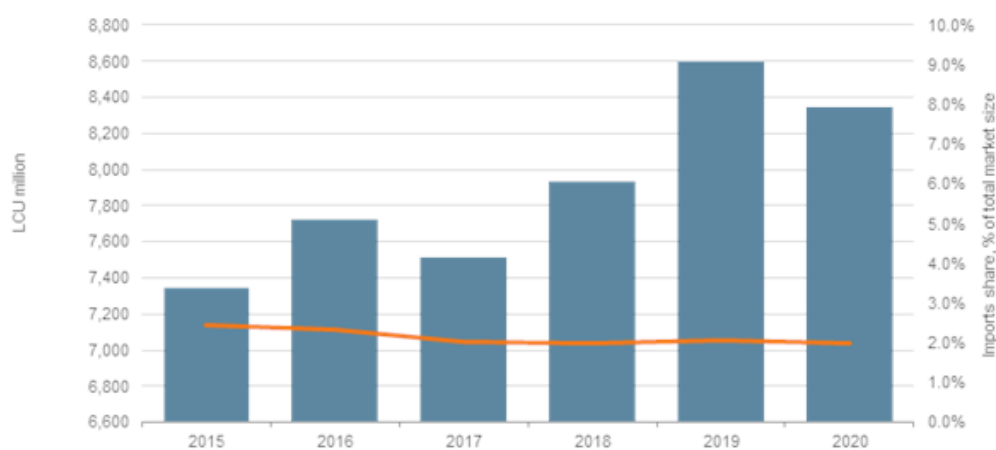




Source: Euromonitor International from official statistics, trade associations, trade press, company research

**Chart 25 Imports 2015-2020**

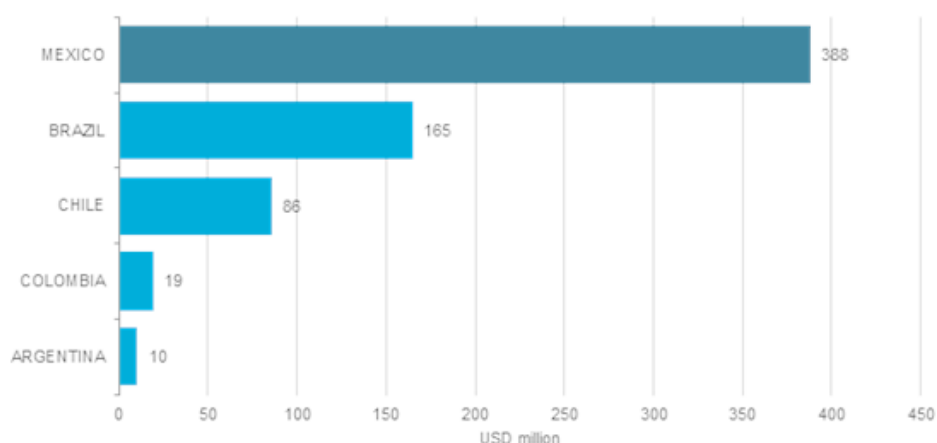
Import value in 2020 – MXN8,346 million



Source: Euromonitor International from official statistics, trade associations, trade press, company research

Note: Imports show value of goods delivered at the frontier of the importing country, including any freight, insurance and other costs incurred during transportation of goods from the port of origin, but before the payment of any import duties or other taxes within the country. Includes re-exports.

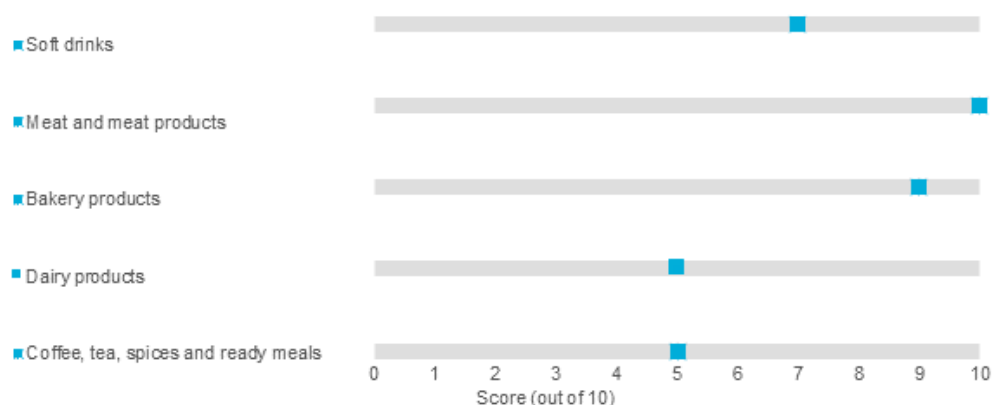
**Chart 26 Imports Regional Comparison 2020**



Source: Euromonitor International from official statistics, trade associations, trade press, company research

## ATTRACTIVENESS INDEX

Chart 27 Attractiveness Index in Selected Industries 2020



Source: Euromonitor International

Note: Attractiveness index (AI) is a derivative variable, which gives a quick understanding of how the selected industry performs in comparison with other industries in an economy. IA is based on a set of variables. For each variable, all industries in the economy are ranked and get a corresponding rate from 1 at the very bottom to 177 at the very top. When all ranks are available, a weighted average is calculated and the corresponding percentile is assigned. The higher the IA, the better industry performance is.

## ECONOMIC CONTEXT AND LABOUR MARKET

Summary 3 Economic Context and Labour Market 2020

### Economic Context

|                                   | Global ranking |
|-----------------------------------|----------------|
| Ease of Doing Business Ranking    | 60             |
| Index of Economic Freedom Ranking | 67             |

|                                      |        |
|--------------------------------------|--------|
| Global Competitiveness Ranking       | 48     |
| Labour Market                        |        |
| Economically Active Population, '000 | 53,584 |
| Employment Rate                      | 57.2%  |
| Wage per Hour, USD                   | 2.2    |
| Wage per Hour in Manufacturing, USD  | 2.7    |
| Average Salary, USD per annum        | 21,005 |

Source: Euromonitor International from official statistics, trade associations, trade press, company research