



Passport

NESTLÉ MÉXICO SA DE CV IN PACKAGED FOOD (MEXICO)

Euromonitor International

February 2018

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NESTLÉ MÉXICO SA DE CV

STRATEGIC DIRECTION

- Nestlé México will focus on increasing the domestic production of its key raw materials in the forecast period, with this strategy enabling it to reduce costs and avoid the impact of exchange rate fluctuations. By 2022, the company aims to use only Mexican corn and wheat, with the company supporting domestic producers via a number of initiatives. The company will also increase its own domestic production capacity, planning to expand production capacity at its cereal plant in Jalisco by 30% in 2018. The company is expected to remain a strong player in packaged food, benefiting from its iconic brands, wide range and impressive distribution reach. The company will also continue to invest heavily in new product development and marketing, with new launches likely to have a better for you or free from positioning in order to capitalise on a strong health and wellness trend.
- The end of the review period saw Nestlé invest in increasing Mexican production capacity and also in diversification. 2017 saw the company invest MXN100 million, doubling the capacity of its Lácteos Lagos de Moreno plant to receive fresh milk. This was part of a MXN700 million investment plan covering 2014-2020 and aiming to increase Mexican raw milk production.
- Nestlé México is the Mexican subsidiary of Swiss multinational Nestlé SA and began operations in Mexico in 1930.
- In addition to packaged food, Nestlé also offers bottled water within soft drinks, pet food, hot drinks, and foodservice packaged food.

KEY FACTS

Summary 1 Nestlé México SA de CV: Key Facts

Full name of company:	Nestlé México SA de CV
www:	www.nestlé.com.mx
Activities:	Manufacturer and distributor of packaged food, hot drinks, soft drinks and pet food

Source: Euromonitor International from company reports, company research, trade press, trade sources

COMPETITIVE POSITIONING

- Nestlé México ranks fifth in packaged food and accounted for 3% value share in 2017. The company dominates sales of baby food, with 51% value share in milk formula, 91% share in prepared baby food and close to 100% share in dried baby food in the year. The company also has a dominant position in powder milk, condensed milk, coffee whiteners, tablets and liquid stocks and fonds.
- The company lost share during the review period as a whole, due to selling its ice cream division to Herdez in 2015 and selling the license for its yoghurt range to Grupo Lala in 2014. However, in 2017 the company's share stabilised. This was thanks to the company's diverse product range, wide distribution and ongoing innovation. Nestlé has nationwide distribution, with its logistics operations supported by a network of more than 40 distribution centres throughout the country.

- The company offers an extensive portfolio encompassing more than 1,600 separate references across a wide range of product categories. In some areas, its brands have become almost synonymous with their product, such as Coffee-mate in coffee whiteners and Carnation in condensed milk. In other areas, the company however offers a range of brands. Within tablets, the company for example offers the Carlos V, Larin, Crunch, Nestlé Seducción and Nestlé Gold brands.
- The company invests heavily in innovation and tailors new products to meet changing consumer demands. Growing interest in natural and healthy nutrition for example inspired a range of launches in baby food in 2017. These included Gerber Armonía Herbal apple & chamomile herbal beverages and Gerber Junior Smoothy in variants such as banana, apple, mango, white grape & pineapple. The company also responded to a growing focus on food intolerance and food sensitivity by launching a range of free from lactose products, including Media Crema Deslactosada in UHT cream and La Lechera Deslactosada in plain condensed milk. These launches were supported by extensive marketing including TV advertising, print advertising and social media marketing.
- The company proved innovative in its promotional activity towards the end of the review period. 2017 saw the company form a partnership with online grocery retailer Cornershop, offering free delivery to customers with over MXN120 worth of Nestlé products in their order.

Summary 2 Nestlé México SA de CV: Competitive Position 2017

Product type	Value share	Rank
Packaged food	3.2%	5
Baby food	57.2%	1
Baked goods		
Breakfast cereals	12.3%	2
Confectionery	6.5%	4
Dairy	5.3%	4
Edible oils	-	-
Ice cream and frozen desserts	-	-
Processed fruit and vegetables	-	-
Processed meat and seafood	-	-
Ready meals	-	-
Rice, pasta and noodles	-	-
Sauces, dressings and condiments	-	-
Savoury snacks	-	-
Soup	-	-
Spreads	-	-
Sweet biscuits, snack bars and fruit snacks	-	-

Source: Euromonitor International from company reports, company research, trade press, trade sources, trade interviews

