

# FOOD BUSINESS NEWS

News, Markets & Analysis for the Food Processing Industry

(Foodbusinessnews.net, May 23, 2007)

## Hispanic market drives growth in food industry

by FoodBusinessNews.net Staff

LOS ANGELES — According to a study by Edgar Mendez — a principal at The Mercanti Group, an investment banking firm — Hispanics are driving business and investment opportunities, with specific contributions to the food industry. These contributions come as natural increases are now more significant than immigration when it comes to this segment's overall population increases.

"The ability for companies and investors to identify product areas and market to Hispanic consumers will lead to incremental gains in their businesses," Mr. Mendez said. "We believe the Hispanic market is ripe with prospects in almost every consumer product and services sector, and it's just a matter of who will capitalize on these abundant opportunities."

Mr. Mendez said that from 2000 to 2005, natural increases, or the birth rate minus the death rate, were responsible for 56% of the growth of the population of Hispanics in the United States.

The report, which was published in Mercanti's monthly Chronicle report series, also said Hispanic consumers in the United States have one of the largest disposable incomes of any minority group, with the estimated buying power of the group predicted to grow to \$1.3 trillion in 2011 from \$838 billion in 2006. There are 42.7 million Hispanics living in the United States.

In terms of the food industry, the Mexican food and beverage segment represents about \$52 billion in the United States. It is also a growing market as 7 out of 10 households surveyed said they eat Mexican food and use Mexican ingredients.

Additionally, the Mexican restaurant business is booming — Chipotle Mexican Grill, for example, has more than 500 locations and its annual profits averaged 199% growth from 2004 to 2006. Additionally, within 10 years Baja Fresh, Rubio's, Chipotle and Qdoba were all on the market to be sold or spun off because there was such a high demand for Mexican food.

Hispanics also are shopping for groceries 26 times per month, which is three times more often than other consumers. Along these lines, the frozen Mexican food category had grown at a rate faster than the overall frozen food category since the Jose Ole brand began. Sales in this category have increased more than \$100 million in the grocery channel, with Jose Ole responsible for 75% of this growth.

Hispanic consumers are also more likely to cook from scratch and use fresh ingredients, according to the Mintel Group and a Bureau of Labor Statistics Consumer Expenditure Survey. Specifically, this group spends more on fruits and vegetable and less on frozen prepared foods.