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U.S.-based Sara Lee , Kir Alimentos To Market Processed Meats In Mexico

by LADB Staff

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In early March, Chicago-based Sara Lee Corp. announced a joint venture with Monterrey-based Kir Alimentos S.A., a subsidiary of AXA S.A., to sell frankfurters, sausage, and other processed meats in Mexico. Sara Lee entered into the partnership by purchasing a share in Kir Alimentos for an undisclosed sum.

The two companies will exchange food production technology and use Kir's distribution system to sell the Sara Lee products in Mexico. Kir Alimentos is Mexico's second largest producer and distributor of processed meats, selling its products under the brand names Kir and Duby. The products to be marketed jointly by the two companies in Mexico will be similar in quality and appearance to those sold in the US under the brand names of Ball Park frankfurters, Jimmy Dean sausage, and Hillshire Farms meats.

This is Sara Lee's second joint venture in the Mexican food industry. The company currently has a partnership with Grupo Bimbo to market baked goods and other pastries in Mexico. According to financial analysts, Sara Lee's new joint venture in marketing of processed meats coincides with a growing demand for imported processed foods in Mexico. Recent statistics by the US Department of Agriculture (USDA) show that Mexico was the third largest destination for exports of US processed foods in 1993, surpassed only by Canada and Japan.

US exports of processed foods to Mexico totaled US\$1.35 billion in 1993, or almost four times the US\$350 million the US had exported to Mexico in 1988. The USDA report said several factors contributed to this trend, including a reduction in import barriers, an increase in the purchasing power of Mexican consumers, and aggressive marketing campaigns by US food companies in Mexico.

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