

The Mexican company was able to add maintenance and repair to its service line, and continue importing some sophisticated products not available in Mexico. Although still a small player, the company survived, turned a profit in 1996 and is again importing wood in 1997.

This example illustrates how Mexican distributors are learning that they must add value to the distribution chain. In the past, many simply took orders, received a partial payment up front, and imported the product. They did not offer inventory, financing, quick delivery or service to the customer. Many of them handled only imported products and handled regional markets through sub-distributors.

Before the devaluation, larger customers, especially industrial end users and retail chains, began to buy direct from the foreign suppliers to avoid multiple distributor markups and delays. The devaluation has placed a new emphasis on cost control and many of them would like to simplify their purchasing processes even further. This is driving a trend whereby importing agents are joining forces with large distributors. Once it is fully implemented, this approach has several advantages. It can give the Canadian exporter the benefits of an exclusive Mexican agent and at the same time provide efficient national distribution. And from the buyer's point of view, it has the benefit of providing a mix of imported and domestic products from a smaller number of vendors.

The agent-distributor combination described above is only one of many possible configurations. Distribution methods can be conveniently divided into three categories:

- direct sales to end users;
- sales to resellers who take title to the goods; and
- sales through agents or other partners who work on behalf of the exporter.

The following chapters deal with each of these categories separately. This guide further develops the theme of distribution channels by including special considerations for different types of product, as well as a discussion of documentation and logistical issues.