

MARKET ENTRY STRATEGIES

Niche marketing and partnering with local firms are keys to success. Regardless of their target market, Canadian firms must be prepared to supply their own financing.

The large housing shortage in Mexico suggests important opportunities for Canadian home builders and building products suppliers. The devaluation of the peso, however, has put foreign suppliers at a disadvantage. According to industry experts, success in this market depends on a selective approach to specific market niches.

- Look for opportunities to partner with a Mexican company. Mexican firms are skilled in basic building techniques but are less knowledgeable in the areas of planning, developing, financing and selling homes. These skills are vital to operating under the new public housing regime.
- Learn about the key financing institutions and look for upcoming auctions of housing projects.
- Consider the market for middle- and upper-income homes. Commercial financing is more readily available for buyers, profit margins for builders are healthier, and there is more likely to be a taste for less traditional housing styles and an "imported" look.
- Investigate the market for housing in tourist resorts. There is an active market for condominium-type vacation and retirement homes throughout Mexico. Builders may find opportunities to cater to Canadian, American and European tastes and budgets.
- Act as both developer and financier. Many veterans in the market believe that the best opportunity in the housing business is for the developer to finance construction at attractive interest rates. Canadian firms can take advantage of financial assistance available from such organizations as the Export Development Corporation and the Canadian Commercial Corporation.
- Find a local agent or distributor for building products and hardware items. Retail stores catering to do-it-yourself home remodellers are a promising alternative.

Canadian companies that have succeeded in Mexico usually stress the importance of forming partnerships or joint ventures with local firms. This is even more important in housing than in other sectors, because of the cultural and political factors influencing the market.