Each entity has its own purchasing department. Within these departments, separate groups are responsible for the procurement of materials, equipment, and spare parts. About half of their purchases are considered national and are handled by the head office in Mexico City. A further 35 to 40 percent is purchased regionally, particularly when the costs of transport are high. The rest is purchased at the job site from local suppliers.

ICA learns about new products and equipment primarily through representatives of suppliers who visit their offices in Mexico City, from trade magazines and from trade shows. They constantly monitor the prices of commonly used materials to decide whether materials should be imported or purchased locally. The company focuses primarily on nearby southern U.S. suppliers.

The most commonly cited criteria for the choice of construction products and equipment are, price, quality and service. Service is quickly becoming the key issue. Builders who are trying to take advantage of the very active market for construction projects cannot afford delays in product delivery or equipment servicing. When foreign suppliers are involved, the construction companies want assurance that local representatives can provide a high level of product support.

SELLING TO CONSTRUCTION COMPANIES

Mexico's large construction companies are looking for the best construction technologies and ideas to compete for big contracts. They are constantly approached by suppliers from around the world. To be competitive, Canadian companies must develop a strategy for gaining and maintaining the attention of these important customers. The following approaches have proven successful:

- seek a local partner who can devote the necessary time to make and maintain contacts with the key construction firms;
- establish which of the large firms offer the best potential for your products. Investigate the projects that they are currently bidding on. Many of the large firms have started to focus their efforts into specific market niches such as roads, energy or water infrastructure. With help from your partner, develop a product demonstration or presentation and approach these firms directly. Many of the large Mexican firms are interrelated through joint-ventures, family ties, or industry associations. If one company is not interested in your products, they may direct you to other companies which may be more likely clients; and
- develop a financial strategy that offers advantages to the customer in terms of cost savings, payment terms or even equity participation in a project.