

MARKET ENTRY STRATEGIES

A strong local presence is essential for Canadian companies moving into the Mexican market. Most find that a local partner is the best solution.

The environmental sector is new in Mexico, and local companies tend to suffer "sticker shock" when they see foreign prices for environmental services. Decision-makers do not generally understand all of the concepts necessary to distinguish good service from bad. A related problem is that Mexicans are not accustomed to paying for waste disposal services. Persistent marketing, including providing customers with technical education, is needed to overcome this fundamental barrier.

LOCAL PRESENCE

Perhaps the biggest obstacle to greater participation of Canadian firms in the Mexican environmental market is the lack of local presence. Mexicans prefer to purchase imported services and equipment from companies with a demonstrated commitment to the local market.

A practical way to establish this presence is to form a strategic alliance or partnership with a Mexican company. Canadian firms can provide expertise and technology that mesh well with the market knowledge and relatively low operating costs of local partners.

Canadians wishing to establish business relations with Mexican firms should have personnel at all levels with a working knowledge of Spanish. Mexican customers require a high level of attention and follow-up. Informality dominates and deals are frequently made only after personal relationships have been built.

DISTRIBUTION

Larger environmental firms are most likely to concentrate on turnkey projects and concessions, in which case they will deal directly with the customer. Mexican firms prefer to deal directly with the source, especially where highly technical processes and projects are involved. A local partner will probably be needed to provide day-to-day service and coordination, but the foreign supplier must be seen to be in control, because foreign technology is regarded as superior.