

MARKET ENTRY STRATEGIES

A local presence is essential for Canadian companies that want to enter the Mexican bus and rail sector. Technological joint ventures offer especially interesting opportunities.

Bus and rail products are normally purchased directly from suppliers by the end users. Personal visits to potential buyers are the most common marketing method. Since there are relatively few end users, this in itself is not a problem. But because of language and cultural barriers, most Canadian exporters are represented in Mexico by agents.

The agent can facilitate introductions and accompany the suppliers' representatives to meetings with customers. Since bus and rail products tend to be relatively complex, purchases normally involve many technical specifications that the agent must fully understand. Therefore, the agent must be supported by trained technical personnel.

The larger transit systems have purchasing agents. Mexicans like to do business with people they know, and it is usually necessary to establish personal contacts before making a sale. In this respect, the Mexican purchasing process is not as formal as it is in Canada.

MOVING INTO MEXICO

The first step for most Canadian companies is to make contact with prospective local agents or joint-venture partners. This is often accomplished by attending trade shows. Focussed trade missions by Canadian companies can help to make contact with potential customers and gain greater understanding of the Mexican market. Consortia of Canadian companies can share development costs and present a wider range of expertise.

Visits to Canada by Mexican end users can be used to demonstrate Canadian products and expertise. A visit might include inspections of key Canadian transit systems. Technical seminars in Mexico are another good way to introduce new technologies.

Canadian products can also be distributed in Mexico through alliances with Mexican manufacturers or suppliers. This is most feasible where the Mexican and Canadian companies produce complementary products. Mexican companies are always looking for new technologies to keep them competitive. In return, they can offer established industry contacts and good knowledge of the market. In the current economic environment, however, Mexican companies expect their partners to bring capital as well as technology.