- Perception by Mexican retailers that Canadian manufacturers have very little interest in marketing their products in Mexico. The retailers reported that they have received very few catalogues, calls or visits by Canadian producers or traders.

There is a growing market in Mexico for imported furniture with a potential for Canadian products. Useful strategies for export to Mexico include:

- Participating in existing trade shows or staging an all-Canadian consumer products exhibition in Mexico. Among the most important furniture shows in Mexico is the TECHNO MUEBLE (furniture, hardware & accessories, and furniture manufacturing equipment show). TECHNO MUEBLE attracts over 8 500 retail executives. The next TECHNO MUEBLE show will be held in Guadalajara, July 8-10, 1994.

- Periodically visiting or corresponding with the top buyers of Mexico's largest chain stores. This is probably the most useful strategy because much business in Mexico is made through this type of contact.

- Direct-mail campaigns presenting catalogues and product lines to the top buyers. This strategy would be more useful after a first visit and personal contact with executives.

- Having a good representative or distributor in Mexico who has proven relationships with top retailers. A close supervision of the operation will have to be maintained, at least during the initial period.

- Competitive pricing, novelty and/or quality are crucial to successful sales in Mexico. These are very similar to the standard required by U.S. consumers. If the Canadian product is sold and/or competitive in the United States, the probability is high that it will have a market in Mexico.

- There is no special "need" for any particular consumer product in Mexico. It is more common that the supply creates its own demand. It is, therefore, important to identify the "right" store(s) for a certain product in terms of consumers' income and taste, which are similar to those found in Canada or the United States, and to market the product aggressively with these stores. Once the product is accepted by a large chain, it will be easier to market elsewhere.

3.2 Domestic Production

The domestic wood furniture manufacturing industry represents 1.6 percent of total manufacturing GDP and only 0.4 percent of total GDP. Metal furniture manufacturing accounts for 0.08 percent. Between 1970 and 1986, the industry grew at an average rate of 3.2 percent, as compared to a 4.6 percent overall GDP growth rate.

Furniture manufacturing is a very fragmented industry. It is estimated that there are about 2,200 furniture manufacturers in Mexico, excluding small shops. Most of these (62 percent) are very small establishments with an average of six workers. About 33 percent of the furniture manufacturers are small firms with 25 workers. Only one percent of the firms are considered large, employing, on average, 226 workers.

Most of the furniture manufacturers (40 percent) are located in the Mexico City area, and in the northern (20 percent) and western (20 percent) regions of the country near Mexico's largest consumer centres, Guadalajara and Monterrey.

The Mexican furniture industry still has a very low automation level, especially for the production of wood furniture for which portable equipment is still predominantly used.

With regard to the total of wood furniture manufacturing, about 50 percent is household furniture, 7 percent is kitchen furniture, and 25 percent is so-called loose pieces, such as chairs, bookcases, chests of drawers, etc. that are used in the private home. Office furniture represents another 14 percent, do-it-yourself furniture 1 percent and components 3 percent. Within the category of household furniture, 55 percent corresponds to living room, 28 percent to dining room and 17 percent to bedroom furniture.

Most wood furniture is made of pine, mahogany and cedar wood, as well as agglomerate, particularly