

be younger and more active than the upper class. One expert has estimated the pre-devaluation middle class as 12.5 percent of the population, with more than US \$42,000 in annual buying power per household. This represents a market of more than 12 million consumers.

### TRENDS IN SPECIFIC SPORTS

Soccer remains the leading sport in Mexico. Almost every school, town and neighborhood has at least one team, and indoor soccer is popular at universities. There are an estimated 20 million soccer players in Mexico, including those on school, amateur and professional teams. Notwithstanding the dominance of soccer, a number of other sports have become popular in the past few years. They include bowling, squash, racquetball, baseball and basketball.

#### Bowling

Mexicans have come to regard bowling as a sport as opposed to a recreational activity. This change has come about mainly because of the growth in competitive bowling associations. The number of bowling alleys has grown, almost entirely in urban areas. Increasingly, bowling is seen as a family sport. Ten-pin bowling is standard, although a few alleys maintain five-pin lanes for international competitions. Bowling is expensive in Mexico because most of the equipment is imported. The leading supplier is *AMF Voit*.

#### Racquetball and Squash

The popularity of tennis is beginning to create interest in other racquet sports. Racquetball is very popular, followed by squash. Courts are operated by racquet clubs found mainly in urban areas and the major weekend vacation resorts surrounding Mexico City. It is increasingly common for wealthy Mexicans to have "informal" courts in their homes. The severe pollution in the valley of

Mexico is driving some of the growth in these games, because they are played indoors.

#### Baseball and Basketball

Baseball has grown increasingly popular, but for the most part it is limited to professional clubs. In the north, especially Monterrey, American influences have led to some amateur leagues. The cost of baseball is often prohibitive for amateurs, because most schools do not have room for baseball diamonds. Facilities must be rented from baseball clubs. Basketball is now growing faster than baseball, because the courts are easier to build and are more accessible for informal play. The *Secretaría de Educación Pública (SEP)*, Secretariat of Public Education, has recently begun to include basketball courts in construction plans for new schools. This will reinforce the development of school leagues, and promote the overall popularity of the game.

### THE REGULATORY ENVIRONMENT

The process of trade liberalization has greatly expanded opportunities in Mexico. According to US Department of Commerce estimates, Mexican imports of sporting goods from the United States grew by roughly 31 percent per year after the Mexican government unilaterally lowered tariffs on most products in 1987. Under the North American Free Trade Agreement (NAFTA), the remaining tariffs were eliminated on exercise equipment and many sporting goods, giving Canadian and American producers a distinct advantage. Tariffs for other sporting goods are being eliminated according to the NAFTA tariff schedule.

Product labelling in Mexico is governed, in part, by the *Ley de Protección al Consumidor*, Consumer Protection

Act. Article 34 of that law requires that all information contained on a product or its labels, containers and packages must be in Spanish. This applies only to products ordinarily sold to the public, and capital and intermediate goods are excluded. In the past, many exporters have met this requirement by providing Spanish-language stickers with the product. But since 1994, this law has been enforced at the border, and Spanish labels must, therefore, be affixed by the manufacturer.

In addition to these generic requirements, many products have long been subject to specific quality standards, known as *Normas Oficiales Mexicanas (NOMs)*. Some *NOMs* include additional labelling requirements. The rules governing these standards are subject to frequent change: the Canadian exporter should obtain current information from the importer and/or from a customs broker before the goods leave Canada. If a particular product is deemed to fall into a regulated category, it must be tested in Mexico and a certificate of compliance must accompany the shipment. In some cases, a special *NOM* logo and the certification number must appear on a label affixed to the product.

### MARKET ENTRY STRATEGIES

Canadian sporting goods companies entering the Mexican market will have to find creative ways of reaching consumers. Establishing some form of local presence is essential. This is especially true if the product is new to the Mexican market. Finding an efficient distribution channel that can keep prices down is a prerequisite. It is also important to build long-term relationships with Mexican retailers. In general, they expect a much higher level of service than Canadian retailers. Among other services, they usually