

## WOMEN'S CLOTHING

### THE CANADIAN EXPERIENCE - FRANCO MIRABELLI DESIGNS INC.

#### Taking on the European designers

Franco Mirabelli Designs is one of Canada's most successful designers of women's clothing, with a reputation for creativity. The Toronto-based company first became interested in the Mexican market when approached by a Mexican distributor at a trade show in Montreal. An informal distribution agreement led to a successful showing to Mexico's pre-eminent retailer, *El Palacio de Hierro*. Mr. Mirabelli notes that exclusivity was a factor in the deal: "For our first season, Fall '94, we have an exclusive agreement with *El Palacio de Hierro* and the line is being sold in four of their five stores in Mexico City. The line is featured on the Designer Floor, next to imported lines from such European designers as Chanel and Claude Montana."

The services of a Mexican distributor, who took care of all of the logistics, was key to this success. As Mirabelli puts it: "All I had to do was get the goods to the airport on time." Customs and shipping were arranged by the Mexican distributor; even the labelling was done in Mexico. (Under new labelling requirements, labels in Spanish will now have to be affixed in Canada.) Payment was arranged by letter of credit through the company's Canadian bank.

Mirabelli's Canadian-made products appeal to the high-end, fashion-forward consumer, and Mirabelli notes that Mexican purchases are similar to those in Canada: "They bought pretty much what was popular here, except they bought more smaller sizes." Mirabelli sees a bright future in the Mexican market, based on the demand for excellent quality, a high design component, and prices that are competitive with European designs.

In 1992 domestic production of women's clothing was just under US \$3 billion, which was about 95 percent of the market. However, imports have begun to play a much larger role because Mexican producers have not kept pace with the increasingly fashion-oriented market. Imports of women's clothing doubled to US \$205 million in 1992. Domestic production is growing more slowly than both the population and the economy, and import penetration is expected to continue rising.

Women working outside the home are the most dynamic component of this market. They have both a need for certain types of clothing and an independent source of income. Government statistics estimate the formal female labour force at about 5.6 million. The labour force participation rate peaks at about 29 percent in the 20 to 24 age group and remains over 20 percent until after age 45. The participation rate drops to below 5 percent after age 65. This excludes an estimated 10 percent of women in the informal economy who work. The trend is towards greater female participation in business, and it is likely that these 1990 statistics understate the current market.

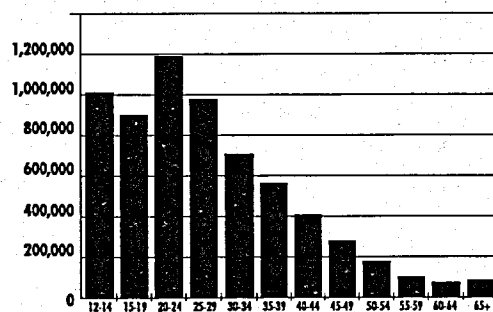
### OPPORTUNITIES FOR CANADIAN SUPPLIERS

Buyers of women's clothing are looking for higher fashion content than most domestic manufacturers can provide. They are interested in natural materials like cotton, provided they can be obtained at a reasonable price. Lingerie is considered an underdeveloped market, especially fine cotton nightwear and "sexy" undergarments.

Canadian designers who produce high-quality, well-designed products that can compete with European apparel have the best prospects. While Mexican consumers are very brand conscious, they are also looking for style and value. Private labelling of Canadian-designed apparel in partnership with a Mexican women's-wear manufacturer would be an effective way of entering this market. The Canadian company would have to contribute technical and marketing expertise as well as design know-how.

Import statistics suggest that specific export opportunities include fashion and casual trousers, dresses, woven blouses and knit shirts. The trend towards integrated textiles and apparel production may change the pattern of imports over the near term.

### MEXICAN FEMALE LABOUR FORCE, 1990



Source: 1990 Census, *Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, National Institute of Statistics, Geography and Informatics.

OPPORTUNITIES IN MEXICO:  
THE APPAREL MARKET

Export  
MEXICO