

Direct distribution has several advantages over indirect distribution:

- full or partial control over the Mexican marketing strategy, including distribution, pricing, promotion and product services;
- direct response from the Mexican market giving the exporter improved information and more time to change and improve the product;
- more effective protection of trademarks, patents and goodwill; and,
- better return on investment because of fewer intermediaries.

Direct exporting can, however, be demanding. The exporter must get to know the Mexican market and meet with end-users, distributors, agents and government trade officials. Key contacts must be developed and close working relationships must be nurtured.

AGENTS AND AGENCIES

A common approach to selling in Mexico is to develop a relationship with an agent. Agents solicit business on behalf of their principals but do not take title to the goods. In Mexico, personal contact is vital to the development of a business relationship. Factors that should be considered when choosing an agent are:

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| ■ region covered | ■ product lines handled |
| ■ knowledge of your product | ■ track record |
| ■ size and quality of sales staff | ■ after-sales service |
| ■ reputation | ■ commission required |

This is a good way to get a product into the Mexican marketplace, especially for capital goods, machinery, equipment or components for assembly. Care should be taken, however, that the exporter-agent arrangement is not construed as an employer-employee relationship, because this could involve tax and labour regulations.

To supply goods or services to a government agency, the exporter must first register as a supplier with the Secretariat of Budget and Programming. The exporter must provide copies of the company's charter, recent financial statements, and proof that the company can deliver the products offered.

