

DISTRIBUTING THROUGH RESELLERS

Resellers are intermediaries who distribute the product by buying it from the supplier, taking title to it, and then reselling it to end users or other intermediaries. Resellers include retailers, wholesalers and distributors, as well as some manufacturers. From the supplier's perspective their main attraction is that they reduce the risk of market entry. Normally they pay for the goods in dollars and they take responsibility for most of the logistics of importing and distributing. Not all of them offer the same services, however, and in many cases they are combined with other techniques.

RETAILERS

Mexico's retail sector differs from Canada's in a number of respects. At one end of the market, there is a large "informal sector," dominated by street vendors and operators of small market stalls. These businesses provide intense competition for stores in the formal sector, because they are untaxed and often sell pirated merchandise. The least formal retail element is known as the *tianguis*, the word for market in one of the native languages. These are open-air markets that set up once a week on an established day and street. Although traditionally known for fresh produce, the *tianguis* are also large marketers of inexpensive clothes, cosmetics, snack foods and all sorts of knickknacks. Established borough markets are only slightly more formal. They handle mostly domestic product and imported contraband. Both types often buy from *la central de abastos* or small importers.

At the other end of the spectrum are the megamarkets (more than 10,000 square metres), hypermarkets (more than 4,500 square metres), and supermarkets (more than 500 square metres). Warehouse stores of up to 2,500 square metres feature no-frills volume sales. Department stores, super pharmacies, membership clubs and specialty stores round out the formal sector. Convenience stores are relatively new in Mexico, but they have grown rapidly. These stores cater to relatively affluent Mexicans, and many of them are operated in partnership with US-based retailers.

Some of these retailers purchase directly from foreign suppliers. This is most common for the larger supermarket and department store chains. Increasingly, retailers are trying to simplify their purchasing procedures by dealing with a smaller number of distributors. Privately-branded merchandise is a notable exception to this trend. When they do buy direct, most retailers expect to take title to the goods at their premises, and they commonly expect separate deliveries to each store.