



ANTAD has announced that 200 new stores will be built in 1997 by its affiliated chains. Sales are expected to increase by 8 percent during the year. The president of *ANTAD* was quoted in the media as saying that sales will not reach 1994 levels until 1999.

DIRECT RETAIL

Direct retail sales are a new but a growing phenomenon in Mexico. Traditionally, the postal system has been grossly inefficient and the phones unreliable. This deprives direct marketers of their two most important tools. Customer lists are not readily available and only about 4 million Mexicans hold credit cards.

In spite of this, the direct marketing industry in Mexico has grown since the devaluation of the peso in December 1994. Several American direct marketing firms have moved into Mexico and have reported response rates that are triple the typical level experienced in the United States. One observer attributes this phenomenon to the fact that Mexicans do not receive much mail, and certainly not much junk mail, so they tend to read mailed advertising. Commercial mailers can speed up service by pre-sorting mail and delivering it direct to postal substations. Mexico's telephone system is gradually improving since it has been privatized and deregulated. And telemarketers have found that, unlike their northern neighbours, Mexicans are too polite to hang up on the caller.

Mexican marketing specialists say that giftware can do well using catalogues and private deliveries. For example, Victoria's Secret distributes exclusively by catalogue in Mexico and delivers within 48 hours by courier from the United States. Crafts and jewellery are also sold this way. In the principal cities, personal messenger services can be hired for as little

as US \$0.50 per delivery if the volume is substantial.

COMPETITORS

Canadian-made giftware is relatively expensive in Mexico and it competes against similar products from other developed countries, as well as against lower-priced merchandise from Mexican, African or Asian producers. American manufacturers are the most direct competitors for Canadian firms.

At the low 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 all sorts of knickknacks, toys and costume jewellery. Some of these items are imported illegally from the Far East, but many American products are both available and considered better.

Quite a large amount of costume jewellery is distributed through catalogues using networks of individuals (usually women) who sell to their friends and co-workers. Avon and House of Fuller both distribute through these channels. Direct retail sales are also offered through promotions mailed to credit-card holders and through television advertising.

TRENDS AND OPPORTUNITIES

Although Canada and Canadians enjoy a very positive image in Mexico,

individual Canadian products are not well known, often being mistaken for American products. Interviews with Mexican buyers revealed a general curiosity about Canadian gift products, but also concern that a steady supply of Canadian products is difficult to obtain. Nonetheless, they mentioned several categories where Canadian goods might be well received.

APPAREL AND ACCESSORIES

Accessories are the most common apparel items purchased as gifts. Ties, belts, wallets and purses are all popular. Canadian products in this category are mainly in the high-quality market segment where they compete mainly with American and European products. There are some cases of cross-marketing agreements between Canadian and Mexican companies in this sector.

ARTS AND CRAFTS

Original paintings, art reproductions, sculpture, and crafts are extremely popular as gifts in Mexico. The most popular products are small ornaments and figures of wood, ceramic, glass or metal. Many of them have religious themes. Buyers say that to compete in this market, Canadian products should have unique qualities. Native artwork and carvings were mentioned by some observers as products that have some potential in the high-end market segment.

BOOKS AND WRITING PRODUCTS

Books, stationery and writing accessories are also customary gifts. Children's books and "coffee table" books are the most common types of gift book. Writing products such as pens, markers, notebooks, erasers and other accessories sell well, especially those designed especially for children.

Greeting cards and all types of gift wrapping are in demand. This category includes fancy gift boxes, wrapping paper and bags of all kinds.