

Companies are permitted to have an agent representing a product at a national level, but it is highly recommended not to give national exclusivity to distributors.

Finally, when dealing with either variety of distributor, it is very important to clearly specify contract cancellation clauses.

FOOD PROCESSORS

The Mexican food processing sector is concentrated around the main population centres. Almost one-quarter of the value of all food processing occurs in Mexico City. This concentration is even higher for consumer products such as beer, soft drinks and flour. Intermediate processing and the processing of export products is geographically distributed according to regions of production. While there is some vegetable, milk and meat processing in the central, densely populated regions, such facilities do also exist in the outlying regions.

The food processing sector grew at an annual rate of about 2% through the 1980s. However, it was unable to keep up with the rate of population growth. Meat and dairy processing together represent the largest portion of the food processing industry's output. Next comes wheat milling for the production of bread, cookies and pasta, followed by corn milling for tortillas, which are the base of Mexican food consumption. Sugar refining is also a major industry and 50% of its output is utilized in the beverage industry.

WANT MORE INFO?

CLICK BELOW

- InfoMex White Paper, Sec 4
- EMAR, pg 19
- USDA Foreign Agricultural Service, Food Market Report - Mexico

Most of the technology in the processing industry is obsolete. Vacuum packing and electric soldering were commonly adopted only five years ago. Packaging and shelf-life technology are also lacking. Nonetheless, Mexico meets its own needs for basic equipment, but advanced technology is import dependent. Most of the sophisticated technology is supplied by foreign firms that cater to the needs of the major food processors through local representatives or direct exports. The smaller processors are a ripe market for semi-automated machinery or reconditioned automated equipment.

WHOLESALEERS

Wholesalers take title to the goods at a pre-agreed point, usually when they cross the border or when they are delivered to a warehouse in Mexico. They re-sell the product on their own account, mainly to retailers. They are generally free to set prices and determine their own promotion policies. Wholesalers do not generally expect service, other than honouring warranties. They also take all of the responsibility for marketing within Mexico. This is an advantage considering the relatively large amount of service that Mexican retailers require. Their disadvantage is that they carry competing lines, and they may not aggressively, or correctly, promote the product.