

- Tour the agent's premises, including warehouse facilities and transportation equipment if these are relevant to the deal.
- Get to know the agent to make sure that business philosophies, long-term objectives and methods of doing business are compatible.
- Ensure availability of competent translation/interpretation services.

DISTRIBUTORS

Unlike agents, distributors act on their own account. They cannot bind the Canadian supplier, but they have a decisive say over how the goods will be resold. They may take title to the goods, or handle them on consignment. Distribution agreements may set out limits on prices, geographic areas covered and how competing products are to be handled. Agreements may also cover customer support and warranties.

Distributors usually carry many competing product lines. These product lines are most often from different manufacturers, but they are generally complementary products. It is also common for the distributor to provide for specific promotion and service activities, and the supplier may pay a portion of the cost. Distributors usually work on a percentage markup set out in the distribution agreement. This gives the supplier some control over prices.

The Canadian exporter must be aware that there are several important limitations when using a local distributor:

- It is essential to ensure that the company has sufficient resources to give proper exposure to the product and to carry adequate inventories. The most common reason cited by retailers for the failure of imported product lines is the inability to provide supply continuity and on-time delivery;
- Companies selling to Mexican businesses have found that distributors are sometimes unable to provide adequate after-sales service;
- The distributor should have warehouse space in the market areas where the product will be marketed and it should have enough staff to handle customer service;
- Marketing is done in the name of the distributor and the Canadian company takes a lower profile than with more direct methods;
- Any errors or delays by the distributor may reflect badly on the exporter. For this reason, some Canadian companies supplement their distributor's efforts with their own promotional efforts;

SUMMARY

Agents and distributors are the two most common means of distributing retail goods. If the product is unique or requires special promotion efforts, an agent is likely more effective than a distributor. An agent can work with more than one distributor to ensure coverage of targeted regions. Multiple distributors may also be needed for products which target both retail and intermediate markets. Alternatively, the Canadian supplier may deal with a distributor, but independently promote the product with retailers (this requires a substantial Mexican presence).

WANT MORE INFO?

CLICK BELOW

Additional information on Mexican agents and distributors can be obtained from the Canadian Embassy in Mexico City and the Chamber of Commerce in Mexico City (for example, you can obtain a directory of 950 importers categorised by product) and from the National Association of Importers and Exporters of Mexico.

- Canadian Embassy in Mexico City
- Canadian Chamber of Commerce
- National Association of Importers and Exporters of Mexico