

Merchandising and Distribution

Most foreign manufacturers and merchants utilize the service of an agent (commission or buying on own account) to represent them. Depending upon the product, the agent should be concerned with both the Quito and Guayaquil areas since the two are quite diverse. Cuenca is becoming the third-largest centre due to the numerous new industries being established in the area and should be considered as well. Appointing a separate agent for each region has been done in the past, but using only one agent helps to reduce confusion on the part of customers.

It is difficult to find an agent dealing solely in a specific commodity area, and Canadian business people should not be surprised by the handling of a number of products.

Agents should only be appointed after a representative of the Canadian firm has visited the country and made a personal assessment of prospective representatives. The commercial section of the Canadian Embassy in Colombia or the commercial officer in Quito will be able to help you identify possible agents.

The principal-agent relationship is governed by Supreme Decree 103-2-A of December 1976. Under this law, a principal may not unilaterally modify, terminate, or refuse to renew an agency or distributorship agreement except for "just cause" judicially determined. Whereas many companies prefer to have a commercial representative to handle all their business, it is recommended that companies appoint agents only for a specific contract or project, and specify in the agency agreement a clause of non-exclusivity.

In projects where little marketing or contacts are needed, that is, the legal representative is required only to sign or present a tender on behalf of the company, it is advisable that the company appoint a lawyer, rather than a commercial agent, as its legal representative.

Advertising and Promotion

The advertising market and the media in Ecuador are centred in Quito, the capital, and Guayaquil, the principal port. These two cities account for 28 per cent of the total population.

The principal means of advertising in Ecuador is through the newspaper. There are 22 newspapers nation-wide.