

Opportunities for Canadian Suppliers

There are opportunities for partnerships between Mexican firms and Canadian apparel producers. The Mexicans are particularly interested in high-quality, well-designed fashion-oriented children's clothing. They also need technical expertise and marketing assistance. In return, they can offer high-quality and competitively-priced handmade products.

OPPORTUNITIES IN WOMEN'S CLOTHING

In 1992 domestic production accounted for about 95 percent of the market for women's clothing. Recently, imports have begun to play a much larger role because Mexican producers have not kept pace with the increasingly fashion-oriented market.

Women working outside the home have become the most dynamic component of this market. They have both a need for certain types of clothing and an independent source of income. Government statistics estimate the formal female labour force at about 5.6 million.

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Buyers of women's clothing are looking for higher fashion content than most domestic manufacturers can provide. They are interested in natural materials like cotton, provided they can be obtained at a reasonable price. Lingerie is considered an underdeveloped market, especially fine cotton nightwear and "sexy" undergarments. Other product opportunities include fashion and casual trousers, dresses, woven blouses and knit shirts.

Canadian designers who produce high-quality, well-designed products that can compete with European apparel have the best prospects.

While Mexican consumers are very brand conscious, they are also looking for style and value. Private labelling of Canadian-designed apparel in partnership with a Mexican women's-wear manufacturer would be an effective way of entering this market. The Canadian company would have to contribute technical and marketing expertise as well as design know-how.

OPPORTUNITIES IN MEN'S CLOTHING

The men's clothing market is estimated at about one-quarter of the total apparel market. Import penetration is about 18 percent, triple the rate of women's clothing.

Compared with Canadian styles, Mexican men's business and work wear tends to be less fashion oriented, at least in the low- and medium-price ranges. Suits and shirts are more likely to be made of blended fabrics with a higher synthetic component. The most common are polyester/wool for suits and polyester/cotton for shirts. Mexican apparel plants are fairly well-equipped to meet the demand for basic commodity goods such as shirts, socks, underwear, suits and jeans.

The high end of the work and casual market is served by the big-name European designers, such as Hugo Boss and Giorgio Armani. A few Mexican companies, such as *Confitalia* are able to compete effectively in this market through licensing agreements with foreign designers and access to foreign fabrics. Other domestic men's wear manufacturers are becoming more aware of the mid- to high-end market. Some of them perceive the potential to compete in this niche if they establish strategic alliances that will give them access to capital, technology, marketing and design expertise.

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There is an opportunity in this market segment for strategic alliances between Canadian apparel manufacturers and Mexican firms. Industry observers agree that there is a shortage of design-intensive products targeted at younger consumers in the medium- to low-end of the market. In general, young people in Mexico are style conscious, but lack the income to purchase high-end products. A private-labelling program represents one way of establishing stylish and relatively low-cost products.

There are also opportunities for direct exports of high-fashion casual wear aimed at the youth market. Trousers, outerwear and shirts are all imported in substantial quantities.

MARKET ENTRY STRATEGIES

DISTRIBUTION

Most larger Mexican retailers buy directly from manufacturers, especially where private labels are involved. Mexico's major retailers employ buyers who attend fashion shows and visit the key fashion marts in the United States and Europe. They are also open to viewing samples of new lines at their place of business. This is best arranged through a Mexican agent or representative.

There are a few independent agents that handle multiple lines, and they tend to represent smaller manufacturers or designers. These agents are under pressure because many of the larger retailers are now pushing for better service and want to deal directly with their suppliers.

Many of the larger specialized chains and the major department stores purchase imported goods through buying agents or groups. For example, *El Puerto de Liverpool* is a member of the Atkins buying group based in New York City.