

Traditional Mexican wholesalers, large and small, can be found in *central de abastos*, terminal markets. Small retailers or food service establishments visit these markets, make their purchases and arrange for delivery or carry their purchases away. This method assures freshness and reduces inventory requirements and thus most food retailers and restaurants use it to some degree.

Mexico City's *Central de Abastos*, is reportedly the largest market in the world. It has been estimated that 40 percent of all fruits and vegetables produced in Mexico and 80 percent of all those consumed in Mexico City pass through this market.

DISTRIBUTORS

Like wholesalers, distributors take title to the goods when they arrive in Mexico and sell on their own account. One distinction between a wholesaler and a distributor is that the former usually carries many competing lines. Distributors carry lines from different manufacturers, but they are generally complementary products. Another distinction is that it is common for distributor agreements 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.

Some distributors specialize in imported products. Their main advantage is the ability to get the product to end users or resellers on a broad scale. This can require considerable resources, since even large retail chains often expect separate delivery to each store.

Some Canadian companies have been disappointed with the performance of the distributors they initially chose. 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. One disadvantage of using a distributor is that the marketing is done in the name of the distributor and the Canadian company takes a lower profile than with more direct methods. Another disadvantage is that errors or unethical practices 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.

MEXICAN DISTRIBUTOR

GS COMUNICACIONES

GS Comunicaciones is an exclusive distributor for two Canadian companies: Newbridge and Nortel. The distributor has worked with Newbridge for 12 years and Nortel for 5 years and does not handle any competing lines.

Guadalupe Ledesma, director of purchasing and accounting for *GS*, says that the Canadian products are superior to competing products from the United States and Japan, and is very positive about her experiences in dealing with Canadians. She says that although many Canadians do not speak Spanish, they make a genuine effort to understand Mexicans and treat Mexicans as equals. This has not been her experience with many visitors from the US and Japan who, she says, can be arrogant and impatient.

Ms. Ledesma says that although there were some growing pains, the physical movement of goods from Canada now runs very smoothly. The North American Free Trade Agreement (NAFTA) certificate of origin is sometimes difficult to complete because Newbridge imports many components from Asia. The problem is compounded by the fact that the Mexican implementation of the Harmonized System of commodity classifications (HS) is constantly being revised. And, since duties are being phased out under NAFTA, they change every year. The Mexican distributor has to educate both the Canadian exporter and the Mexican customs broker on how to properly describe the products.

Transportation is not a problem, because all imports come by air. This takes only two days door-to-door, but it requires proper paperwork to be efficient.

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