

The larger chain stores buy directly from manufacturers but since the devaluation of the peso in December 1994, many of them are trying to simplify their procurement procedures by dealing through a smaller number of distributors. Privately branded products are the principal exception to this trend.

There are also about 25,000 small specialty stores selling hardware, plumbing supplies, paint and painting supplies, and other DIY products. They buy mainly from wholesalers or distributors. In general, they carry fairly limited lines and are more expensive than the large chain stores. Some of them provide home repair contracting services.

The larger retail chains in Mexico include *Gigante*, *Aurrerá*, *Casa Ley*, *Comercial Mexicana*, and *Soriana*. Together they operate more than 400 hypermarkets, which are defined as full-line stores with between 4,500 and 10,000 square metres of sales area. The largest stores are 23 megamarkets operated by *K-Mart de México* and *Wal-Mart de México*. These are stores with more than 10,000 square metres of display space. There are also 431 supermarkets, 129 warehouse stores and 480 department stores listed in the directory of the *Asociación Nacional de Tiendas de Autoservicios y Departamentales (ANTAD)*, National Association of Supermarket and Department Stores.

COMPETITORS

Mexican manufacturers, including operations of multinational companies, produce a wide range of hand tools and hardware products. Their market share is largest in paints and painting supplies, where they claim 90 percent of the market. It is lowest in hand tools where they supply 60 percent of the market.

US-BASED COMPANIES ACTIVE IN THE MEXICAN TOOLS AND HARDWARE MARKET

Company	Product Line
Alterra, Corp.	Hand tools
Amana Tool, Corp.	Hand tools
American Tack & Hardware	Decoration products
American Tool International	Hand tools
Ames Lawn & Garden Tools	Gardening tools
Black & Decker	Hand tools
Cooper Tools	Hand tools
Dap Incorporated	Adhesives & cementing products
De Vilbiss Ransburg	Spray guns & accessories
Defleco Corporation	Hardware products
Du Pont	Paint & painting supplies
Genova Products	PVC pipes & fittings
Masco Corporation	Plumbing & hardware products
Sherwin Williams	Paint & painting supplies
Skil	Hand tools
Stanley Hardware	Hardware products
Storehorse	Carpentry products
Pittsburgh	Paints
Preval	Spray guns & accessories
The Scotts Company	Gardening products
3M	Protective equipment
Vermont American Tool	Hand tools

Source: US Department of Commerce, 1996.

These manufacturers were severely harmed during 1995 by the economic crisis, but the market recovered strongly, beginning in the second quarter of 1996. American companies, with or without manufacturing facilities in Mexico, are the main competitors for Canadian suppliers. They claim about two-thirds of the import market, with the rest accounted for mainly by Asian producers of low-cost basic hand-tools.

TRENDS AND OPPORTUNITIES

Two major trends have characterized the tool and hardware market in Mexico over the past few years. The

first is the development of the demand for do-it-yourself (DIY) products. The second is the entry into the market of large American-based DIY retailers mainly in association with large Mexican firms. Both of these trends indicate that the DIY culture should continue.

THE DO-IT-YOURSELF CULTURE

Mexico's gradual economic restructuring and, more recently, the economic crisis spawned by the devaluation of the peso in December 1994 have severely reduced the wealth of many families. Many upper-class people have found themselves bumped down into the middle class and have been forced to change some of their attitudes. Young people are finding it increasingly difficult to leave their