

For example, when KAO InfoSystems decided to set up manufacturing facilities in Mexico, it was based partly on its analysis of the Mexican market for computer diskettes. It discovered that computers and computer products have reached about 25 percent of the Mexican market and that this market is growing about 25 to 30 percent a year. In spite of the fact that the average purchasing power is lower than in Canada and the US, the specific market which KAO addresses is relatively large and dynamic.

GROWING (AND DECLINING) SEGMENTS OF THE MARKET

Sectoral growth is a key consideration in evaluating market potential. When Zenon Environmental Inc. entered the Mexican market, it was on the basis of its knowledge that environmental issues and the need for wastewater treatment would remain on the political agenda for many years to come. Market research should tell whether a product is in a segment that is growing, stable or contracting.

CAN THE MARKET ABSORB THE PRODUCT?

Another consideration is the ability to pay for goods and services. What portion of Mexico's overall population of 92 million is in a position to pay for and afford various consumer goods or services? How many Mexican companies are in the market for particular capital goods? Luxury products or expensive high-tech goods can be sold in Mexico, but their market is quite narrow and the prospective exporter must consider whether the potential returns are worth the effort.

DELIVERY ISSUES

If the product depends on timely delivery or is expensive to ship, are transportation facilities sufficiently well-developed to ensure that it will always get to market on time? This could be critical, for example, to exporters of seafood products from Canada to Mexico. The combination of perishability, distance and climate mean that the potential exporter must be absolutely sure of transportation and storage facilities before undertaking such a venture.