

DISTRIBUTING TO END USERS

Dealing directly to end users has the advantage that the exporter can control both the marketing presentation and after-sales service. This method can also eliminate excessive markups by intermediaries. Sales can be made directly from Canada, or through wholly-owned sales and service offices in Mexico. The other major alternative is to contract with a local firm to provide service, but to make the sale directly from Canada. The best approach depends upon the type of end user involved. Each of the major direct markets is discussed below.

INDUSTRIAL AND COMMERCIAL CORPORATIONS

Mexico's economy is characterized by a sharp division between large and small enterprises. Of the 125,000 companies which are recorded in the official statistics, more than 80 percent are classified as micro-sized, with 15 employees or less. Only about 2.5 percent are classified as large, with 250 employees or more. In some industries, the micro-sized enterprises make up 95 percent of all companies. Since the economic reforms of the late 1980s, the industrial structure has become more concentrated, as larger firms buy up smaller ones and merge with each other.

Much of Mexico's recent growth has been concentrated in huge conglomerates called *grupos*. These companies are highly diversified, and many of them are publicly-traded, although most of them are family controlled. Of the top 10 *grupos* in a classification compiled by *México Business* magazine, five (*Alfa, Visa, Femsa, Cydsa* and *Pulsar*) are controlled by the Garza Sada family of Monterrey.

If the sales are to be made from Canada, it is practical to sell directly only to the largest corporations, who make high-value purchases. Direct sales are common for high-technology, custom-built equipment that requires complicated installations and after-sales service. They are also used for business services, especially those provided by engineering and design consultants as well as computer software specialists. In both cases, Canadian staff must travel to Mexico to take care of the installation and provide services. Mexican buyers may also have to visit Canada for demonstrations.