

MARKETING

DISTRIBUTION SYSTEMS

HIGHLIGHTS - HOTLINKS

- Exporter is responsible for compliance with documentation
- Helpful hints on selecting a good agent
- Detailed list of retailers in Mexico
- In-store demonstrations are an important tool for Canadian exporters of processed food and beverages; they tend to be well received by the Mexican consumer and are welcomed, if not expected, by the retailer
- It may be necessary to adapt a product for the Mexican market

WANT MORE INFO?

CLICK BELOW

- [Export-1 Business Guide Distribution Channels, pg 22-24](#)
- [InfoMex White Paper, Sec 3](#)
- [Canadian Embassy in Mexico City](#)

There are a great number of Canadian products which have intrinsic appeal to Mexican consumers, but often these products are unknown on the Mexican market. Therefore, the distribution system must ensure that products reach the store shelf, and that the retailer receives the necessary support to present the products in their best light. Otherwise, poor sales will quickly lead to loss of shelf space in this highly competitive market.

Large supermarkets and department stores often enter into direct purchase agreements, especially where they require private branding. These retailers have a reputation for demanding high levels of service from suppliers, including in-store marketing support and compensation for spoiled or damaged merchandise. Large supermarkets have the capacity to import directly from foreign suppliers, however most of them demand separate deliveries to multiple stores. This requirement makes direct purchases generally very difficult.

Many Canadian exporters have found that using distributors does not give them adequate control over the marketing of the product. Especially if the product is new to Mexico, these distributors may fail to appreciate its innovative characteristics. Some companies find that the large markups demanded by Mexican distributors inflate the final product price, especially if there are multiple layers of distribution. These exporters may be reluctant to enter the market directly, because of language and cultural barriers or because their anticipated volume cannot support the costs.

The following are some helpful ideas to avoid problems mentioned above:

- To provide the level of service required at reasonable cost, a consortium approach is very helpful. A group of companies may consolidate their lines of products through an agent or distributor to offer more products to the clients and reduced cost per item. A single company should be prepared to offer more than one product to the market.
- Select a distributor who deals directly with retail stores or end users.
- At the early stages of entering the market, Canadian exporters should have an expert from their staff on hand to help the distributor/agent appreciate the product characteristics and present it correctly to the market.
- Consult with the Canadian Embassy and Consulates, the Canadian Chamber of Commerce, and other key contacts mentioned at the end of this document.