Although it is possible for a Canadian exporter to establish a Mexican office and import its own products, most companies prefer to use the services of an agent, a distributor or a large retailer.

Alternatively, some form of partnership with a Mexican company may be chosen. Partnership vehicles range from joint ventures involving equity-participation, to arms-length strategic alliances that call for cooperation, but not investment.

Direct distribution has several advantages over indirect distribution:

- full or partial control over the Mexican marketing strategy, including distribution, pricing, promotion and service;
- direct feedback from the Mexican market, which enhances the exporter's ability to adapt and improve the product and marketing methods;
- more effective protection of trademarks, patents and goodwill; and
- better return on investment because there are fewer intermediaries.

Direct exporting can, however, be demanding. The exporter must learn about the Mexican market and get to know end users, distributors, agents and government trade officials. Mexicans like to do business with people they know, and contacts must be developed and close working relationships must be nurtured.

AGENTS

An effective approach to selling in Mexico is to develop a relationship with an agent. Agents solicit business and enter into agreements on behalf of their principals but do not take title to the goods. Factors that should be considered when choosing an agent are:

- region covered;
- product lines handled;
- knowledge of your product;
- track record;
- size and quality of sales staff;
- after-sales service;
- reputation; and
- commission required.

The use of an agent is a good way to get a product into the Mexican marketplace, especially for capital goods, machinery, equipment or components for assembly. Care should be taken, however, that the exporter-agent arrangement is not construed as an employer-employee relationship because this could have consequences under Mexican tax and labour regulations.

To supply goods or services to a government agency or to a *paraestatal*, state-owned corporation, the exporter must first register as a supplier with the agency involved. This is effectively done through an agent. Government entities often require that the agent has the power to make commitments on behalf of the exporter. Some of them require certificates of quality or product testing before they will purchase from a supplier.