

# Make the Most of your Buyers Meeting in Mexico



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Canada 



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 **EDC**



# Why Mexico?



# Mexico is...much more!

- **126** million population (2020).
- Young population median age of **27** years.
- 50% of population lives in one of the **55** large metropolitan areas.
  - 37% in 10 cities (Mexico City, Monterrey, Guadalajara, Puebla-Tlaxcala, Toluca, Tijuana, Leon, Queretaro, Juarez and La Laguna)
- Mexico City + 31 states = **2458** municipalities (16 town halls).

## Challenges :

- Issues of security and corruption.
- 40% below the national poverty line.
- Educational reforms ongoing concern.

## TERRITORY

1,964,375 km<sup>2</sup>

**14<sup>TH</sup>** territory worldwide

**5<sup>TH</sup>** territory in America

Canada	9.98 million km <sup>2</sup>
United States	9.63 million km <sup>2</sup>
Brazil	8.51 million km <sup>2</sup>
Argentina	2.77 million km <sup>2</sup>
<b>México</b>	<b>1.97 million km<sup>2</sup></b>

Source: National Institute of Statistics and Geography, Mexican Territory

FIGURE 1. NUMBER OF INHABITANS PER STATE (2018)



Source: INEGI, 2018.

# Mexico's economy

- Mexico is one of the **largest global economies** – **15th** worldwide.
- **Favorable demographics**, growing consumer class, well-educated skilled labour force.
- A **strategic geographical** position- door to other Latin America countries.
- Open economy - 14 FTAs (free trade agreements) with **50** markets (+Pacific Alliance, CPTPP).
- Mexico has generally enjoyed **stable economic growth** since the 1990s, despite weakening in 2019 and a COVID-linked recession in 2020 (-8.2%), and moderated growth in 2021 (5.9%).
- Mexican economy has grown at an average annual rate of **2.1%** in the last ten years.
- Size and strength of its **internal market**.

**1<sup>ST</sup>**  
EXPORTER  
in Latin America (2020)  
**43.5% of the Total**  
Exports

# Entering into the Mexican Market



- Mexico is home to multitudinous international businesses of all sizes and more foreign investors are planning to establish their companies in the country.
- The region boasts a diverse range of attractive sectors, and the country's liberal trade and commercial policies encourage foreign investment.
- But **before** entering the Mexican market, companies have to make up their mind about which of the **several entity types to use for their business** – this will be based in their specific commercial needs and requirements in the region.
- Selecting an appropriate agent or distributor requires **time and effort**.
- There may be many qualified candidates, and Canadian companies should set **standards** to select the best suited agent/distributor according to **their DNA**.

# Initial Challenges

- Mexico's **size and diversity** are often under-appreciated. It can be difficult to cover this vast market with a single distributor or agent.
- As with any new commercial endeavor, Canadian firms should consult with **legal counsel** before entering into any business agreements.
- The banking system in Mexico has shown signs of growth after years of stagnation, but interest rates remain comparatively high. Small and medium-sized enterprises (SMEs) find it particularly difficult to obtain financing at affordable rates despite Mexican Government efforts to increase access to capital for SMEs.
- Mexican customs regulations, product standards, and labor laws may present challenges for Canadian companies. The Canadian Embassy and consulates in Mexico, are available to guide firms on regulations that affect their export product or business sector—from commercial, agricultural, and labor matters to intellectual property rights and standards.



# Getting ready for your meeting



# 1. Identify your Target



Previous discussion with a local.



Preeliminary market research.



Think about the characteristics of a counterpart.



Prepare/review the potential local companies.



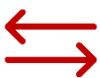
# 2. Be Flexible... For Meeting Schedule



A Mexican may have a meeting today or tomorrow...



Consider a meeting may last from 30 min to an hour.



A Mexican may request to reschedule a meeting... But is quite rude for a seller to reschedule it.



# 3. Prepare your Presentation

## *Do your homework!*

- Presentation in Spanish (if possible).
- 10 min max presentation.
- Include product information, competitive advantages, what is unique for your product, markets you serve.
- If you have presence in Mexico, detail it.
- A little bit of history.. And a little more about success stories.



**Have the specification sheets of each of your products**

# 4. Learn about the Potential Customer



Review website (it is in Spanish... *Google it!*).



Check their catalog of products.



See if they list their clients or coverage.



Prepare questions



# 5. Logistics

## *The ABC:*

- Market **A**ccess (if your product pays duties, VAT or it has any label restrictions).
- **B**order or main points of entry (get acquainted with them)
- **C**ustoms (prepare to be able to have international shipment documents)



..... And **QUOTE** it!



Work with a shipping agent acquainted with the Mexican Market.

# 6. Price

## Get an idea about prices

- Not EXW.
- Landed price in Mexico.
- Border point of entry (FOB).
- Retail price for consumer.



You do not need to be an expert, but need to be able to be compared to current products available and ready in the market.



# 7. Contact



Identify who will be the person responsible to follow up Mexican projects.

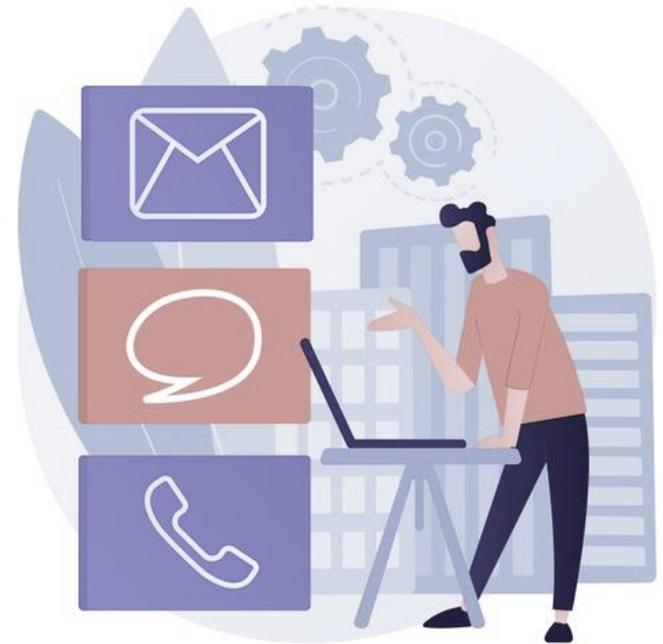


If you have someone who speaks Spanish in the company, this will be an asset.



Have email, WhatsApp ready

- Include them in the presentation.





# You are almost ready...but

- Canada is not the same as Mexico
- You need to consider the following...

# Business and Cultural Considerations

- Embraces the **hierarchy** (Lic, Ing)
- **Power** is important
- Traditionalist
- Uncomfortable with uncertainty
- Collectivist
- Satisfaction is the Guide
- **Family and Friends** are important
- **Spanish** speaking is an asset
- **Personal** relations
- Emotive speech and gestures
- **Proximity**



# Business and Cultural Considerations

- Mexico has multinational companies and SME's in the same ecosystem
- Flexibility is a matter of essence
- Patience is key when conducting business in Mexico
- Follow up in Mexico
- Difficulty to say **No**
- Do you have **WhatsApp**? 



# Business Etiquette



## DO

- Respect titles
- Learn basic Spanish terms
- Appearance matters
- Be polite
- Genuine effort to learn about Mexican culture
- Find a local “in”
- Mind the clock



## DON'T

- Refuse anything offered
- Be too forward
- Talk only about business
- Assume Mexicans have read your e-mails
- Forget business cards (email with contact information)
- Think Mexico is Latin America
- Try to close a deal by phone



## So... In the Meeting

- Introduce yourself (name, position)
- Thank the your contact for the time
- Mention the «plan»
- Present
- Ask for feedback and answer questions
- Ask your questions
- Try to narrow
- Describe next steps (as specific as possible)

# Be ready to have...

- Presentation
- Pricing
- Logistics
- Specifications sheet

## *Most common questions:*

- Do you sell in Mexico?
- Do you have a rep or distributor in Mexico?
- What is the minimum order?
- Can you sell a pallet in Laredo or any other border?



# And, Follow up... Follow up... Follow up

## Mexicans need you to follow up

- Not **ONLY** by email
- Send a recap of the main points of the meeting
- Send all the information requested
- Call to verify all information is clear
- Provide ideas on how to sell your product
- Do more homework

*As a seller you need to provide the solution... Not more work.*



# Samples



**YES** for Distributors, reps and importers.



Retailers will tell you (some will require first the specifications sheet).



**Virtual mode:** you need to find an importer to clear samples.



**Food products have restrictions** while importing into Mexico (applies to samples).



With HO buyers do not provide their personal addresses.



# Negotiating with a Mexican



- Medium-long term
- Several sellers for the top distributors/retailers
- Price – quality is a matter of essence
- Payment terms and credit
- Discounts, marketing support, promotion
- Used to deal with U.S. suppliers
- Volumes & delivery times

# Consider

...

- Origin is not considered important.
- Loyalty to Mexican brands.
- Competition for market niche products.
- High level of segmentation.
- Payment terms -15, 30, 60, 90 days after delivery.
- **Profit margins:** vary from product category, the more specialized the product, the higher the margin, it can range from 10 to 50%
  - Retailers have a 25-35% margin on the sale price

## Consider...

- Exclusivity is not a common practice.
- Marketing and promotion.
- Flexibility to quote.
- In some sectors direct sales to final customers can be extremely limited.
- Imported products are for a market niche, identify where your product can fit.

# Market-Entry Strategies

- Tradeshows
- Trade Commissioner service
  - Promotional events
  - Directories
  - Trade Missions
- Direct customers – importer/distributor



# Questions? Comments?

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