

Export Express

Insights to Accelerate International Expansion



Our Mission: Help Manufacturers “Spend time *Selling* to Distributors versus *Searching* for Distributors”

Sell to 96 Countries

Looking for new customers and distributors in international markets? Export Solutions’ distributor database covers more than 7,700 distributors in 96 countries. Our database features extensive coverage of leading food, beverage, and HBC distributors. How sweet it is! Our industry leading database shares information on 2,280 confectionery and snack distributors...an average of 23 per country. New! Export Solutions’ retailer database now tracks 2,100 retailers in 96 countries. Order now at www.exportsolutions.com. Spend time selling to distributors versus searching for distributors.

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Why Mexico: 130 Million Reasons

Many brands appear exhausted by chasing BRIC dreams in China and India. Along the way, some have missed the “miracle called Mexico.” Mexico is blessed in many ways: beautiful beaches stretching along 5,600 miles of coastline, rich mineral resources (oil) plus a convenient location just south of the USA border. Mexico’s population of 130 million ranks 10th in the world, equaling the UK and France combined. GDP per capita of \$19,500 signals a good level of purchasing power, eliminating comparisons with poor countries like Indonesia and Vietnam. Another attraction is more than 2,500 large format stores including Walmart, Costco, and HEB.



NAFTA = USA Supply Depot

The USA conducts over \$550 billion in trade with Mexico, facilitated by the North America Free Trade Agreement (NAFTA). This reflects a relatively balanced 55/45 split between imports and exports. Many multinational companies locate factories south of the

1,954 mile border to supply the USA market. This strategic location reduces long lead times and lengthy freight journeys from Asia. Monterrey, a booming metropolis of 5 million, is situated only 143 miles from the Texas border. A key issue for 2018 is Trump’s threat to exit NAFTA, although both countries would suffer with any trade disruption.

Consumer Habits

Thank Mexico for “Taco Tuesday” and the global popularity of their special

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Mexico Fast Facts

Population	130 Million
GDP per capita	\$19,500
Population under 25	45%
Supermarkets	2,500
Distributors	162

Why Mexico: 130 Million Reasons

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cuisine. As you stroll the aisles, other categories are stocked with familiar global names. In fact, categories like cereals, snacks, and carbonated beverages enjoy some of their highest category development in the world. A recent trip revealed mainstream acceptance of natural and organic food products, with broad assortments, at least in Mexico City. Club stores like Sam's and Costco serve as showcases for most leading USA brands.

Walmart = \$24 Billion Leader

Walmart operates more than 2,350 stores across 5 formats, registering an impressive \$24 billion in sales. Some may be surprised to learn that Bodega Aurrera is their leading banner with more than 1,800 value oriented outlets. They also operate 94 upscale supermarkets called Superama, the first destination for many overseas products. Watch out: a standard service in Mexico includes dedicated merchandisers responsible for shelf stocking. Walmart may tempt some companies with direct purchases, but

your brand may not escape the back room without merchandisers.

162 Distributor Options

Export Solutions' distributor database covers 162 distributors in Mexico. This includes a broad assortment of category specialists of all sizes. Many enjoy large portfolios of USA or European favorites. Another option is to partner with a large Mexican producer who may be willing to pioneer your brand. Note: most distributors are based in Mexico City or Monterrey, close to leading customers. Beware of border "traders" with elaborate stories and an appetite for English language packaging.

Lessons Learned

Many brands fail in Mexico. Postmortem analysis usually shifts blame directly to the manufacturer. Mexico is a large country that politely requires an amount of TLC. Cost of entry is rational, with a discount structure built in the price list. However, manufacturers should hire a local manager or at least commit to visit four times per year. A year-round, in-store

activation plan is required. It is not an extreme challenge for a good brand to gain access to the shelves of the retail giants. However, without investments in marketing and "pull" activities, your brand will soon disappear. This all sounds fundamental, but you will be shocked by the number of overseas brands that sell to a Mexican distributor at dead net price and never visit and wonder why their sales are so low.

130 Million Reasons – Next Steps

Mexico is a growth country, tied to its USA neighbor "for better or for worse." Its 130 million consumers represent an attractive target, as they have purchasing power and familiarity with many global brands from cable television or relatives living in the USA. Export Solutions has conducted more than 10 distributor search projects in Mexico and can assist with your market entry plans. We speak Spanish and maintain good relationships with leading distributors. For more information, contact Greg Seminara at gseminara@exportsolutions.com.

Top 10 Mexican Retailers

(source: Export Solutions' retailer database)

Retailer	Owner	Format	Stores
Bodega Aurrera	Walmart	Discount	1,820
Sams Club	Walmart	Club	162
Walmart Supercenter	Walmart	Hypermarket	270
Superama	Walmart	Supermarket	94
Soriana	Soriana	Supermarket	541
Mega	Soriana	Hypermarket	69
Oxxo	FEMSA	Convenience	16,000
Chedruai	Chedruai	Supermarket	236
Costco	Costco	Club	38
HEB	HEB	Supermarket	55