

## Trade Tips

## Global market series

The International Small Business Development Center will host a number of half-day seminars as part of its global market series export certificate program.

The seminars will be held on Thursday from Oct. 6 through Nov. 10 at the World Trade Center, Suite 150, 2050 Stemmons Freeway, Dallas 75207.

The cost is \$35 per seminar or \$195 for the entire series.

Following is a list of dates and topics:

■ Oct. 6: **Keys to market research.**

Speakers will provide step-by-step instruction on how to conduct market research, identify potential markets and eliminate unlikely ones. The seminar will address methods of conducting market research and identifying the resources available for free or at low cost.

■ Oct. 13: **Overseas market and pricing strategies.**

Speakers will examine the strategies used to enter new markets. The pros and cons of different export operations, including direct sales, use of foreign distributors or agents, licensing and joint ventures will be explored. There will be a particular emphasis on pricing products for profit in the foreign marketplace.

■ Oct. 27: **Documentation and transportation.**

This session will cover the various documentation requirements from the receipt of an invitation to quote the price of goods, buying and selling terms, letters of credit and other considerations through the collection of funds.

Speakers will also address how packaging can make your product more competitive and how to comply with U.S. export laws.

■ Nov. 3: **International methods of payment and financing.**

Areas emphasized will be methods of payment, how to negotiate a letter of credit, wired transfers, documentation verification, rating of banks and fees and payment through credit cards. In addition, financing receivables and reducing risks through various programs offered by the FCIA will be explained.

■ Nov. 10: **Negotiating business in foreign markets.**

This session will identify and describe the key areas of cultural differences that affect marketing decisions and business negotiations. The panel will discuss how to negotiate the deal from start to follow-up, emphasizing and contrasting the differences by region.

For more information, call 747-1300.



# Mexico is ready and able to buy American

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International Trade

Remember the images of Mexico portrayed recently on American television during the debates on the North American Free Trade Agreement?

Mexican poverty and limited buying power were two objections raised to the treaty. It was suggested that Mexicans would not be able to overcome such problems and compete in the global marketplace.

Now we are beginning to see that those objections were faulty. American retailers have spared little time and money in expanding their presence in Mexico since the passage of NAFTA.

The list is long and distinguished: Cinemark, Home Depot, J.C. Penney Co., Pilgrim's Pride, Pier 1 Imports, Sam's Club, Tidy Car Centers, Blockbuster Entertainment, Dillards, Athlete's Foot Group, Pizza Hut and numerous others. Each of these companies was able to look beyond the negative publicity surrounding NAFTA to discover a marketing gold mine.

To be sure, American businesses have some reason to be skeptical about Mexico since the average Mexican earns about seven times less income than the average American. Although not initially obvious, American marketers soon discovered other interesting facts about consumers in Mexico:

■ The Mexican population is growing at a fast pace. Over a 20-year period, Mexico nearly doubled its population from 48.2 million in 1970 to 81.2 million in 1990, and is currently estimated to be 85 million with an aggregate income approaching \$60 billion (U.S. dollars).

■ The typical Mexican household is not burdened by the same level of debt as U.S. households. Use of credit is not widespread in Mexico, while mortgages are substantially lower than U.S. households. Moreover, Mexico's middle class is distinctly younger than its American counterparts, suggesting a proportionately higher demand for household goods as young Mexicans set up their households.

■ Branded products are important to Mexican consumers. Indeed, Mexicans are more brand conscious and less price sensitive than American consumers. Furthermore, Mexicans prefer American over Mexican products, believing that American products are higher quality.

■ Mexican spending patterns can differ markedly from American spending patterns. For example, the average Mexican household spends about one-third of its income on food — nearly twice the percentage for the average U.S. household.

While the market opportunities in Mexico are abundant, American marketers have learned to accept higher levels of risk since they have not had

by Oct. 30, 1994, but here are some preliminary findings.

■ Cable television penetration is generally low with about one Mexican household in 10 subscribing. But VCR penetration is high with seven in 10 Mexican households owning a VCR.

■ Mexicans place more importance on a product's brand name than its price. Less than one-third say that they usually buy a cheaper product, regardless of the product's name.

■ Nearly nine out of 10 Mexicans say they would have more respect for foreigners that try to speak their language. This coupled with the fact that the number of people who speak English well is low suggests that foreign businessmen should learn Spanish when trying to do business in Mexico.

■ Slightly over half of Mexican households have a telephone.

Our study can help identify the best market segment for a product, the most appropriate media vehicles to reach the targeted segment, the best stores to place a product and cultural factors that may influence the purchase of a particular product.

It reinforces the conclusion many big retailers have arrived at since NAFTA became law, namely that Mexicans are ready and able to buy U.S. products.

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