

Essay from Expatriate at KMEX

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1. Introduction

I was assigned to work for KYB Mexico S.A. de C.V. (hereinafter "KMEXDF") from May 2015 to April 2022. KMEXDF is a sales center of commercially available SA (shock absorbers) for the Mexican market as well as for all other Latin American countries (except Brazil).

I have long been involved with Mexico personally as well. My involvement with the country began with travelling as a backpacker in my schooldays, followed by another experience as an expatriate there. These experiences are linked to this assignment at KMEXDF, further leading to my current position. You never know where you have a chance or a turning point in your life.

Through my residence in Mexico for seven years, my soul and body have been completely Mexicanized. I had very valuable experiences in my public and private life, some of which will be introduced in the following:

2. Living in Mexico

Mexico (United Mexican States) is a huge country of united states located between North America and Latin America. The country has a population of 130 million (almost equivalent to that of Japan) and a total area of 1.96 million square kilometers (five times that of Japan). Mexico City, where I stayed as an expatriate, is located almost at the center of the country and has a population of about 21.58 million (1.5 times that of Tokyo) and an area of 1,479 square kilometers (in contrast only around 70% of that of Tokyo). These figures can easily make you imagine that Mexico City is a densely populated, commercially important place.

Mexico City is located on a highland at an altitude of about 2,300 meters. In contrast to the typical image that Mexico is a very hot country, Mexico City has a comfortable climate with an annual mean temperature of 25°C and low humidity which makes life easy, similar to the spring or autumn seasons in Japan.

Mexico has the geographical advantage of linking North America with Latin America and has a very youthful workforce with an average age of 29. From these reasons, many foreign-owned companies, including Japanese ones, have branched out into Mexico, along with their own cuisine and culture from all over the world. It is

one of the attractions of the country to be able to experience such a variety of food and culture in this city.

Mexican people are generous, kind, and cheerful. With the amigo spirit, they are very friendly and welcoming of foreigners.

I have talked only about the good things about living in Mexico so far, but I have to point out the issues of traffic jams and security which gave me such a hard time.

A major cause for concern was traffic jams (Photo 1). The public transport in Mexico is where many incidents of pickpocketing or robbery may occur. During my stay in the city, I basically moved by car. It was a 15-minute walk from my home to the office, but in the mornings and evenings it often took nearly one hour to drive there.



Photo 1 Traffic jam during rush hour

As pointed out by a previous expatriate, it is very easy to obtain a driver's license in Mexico because there is no examination system. The traffic is always exceeding the capacity of the roads. Jams occurring somewhere in the city will cause gridlock in the entire city partly because there are numerous complex roads and many one-way traffic streets.

The maintenance of vehicles depends on their owners, although they have to pass the national inspection more or less. On the road, you can always find faulty cars stuck with their hood open as often seen in a movie. This is one of the major causes of traffic jams.

Naturally, roadways cannot bear such heavy traffic, resulting in road surfaces with potholes and deteriorated pavement here and there. This convinced me that the country had a high demand for shock absorber replacement.

I carried out marketing activity while directly experiencing this situation.

Security is another issue as you know. I had a hard time initially during my residence there. Until you are familiar with the local circumstances to some extent, you need to deliberately search for safe places and safe time frames before being able to go out freely.

3. Working in Mexico

I was in charge of purchasing for the initial three years of my assignment. KMEX sells inventory to the Mexican market and deals with a commercial flow called drop shipment (trilateral distribution in which products are directly delivered from plants to customers and billing is made by KMEX) for the Latin American market.

While "purchasing" may sound rather easy, our purchasing operation actually covered a wide range of jobs. I was engaged in a variety of jobs, from placing orders for commercially available SA, following-up the delivery date with suppliers, ensuring proper inventory management, and taking measures for improved order fulfillment, to developing new markets. I initially faced an uphill battle in accomplishing these jobs for which I had little prior experience.

I had to estimate demand and determine the amount of orders while striking a balance between inventories and order fulfillment. To accomplish this job, it is indispensable to monitor the target markets by collecting information from customers and internal sales personnel and to acquire information from and work together with plants and other departments.

In fact, many delays in delivery occurred, not only due to poor demand estimation and other internal factors attributable to KYB, but also due to the global situation and various other external factors specific to the country. These included demonstrations by longshoremen's unions and other labor unions as well as robbery and burglary. As purchasing manager, I was often called upon by and received complaints from customers about inventory runout.

Still, in the course of such complaints and advice given by customers, I was able to listen to voices in the markets and seriously respond to customer demands. It was a great achievement for me to have learned a lot of things and built trustworthy relationships with them.

Besides this, there were various events and topics that affected me during my stay in Mexico. They included the U.S. government's immigration and trade policies to Mexico launched upon inauguration of the new U.S. President in 2016, a big drop in Mexican peso, and COVID-19 issues. Still, Mexico endured the COVID-19 pandemic without suspending activities of its major industries, which allowed KYB to steadily drive sales promotion.

During the assignment, I also took part in an SA production start-up project in KMEX Silao Plant (Photo

2), which is located 400 kilometers northwest of KMEXDF. I had valuable experiences there including warehouse arrangement, consideration for physical distribution, and completion of initial inventory. It is needless to say that these experiences drove my motivation for working in Marketing for the Latin American market later.



Photo 2 KMEX Silao Plant

After that, I also served as Latin America Sales Manager between 2018 and 2022. During that period I traveled across 15 countries in the Central and South American continent, trying to sell our products to local markets. In Central and South America, people speak Spanish in all the countries including Argentina in the south except for Brazil (and some English-speaking Caribbean countries). People of various origins including Spain, Africa, and indigenous have different business practices and national characteristics. I discussed business with local customers while learning Spanish to gain a lot of experience, although I actually had difficulty in negotiating with those diverse people.

A big challenge during marketing was to protect (and expand) the KYB share in the market from inexpensive Chinese products that were quickly extending their reach. Prioritizing commercially available products, I took various actions.

In fact, inexpensive products were flooding most of the Latin American markets to drive down the market price. At the time, our sales promotion had already reached a plateau several years earlier. To overcome the situation, we put made-in-Mexico products in the market at competitive prices under the slogan of "local production for local consumption". We also focused on sales promotion of the K'lassic brand (low-priced products for older-model cars).

One thing that was very difficult was that most markets in Central and South America preferred made-in-Japan, although it depends on the degree of price difference. They had prejudice or even "allergy" against products made in other countries, which posed barriers to sales promotion of made-in-Mexico products.

As an incentive to overcome the barriers, we invited 14 customers from 10 countries to KMEX Plant for a plant tour (Photo 3). We tried to make them understand that the made-in-Mexico products have the same quality as the

made-in-Japan counterparts as both are produced in an identical total manufacturing system including production processes, materials used, and quality assurance. We also continued our sales promotion campaign. However, I was impatient when these efforts hardly bore any fruit initially.



Photo 3 KMEX Silao Plant tour (Peruvian customers)

We also held an event called KYB Safety Day for which an F1 circuit course in Mexico was rented out to invite customers from 13 countries for testing of various vehicles for comparison. We patiently continued trying to make customers directly feel and understand the KYB quality (Photo 4).

Unexpectedly, the customer demand during fiscal 2021 sharply rose in reaction to the COVID-19 pandemic, resulting in inventory runout at manufacturers and confused physical distribution. Customers tended to purchase as much as available of any products regardless of their origin. We eventually got the sales of made-in-Mexico products on track.

Sales of the low-priced K'lassic series were launched in 2015. Initially, customers hesitated about introducing them due to their rather streamlined specifications or appearance. We enhanced the product line up mainly for low-priced models and gradually expanded the marketing area through sales promotion activities. In fiscal 2021, we eventually expanded the marketing area to the total KMEX territory.



Photo 4 KYB Safety Day

4. Mexican Food and Liquor

As I said earlier, a full lineup of food from all over the world is available in Mexico City though not at reasonable prices. I seldom had a hard time to find a good place to eat. Mexican cuisine, which is registered in the UNESCO Lists of Intangible Cultural Heritage, provides a wide choice of options and is very delicious even to the Japanese.

The staple food in Mexico is basically corn. Tacos (Photo 6) are a typical Mexican food consisting of a corn- or wheat-based tortilla topped with a filling of meat, fish, vegetables, and salsa (sauce). Each region in the country has its own way of enjoying tacos. Anyway it is common practice for the Mexicans to finish off a night of drinking with a taco just like Japanese do with ramen.



Photo 5 Taco restaurant



Photo 6 Tacos

Mexican liquors are also abundant in type. Corona beer is very famous in Japan too. Besides that, you can enjoy a variety of tasty beer from light ones to robust craft beer.

When you think of Mexico, the first thing that comes to mind may be tequila. Various types of tequila are sold by various brands. There are different classes of tequila from "blanco" (white), and "reposado" to "añejo" (ultra-aged) according to the maturation time, as in "junmai" (pure rice), "ginjo" (special brew) and "daiginjo" (very special brew) of Japanese sake. It is interesting to try different classes of tequila for comparison.

Tequila originated in the colonial age in the 16th century. Tequila was born when a Spanish colonist tried to make an alcoholic beverage using a local plant named agave. The village of Tequila exists in the State of Jalisco in Mexico. Only product produced around the village of Tequila can be called tequila.



Photo 7 Tequila and mescal

Another alcoholic beverage that is a little more special is mescal. This liquor is produced from the same ingredients as those of tequila but uses more types of ingredient and more production processes. Bulbs of agave (Photo 8) are buried under the ground and steamed for long hours to give a smoky flavor, which is similar to that of very peaty Scotch whisky.

The production processes of both tequila and mescal have been traditionally passed down over several hundreds of years. You can spend precious time recalling the history and tradition cultivated in each distiller.



Photo 8 Agave - Raw material of tequila and mescal

5. World Heritage and Sightseeing in Mexico

One of the joys for expatriates is travelling in the country and its adjacent areas. In Mexico, the tourism industry is the third biggest source of foreign earnings. It's no exaggeration to say that tourism is an engine for the Mexican economy.

That is why the Mexican government continued accepting foreign tourists through borders kept open without tightening immigration control even during the COVID-19 pandemic in 2020.

Moreover, Mexico is positioned as an entry gate to Latin America and is teeming with tourists throughout the

year. The country is abundant in sightseeing spots from pyramids still reflecting the once prosperous ancient Maya and Aztec civilizations (Photo 9), Cancun, which is a world-famous beach facing the beautiful turquoise blue ocean in the Caribbean Gulf (Photo 10), to Acapulco and Los Cabos on the Pacific coast. All these places are not-to-be-missed spots for tourists travelling in Mexico.



Photo 9 Pyramid of the Moon viewed from the top of Pyramid of the Sun

To visit these tourist spots from Mexico City which is located inland, you have to take a flight. Still, any of these spots are easily accessible with just a two hour or so domestic flight. I often travelled to Cancun and fully enjoyed fishing and marine sports there.



Photo 10 Cancun

Another popular tourist amusement in Mexico is winery tours (Photo 11). Wine making is carried out in 14 states of Mexico. The largest producers are wineries in Guadalupe located in Baja California Peninsula. These wineries collectively produce 17 million bottles of wine every year, which is 60% of the domestic production.

Speaking of wine in the American continent, Chile and Argentina are famous producers. In fact, Mexico has the longest history of wine making throughout the continent. The country has continued wine making for over 400 years since the technique was introduced from Spain in the 16th century.

Mexico is warm and dry in climate with a substantial difference in temperature between day and night. This climate is the best for grapes to grow. Consequently, the

country produces many varieties of wine including Cabernet Sauvignon, Merlot, and Shiraz. So, a variety of tasty, high-cost performance wines are available in the country.



Photo 11 Winery

Guadalupe has a famous wine road where a number of wineries stand side by side. Tourists can visit these wineries to join a winery tour to taste wine and learn their wine making processes.

In addition, there are a lot of restaurants that serve dishes of locally-produced cheese and local specialties. You can join a tour to visit three or more such restaurants, spending a happy holiday.

Baja California Peninsula, which is located south of California State in the U.S., is a very popular tourist place along with Cancun.

In this slender peninsula, sandwiched between the Pacific Ocean to the west and the Gulf of California to the east, cultivation of tuna and other marine products is actively conducted. You can eat fatty tuna, fresh sea urchin, abalone, and other premium marine products with great relish.

6. In Closing

I finished my seven-year assignment in Mexico thanks to warm-hearted support from my supervisors, other expatriates, local staff, and my family. I would like to take this opportunity to express my appreciation and say thanks to all these people. I believe that my experience and personal contacts accumulated during the assignment will give me much sustenance and confidence to carry out my future work. I greatly appreciate that I was given this valuable opportunity.

Compañeros, gracias a sus amables apoyos que me han brindados durante 7 años, pude cumplir el reto que tenia en Mexico exitosamente.

Era mi gran orgullo por haber trabajado con ustedes y esta experiencia sera mi gran confianza para seguir trabajar en KYB ahora en adelante.

Muchas gracias!

Saludos,

Author



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