

# Aloe and Its International Experience

2-SP02-10-088

---

This problem situation was written by Gabriela Margarita Reyna García (greynag@tec.mx), with the purpose of serving as discussion material in the classroom; it does not intend to illustrate good or bad administrative practices. Some data on the problem situation has been modified at the request of the persons and institutions involved.

All Rights Reserved © Instituto Tecnológico y de Estudios Superiores de Monterrey; Av. General Ramón Corona No. 2514 Col. Nuevo México, Zapopan, Jalisco 45138, México. ITESM forbids any type of reproduction, storage, or transmission in whole or in part of this work, without written consent.



Tecnológico de Monterrey  
Escuela de Negocios

### **The Company**

AMX Premium has experience in the international markets of Aloe Vera, where in 2023, the company received an invitation to be evaluated and become part of the suppliers list for the Korean brand, BTCOX, one of the most prestigious brands in the beauty market.

BTCOX's goal is to exclusively acquire aloe extract powder to introduce a new skin care product. Since BTCOX knows the benefits of aloe and the quality of AMX Premium, the company is interested in signing a 3-year contract that guarantees the supply of 6 tons of aloe extract powder bimonthly. The company is also interested in improving the quality of the raw material; thus, it is willing to support AMX Premium in acquiring the ECOCERT certification for the aloe powder.

ECOCERT is a French organization created in 1991 by William Vidal, pioneer in organic agriculture. It is an independent and impartial certifying body that evaluates the conformity of a product, service, or system regarding their organic, environmental, and social requirements specified in a norm or standard (ECOCERT, n/d).

Engineer Ramiro Estrada, CEO of AMX Premium, needs to hire a consulting company to analyze the company's situation and supervise the commercialization process to reach signing the sales contract.

### **Industry**

The aloe extract is one of the most demanded products in the international markets; it is exported to be used as antiseptic and for natural healing since its leaves' contents help to clean the skin pores and facilitate the elimination of dead cells while regulating the pH of the 3 skin layers.

Mexico has 47% of the worldwide aloe production, which according to the Aloe Science Council (LASC) data (Expansion, 2011), represents 10,700 hectares planted.



**Image.** Franziska Ingold in Pixabay, 2017.

## Opportunities

Ramiro Estrada worked in the Ministry of Agriculture in the state of Coahuila until 1989 when he left to develop an ambitious project with an American company to look for Aloe Vera production centers in Mexico. The project was successful, and they became suppliers of Forever Living, a leading company in the natural beauty market. By then, Engineer Estrada started a small planting area in a town called Jaumave in the Northeast of Mexico with a 120 hectares plantation of aloe where nowadays more than 4,000 tons are produced each year.

Ramiro Estrada saw big opportunities; he got a credit of 100,000 dollars USD from Bancomext to buy equipment and machinery and started elaborating aloe juice for exports to the US. Within a short time, the company started consolidating and in 1996 they approached the European market; nowadays 40% of their production is exported to the US and 30% to the EU.

AMX Premium is a proud company from the state of Tamaulipas that produces drinks, powders, raw materials, and cosmetics based on aloe. Its daily production of aloe is around 30-56 tons, exporting nearly 70% to the US, Colombia, Chile, Paraguay, Uruguay, Portugal, Greece, Poland, Italy, Sweden, France, Germany, England, and Korea, among others.

Premium differentiates itself from its competitors by its quality, having obtained the certification IASC (International Aloe Science Council), and thanks to its processes, each year they raise the organic production. The investment required for the certification was of 10,000 dollars USD which resulted in now being a plantation that produces organic drinks, with more than 500 certified hectares.

Ramiro Estrada, despite his 28 years of experience in the industry, doesn't know anything related to the international markets and customers (other than the US) and he has questions. What strategy could he use to convince a foreign company to buy his product? What kind of contract would be appropriate and what could he do if there was a breach of contract?

## References

Expansión. (20 de septiembre de 2011). "Sacarle todo el jugo al aloe": <https://expansion.mx/expansion/2011/09/14/sacarle-todo-el-jugo-al-aloe>

ECOCERT. (s/f). "Agricultura orgánica en México": <https://www.ecocert.com/es-MX/detaile-de-certification/agricultura-organica-en-mexico-lpo>