

A Delicious Sunrise from Mexico

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. The story on this document is based on different people's experiences; some data has been modified at the request of the people 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.

Centro Internacional de Casos
Tecnológico de Monterrey

Publication Date: July 03, 2025.
Last Review: July 03, 2025.



The Company

Jarocho Coffee Inc. is a family-owned company founded in 1995 in the region of Veracruz, Mexico, recognized for the quality and distinctive flavor of its coffee. Since its inception, the company has maintained a commitment to sustainable agricultural practices and fair trade, enabling local farmers to improve their quality of life and preserve the region's biodiversity.

Over the years, Jarocho Coffee Inc. has experienced consistent growth in the local and national markets, establishing itself as a reference brand for specialty coffees. The company has invested in processing technology and quality control, ensuring a high-end product that meets international standards.

With a solid presence in the Mexican market, Jarocho Coffee Inc. is looking to expand its horizons and bring its products to the European market. The company believes that its commitment to quality, sustainability, and ethical practices will resonate with European consumers who value these same principles.

Image. Jarocho Coffee Inc. is looking to expand its horizons.



Source. Chris in Pixabay, 2013.

Jarocho Coffee Inc. holds several certifications, including Fair Trade, Rainforest Alliance, and USDA Organic, which guarantee its commitment to responsible agricultural practices and ethical trade. Throughout its trajectory, the company has received numerous awards and recognitions for the quality of its coffee and its commitment to sustainability. With this background, Jarocho Coffee Inc. is well-positioned to enter the European market and share the richness of its coffee with a broader audience.

Context

On June 15, 2023, the Oberlindhock International Trade Fair took place in Freiburg, Germany. This event brought together numerous companies from various sectors such as food, beverages, entertainment, and media to showcase their innovative products and services. Among the participants was Jarochos Coffee Inc., a company specializing in high-quality organic coffee. This company had decided to participate in the fair with the goal of expanding its market to Europe, a potentially lucrative market for organic coffee products given the growing interest in healthy and sustainable foods in the region.

During the fair, Jarochos Coffee Inc. established contact with a German distributor named Collins Ooko. This distributor showed great interest in importing the high-quality organic coffee to distribute it in various European countries. The interaction between Jarochos Coffee Inc. and Collins Ooko laid the foundation for a potential international sales agreement, opening a new window of opportunity for both businesses.

Initial Negotiations

After the fair, Jarochos Coffee Inc. and the Collins Ooko group began a negotiation process, agile but firm. During these negotiations, some critical points have been addressed to establish a sales contract that is beneficial for both parties. The main points of discussion are:

- *Delivery Terms*: Deciding how and when the coffee will be delivered from Mexico to the various distribution points in Europe.
- *Payment Methods*: Determining how payments will be made, ensuring security and trust for both the seller and the buyer.
- *Responsibilities of Each Party*: Clarifying the specific obligations and responsibilities of both the exporter (Jarochos Coffee Inc.) and the importer (Collins Ooko).
- *Use of Incoterms 2020*: Jarochos Coffee Inc. has insisted on using Incoterms 2020 to clearly define shipping responsibilities. This includes specifying who is responsible for transportation, customs procedures, insurance, and other logistics. On the other hand, Collins Ooko has expressed specific concerns about payment terms and ensuring the quality of the coffee upon arrival.
- *Risk Considerations*: Both parties are also considering various potential risks associated with international trade, such as:
 - *Delivery Delays*: The risk of coffee not arriving on time due to logistical problems or unforeseen events during transportation.
 - *Currency Fluctuations*: Variations in exchange rates that could affect the final cost of coffee and the profits of both parties.