

The Journey of a Confectionery Company Seeking to Reignite

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Imagen. **Freepik**, 2026.

THE COMPANY

Emilio Dominic belongs to the third generation of a family of confectioners whose company has become the third-largest player in the domestic market, as well as highly popular with consumers. His grandfather was the founder of “Dulce Tradición,” but it was his father and his two uncles who truly grew and consolidated the business. Over six decades, they have built up an extensive catalog of 158 products, mostly solid caramel and spicy lollipops, which have been iconic for several generations. While not all of them have the same level of success, the products have been kept in the portfolio to honor the family members who created them.

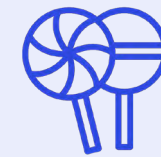
The family unanimously chose Emilio to lead the company’s new direction due

Images. Iconjam and IconMarketPK in Flaticon, 2026.

Over the past 60 years, “Dulce Tradición” has gradually incorporated more automated processes in its four plants. However, steps have been small for two main reasons:



1. High costs: The machinery, installation, and maintenance are expensive. Although four Italian machines have been purchased in the past 15 years, the company has preferred to stick with its existing equipment, making adjustments to modernize or improve efficiency, but using older technology.



2. Product flexibility: The company’s extensive product catalog requires flexibility in molds, flavors, textures, and other characteristics that have made its lollipops a true tradition passed down through generations. In short, they believe the investment wouldn’t be fully utilized.

to his deep knowledge of the products and the leadership he has demonstrated during his years working at “Dulce Tradición.” They trust him and believe he can reverse the downward trend the company has experienced over the past three years.

Although the company was founded in 1944 by Emilio’s grandfather Luis Dominic, it wasn’t until 1992 that the company began

to gain strength and market position under the leadership of Emilio’s father Raúl. Since then, like many Mexican candy-producing companies, the work of the confectionery firm has been very artisanal and handmade. From crafting the lollipop molds to mixing the caramel, these are processes where human labor is directly involved. The more industrialized processes are found in the packaging stage.



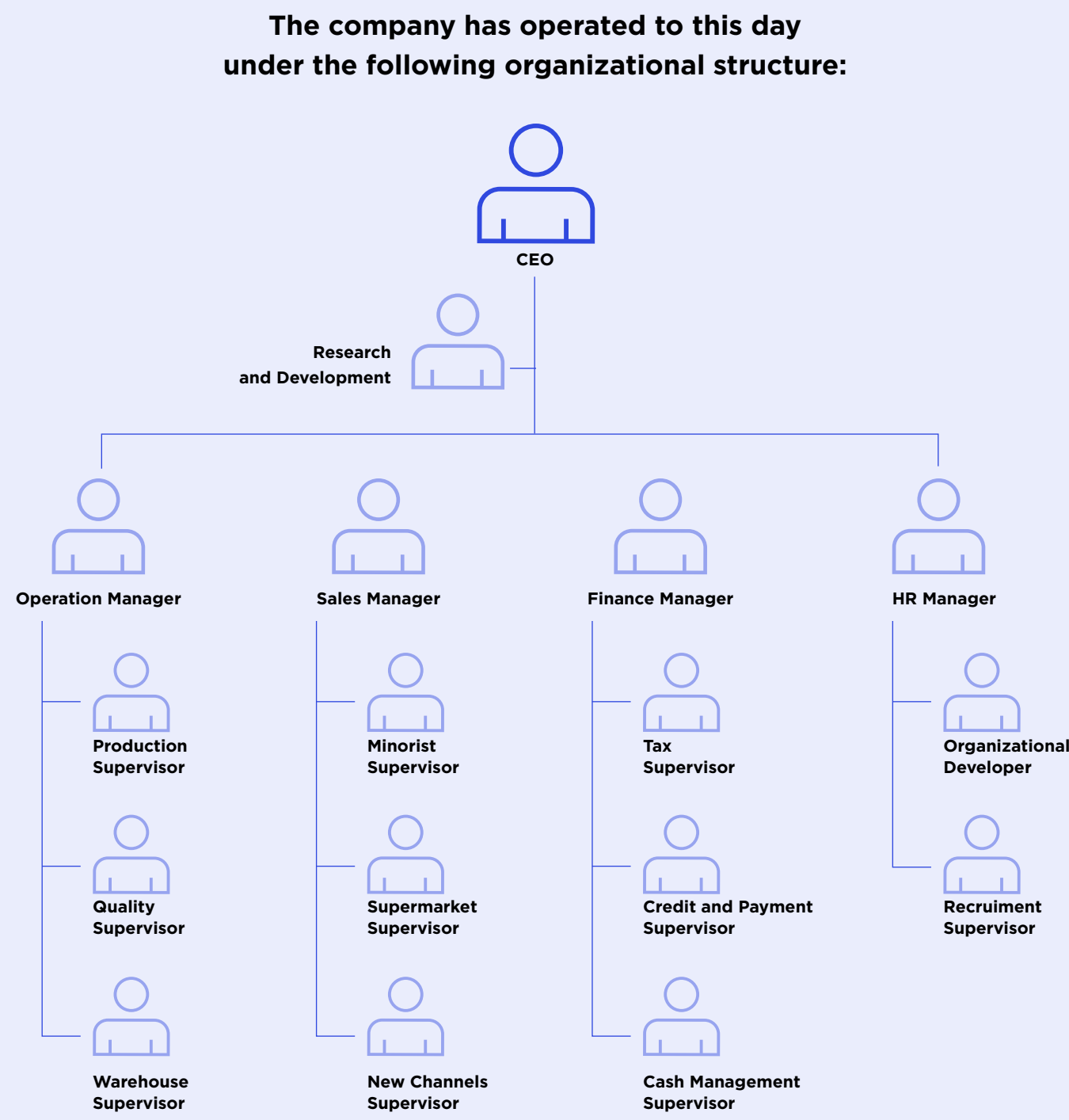
CORPORATE PHILOSOPHY

During this stage of consolidation, around 1998, Emilio’s father began working on the Organizational Philosophy of “Dulce Tradición”, which was established as follows:

“Our mission is to become the largest confectionery company in Mexico, producing caramel lollipops with the best ingredients to sell to every small store in the country and achieve the highest possible profit margin, surpassing our competitors in production volume and market share”.

Additionally, together with the rest of the family, he defined five core values that guide their operations: Focused Effort, Customer Focus, Efficient Execution, Happiness from Generation to Generation, and Teamwork.

Their main growth strategy from the very beginning has been to focus on volume. In the candy industry, and specifically in their market segment, price is crucial due to the high level of competition. On the shelves, there is an overwhelming variety of options for children or buyers to choose from.



Source. Own Elaboration, 2026.

CONTEXT

Over the past three years, both the sales volume and profits of Dulce Tradición S.A. de C.V. have dropped significantly due to the following factors:

- The “Pinch Effect”: On one hand, there has been a drastic increase in the costs of basic inputs (sugar) (Saldaña, 2023), and on the other, public health regulations have limited advertising and traditional sales channels (schools) (Secretaría de Educación Pública, 2024).
- “Better-for-You” Trend: There is a growing demand for candies made with natural ingredients, free of artificial colorings, and with controlled portions.

Image. Wayhomestudio in Freepik, 2026.



According to a study by Kantar Worldpanel Mexico (2024), 45% of urban consumers report checking sugar content before purchasing a treat, making parents the primary decision-makers in many purchasing situations.

- Insecurity and “Protection Money”: For security reasons, according to the National Alliance of Small Merchants (ANPEC, 2024), extortion and merchandise theft have led many merchants to stop stocking impulse-buy categories or, in some cases, even close their businesses.
- Clean Packaging: According to NOM-051 from Mexico’s Official Gazette of the Federation

(NOM-051-SCFI/SSA1-2010), the use of warning labels (“Excess Calories,” “Excess Sugar”) is mandatory, as is the prohibition of children’s characters on packaging. Removing iconic characters has made purchasing decisions more rational or purely based on taste/price, eliminating the “pester power” generated by visual recognition of the character (Instituto Nacional de Salud Pública INSP, 2024).

ALTERNATIVES

Emilio has been evaluating three alternatives, the first of which is to Enter the Export Market. This option is to go into exports, aiming to generate higher volume in other countries with the same products. With this approach, Emilio seeks to tap into the nostalgia market in the United States. He knows that, according to the U.S. Census Bureau (2025), there are over 4.5 million Mexicans living in Los Angeles alone.

The second alternative is to streamline the product portfolio to make production more efficient, thereby lowering costs and reallocating resources to other value-generating actions. Not all products sell in the same quantities, and some boxes have been sitting in the warehouse for over 10 months without movement -this represents both unprofitable expenditure and wasted space-. While this option is appealing, Emilio knows it will spark significant family conflict, not only with his father but also with his uncles and his grandfather, who has just turned 91 years old.

The third alternative is to launch more innovative, differentiated products at a premium price, targeting a completely new market segment that promises higher profitability. Everything produced for this segment would be additional, as this market is not driven by price but by quality or customization. While this strategy poses a high risk for the company, it would also expand its offerings and customer portfolio. It would allow the company to explore new trends and begin building an alternative path aligned with market demands, while gaining insight into a new customer profile that is willing to pay for differentiation.



Image. Pvproductions in Freepik, 2026.

Exporting would allow the company to leverage its existing capacity, and the additional revenue could help address profitability issues.

THE DECISION

Faced with these three alternatives, Emilio must ensure he has a comprehensive vision, as whichever option he chooses will involve significant shifts within the company's structure and key performance indicators.

Now Emilio wonders:

Should I make the most radical decision even if it hurts the organization? Should I prioritize a positive work environment, even if it means slower progress? How can I maintain leadership and connection with the team, knowing that none of the alternatives will be well-received? What organizational changes will I need to make for each of the alternatives? Should I change the company's mission, vision, and values to align with my decision?

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