

The Fair-Trade Concept Implemented in the Mexican Coffee Company Pizpireto

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Abstract

This article describes the Mexican coffee company in the state of Veracruz - Pizpireto. The company is an innovator in the field for using fair and responsible trade practices throughout its value chain – from harvesting, production, roasting and grinding of coffee, and also in the distribution. The objective of the article is to identify the impact of the implementation of the “Fair-Trade” concept in the Pizpireto company and highlight its innovative methods of working, producing and promoting itself, which is shown through the methodology used – a structured interview, SWOT analysis and marketing mix. Being an innovative company, Pizpireto has had a positive impact and sets a good example by offering high-quality coffee, work caring for the environment and helping local producers.

Keywords: Marketing strategies; benchmarking; coffee industry; responsible trade.

JEL: F10, F13, Q17.

1. Introduction

The global trend towards globalization expands the borders of international trade and allows an easy and rapid entry into

ever larger markets in the world. The starting points for the use of good business practices in a globalized world are related to the search for suitable marketing tools, through which there is a parallel increase in competition in countries and regions where a manufacturer enjoys consolidated market positions over the years. Thus, at a global and regional level, specific systems of market influences arise, which increase the importance of the companies' marketing strategy and lead it to become an important tool to achieve the main objectives of any business: maximization of profits and conquest of new markets. Increasingly popular, however, is *Fair-Trade's strategy* protecting the working people, the environment and the planet itself. Consciousness when producing and selling becomes increasingly important compared to the benefits obtained. This article analyses the Veracruz coffee company Pizpireto and the way in which it works in the market in an innovative and responsible way with coffee producers and the environment.

The objective of this article is to identify the impact of the implementation of the concept “*Fair-Trade*” in the Mexican coffee company Pizpireto and also its marketing activities that allow it to be successful in the market. The study covers the entire value chain of the coffee industry, from the coffee harvest,

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the production and distribution of coffee, actions carried out by the company from Veracruz with its own coffee brand - Pizpireto. The company's good practices may serve as an example to develop a benchmarking strategy throughout the industry and show a possible future impact they may have on other companies in the coffee sector in Mexico and abroad. For the purposes of the study, a practical case study is carried out in the company Pizpireto.

The research problem is related to globalization trends in different sectors. An update of marketing practices and strategies in the Mexican coffee industry is necessary to make its products more competitive in international markets. By searching the impact of *Fair-Trade* practices in the company studied and the change they have caused in its activity, initial conclusions could be reached about whether the level of competitiveness of the Mexican sector is high enough to meet the criteria of international markets using the *Fair-Trade* strategy. To answer this question, it is necessary to analyse the practices in the different stages of the company's value chain and assess the need to adapt its activity to the changing economic environment. Very useful in this research is the use of the SWOT analysis and the marketing mix to discover the strengths and weaknesses of the company in a changing environment. In addition, a road map of the Mexican coffee industry can be a useful instrument in order to show where the majority of the companies are positioned, the stage they had some years or decades ago and where their target for the future is. In this way, the added value of this article and its contribution to the research analysis can be shown - discovering the real actual situation of the Mexican coffee sector and showing the good marketing practices of a small

but rapidly creating start-up from the city of Veracruz – the Pizpireto company.

2. Theoretical and Contextual Framework

2.1. Foundations of the Fair-Trade concept

Fair-Trade is a simple way to make a difference in the lives of the people who grow and create the products that are consumed. Achieving *Fair-Trade* is one of the great priorities of modern societies. *Fair-Trade* as such has existed since the fifties of the last century. It started as a collaboration between not-for-profit importers, traders in Northern Europe and the United States, and small producers in developing countries. Many of these producers were threatened by both low market prices and their high reliance on intermediaries. They saw in *Fair-Trade* the opportunity to maintain themselves, and avoid working with intermediaries in order to directly access the largest markets. Over the years, more and more alternative trade organizations were created in many countries, which began to function in collaboration with volunteer groups. Small farmers and workers are the most disadvantaged group in the global trading system. At *Fair-Trade*, they are the essence of all the activities that are done. The characteristic that distinguishes this type of trade from other systems is that producers participate on equal terms in management and decision-making (Fair Trade international, 2021).

The basic criteria of *Fair-Trade* are the establishment of a direct relationship between producers and consumers; the cancellation as much as possible of intermediaries and speculators; the application of a fair and stable price that allows the producer and his

family to live with dignity; the authorization of partial financing before the harvest; the establishment of long-term contracts based on mutual respect and ethical values, such as the search for the common good, equity, and care for the environment. This set of characteristics leads not only to establishing a price that is sufficient to meet the needs of producers, but also to creating the conditions for sustainable development. On the other hand, it can be argued that *Fair-Trade* is a factor of commercial transparency. When importers buy the product directly under the established criteria, the payment received by the producers is higher; at the same time, with the reduction in the number of intermediaries, consumer prices rise only moderately. The consumer knows where the product they are consuming comes from, and makes sure that it is not aggravating the degradation of the environment or unfavourable working conditions. In this way, *Fair-Trade* can be defined from two perspectives - as a tool for changing the economic model whose goal is to correct the faults of the current system, and as a mechanism for inserting products into a situation of equity. In this context, *Fair-Trade* could be considered as a tool for local development (Fair Trade international, 2021).

In *Fair-Trade* focused on the coffee industry worldwide there are ten fundamental principles (Fair Trade International, 2021):

1. Eradication of poverty and creation of efficient mechanisms that protect farmers and their crops against climate change events to which they are highly vulnerable.
2. Transparency both within the organization and in all actions involving producers, marketers, certifiers and consumers.
3. *Fair-Trade* practices that lead to increased social, economic and environmental well-being of producers.
4. Fair and equitable payment to producers for their products, through prior agreements that guarantee timely payment to cooperatives, companies or producers.
5. Total eradication of exploitation and child labour and forced labour.
6. Defence of gender equity both in salaries and in accessibility to work and recognition, abolishing all types of discrimination.
7. Improve the quality of life of workers through fair and long-term labour agreements.
8. Develop capacities that allow to bring the benefit of *Fair-Trade* to all disadvantaged producers around the world. Promote the independence of production groups by learning new management and marketing skills and entering new markets.
9. Promotion of *Fair-Trade*: promote the commercialization of *Fair-Trade* certified products through transparent marketing practices.
10. Respect for the environment: The fundamental objectives of *Fair-Trade* are food security, the fight against hunger and the preservation of the environment through the promotion of sustainable agricultural practices.

In Mexico there is a special organization dedicated to *Fair-Trade*, called Fair-Trade Mexico (CJM). The Fair-Trade Mexico organization is an initiative of organizations of small Mexican producers and civil society organizations. Its objective is to link multiple efforts to create a domestic market for the products of small organized producers in Mexico. Fair Trade Mexico promotes direct and long-term links between small producers and consumers to build a model of sustainable, fair and supportive development. In this sense, it is linked to Corporate Social Responsibility insofar as it integrates social

and environmental concerns in its operation (Utting, 2009).

2.2. Coffee industry in Mexico

The main coffee producing states in Mexico are Chiapas, followed by Veracruz, Oaxaca and Puebla. Coffee is also grown in Guerrero, Hidalgo and Colima. Very good quality coffees are found in all producing states. They are produced under different conditions which results in differences in the flavour of the coffee.

In 2020, the area planted with coffee in the country ranked fifth among cyclical and perennial crops. In the 2019-2020 cycle, according to the Agri-food and Fisheries Information Service (SIAP), the production of cherry coffee was 958 thousand tons, which represents an increase of 6.5% compared to the previous cycle. For the 2020-2021

cycle, production grew at an annual rate of 1.3%, reaching 971 thousand tons. The states of Chiapas, Veracruz, Puebla, Oaxaca and Guerrero participated with 94% of the production in this cycle. However, the top three contributed more than 80 percent of the total. For 2023, it is estimated that production in Chiapas will grow 1.7% (6,583 tons) and in Puebla 2.2% (3,574 tons). On the contrary, in Veracruz a reduction of 1.0% (2,376 tons) is estimated. By 2023, consumption of green coffee in Mexico is expected to increase. Coffee consumption in the Mexican territory is divided into 60% soluble coffee and 40% roasted and ground coffee. For the former, an annual increase of 3.1% is estimated and for the latter 2.9 percent (Asociación Mexicana de Cafés y Cafeterías de Especialización, 2021).

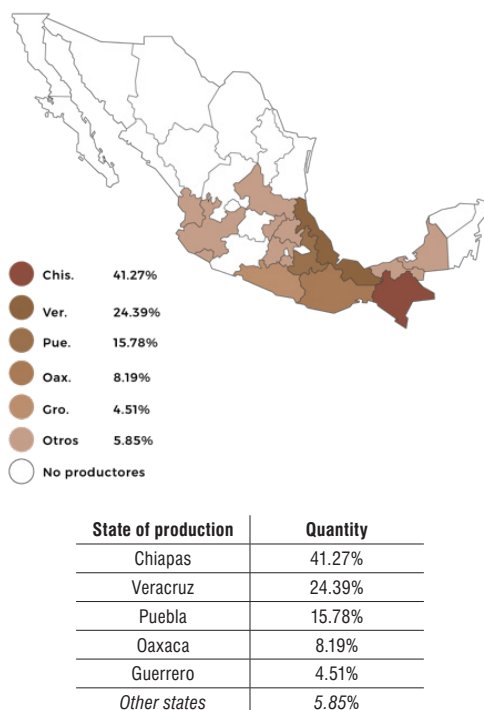


Figure 1. Main coffee producing states in Mexico, 2020

Source: Ministry of Agriculture and Rural Development (2020)

Coffee consumption in Mexico is low compared to other countries. However, in recent years there has been a growing trend per capita. For the 2020/21 cycle, green coffee consumption in Mexico is on the rise. For the year 2023, an increase of 3.0% is forecasted compared to 2019/20, to reach 164,000 tons. Mexico is among the producing countries with high potential for growth in coffee consumption, and it is expected that by 2025 it will be among the first countries in Latin America in terms of consumption of this beverage (Ministry of Agriculture and Rural Development, 2020).

The Ministry of Agriculture and Rural Development is carrying out different strategic promotional activities to increase the consumption of coffee from Mexico and its specialty coffees in the domestic market. On

the other hand, emerging foreign markets are being sought, such as Asia, where Mexican coffees can find high-value niches that would help to improve the living conditions of producers.

From January to July 2020, 101.86 thousand tons of coffee have been exported, with a value of 427.51 million dollars. The per capita consumption of coffee in the country is 1,600 kilograms per year.

The coffee produced in the state of Veracruz, where the studied company Pizpireto is based, has denomination of origin. Café Veracruz is the name given to coffee produced in different areas of the State of Veracruz. This coffee arises from the unique combination of deep volcanic soils, the climate characterized by its high humidity throughout the year and its cloudy winters,

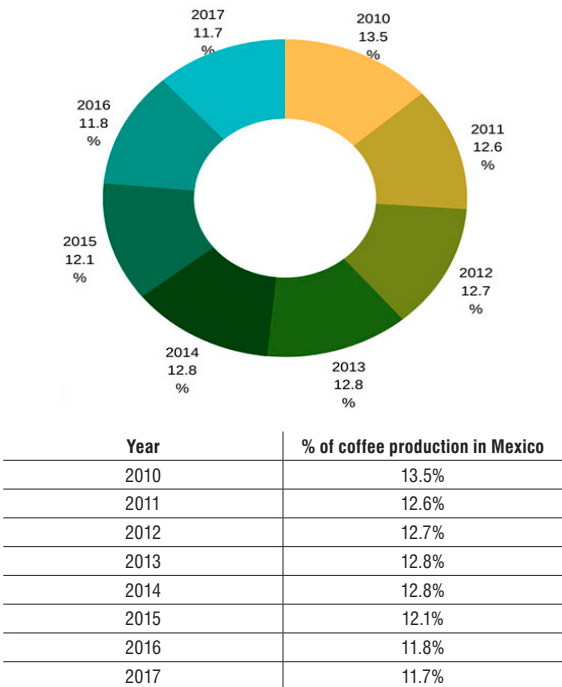


Figure 2. Coffee production in Mexico

Source: Ministry of Agriculture and Rural Development (2020)

which, together, specify the high acidity, the intense aroma, the flavour of spices that characterize this coffee. After Chiapas, Veracruz is the state with the highest coffee production with 24% of the national total. The main types of coffee planted in Veracruz are three: Typica, Bourbon and Caturra in a total of 842 communities distributed in 82 municipalities. This production covers around 86 thousand producers. All activities are concentrated in 10 coffee growing regions of the state: Huayacocotla, Papantla; Atzalan, Misantla, Coatepec, Huatusco, Córdoba, Zongolica, Tezonapa and Los Tuxtlá. An innovation for Mexico is the introduction of the *Fair-Trade* concept in the coffee industry (Asociación Mexicana de Cafés y Cafeterías de Especialización, 2021).

2.3. Related Studies

The issue related to marketing and competitiveness of the coffee sector is known internationally. In recent decades, studies have been carried out on the production and sale of coffee as well as on the competitiveness of the industry in countries such as Colombia, Peru and Brazil. The coffee industries in these countries have been recognized worldwide for decades and that is why several studies have been carried out on the subject.

An important point of view for this article is a study done by the international consulting company Euromonitor. The company studies and demonstrates relevant data on the Mexican coffee sector and also on other countries in its reports that it publishes annually. The research process begins with studies by AMECAFE, ANICAFE and SAGARPA in order to understand the coffee consumption market in Mexico in order to identify opportunities to stimulate internal consumption. Market size, growth forecast,

consumption trends, factors driving growth and distribution of coffee categories are specifically in the study. Coffee consumption is measured in Mexico, at the national level, for the different categories of coffee sales, to the final consumer, in the retail, food service and institutional sectors, as well as a qualitative analysis of consumption trends in 10 cities, mainly located in producing states, through surveys with independent coffee shops by city. Among the interviewees who have collaborated with Euromonitor throughout the investigation are national producers, import and export companies, industrialists and roasters, marketers, distributors, independent coffee shops, coffee chains, restaurants, shops and other main market participants, as well as associations and government institutions (International Euromonitor, 2017).

However, the Mexican coffee sector has not been extensively studied at the marketing and competitiveness level, and even less looking for the importance of *Fair-Trade* practices in the production chain. Outstanding studies are made by Hernández A., Favila A. working on the value chain in the industry and also the competitiveness of Mexican coffee in the world. The study shows the critical moments that the Mexican coffee sector is going through in which production has fallen since the 1999-2000 agricultural cycle, when only 6.2 million bags of coffee were produced in the country. From then on, affected by the rust plague, the El Niño weather phenomenon and the reduction in government support to producers, between 2014 and 2015 only 3 million bags were produced, while for the 2015-2016 agricultural cycle production decreased to 1.9 million bags. As a consequence of these problems, the lack that exists in production is being rapidly replaced by greater imports of lower-priced and lower-quality coffee from

other countries. In this complex scenario, it is difficult for micro, small and medium-sized companies to compete and survive in a specific market (Hernández and Favila, 2019).

Another study related to the subject is made by Figueroa-Hernández, Pérez-Soto and Godínez-Montoya, looking at the importance of coffee marketing. The commercialization of coffee constitutes a quite complex process in Mexico, especially due to the fact that local prices are referred to international prices in the world's large stock markets and that coffee is subject to changes in world supply and demand. For many years, the commercialization of coffee has been characterized as one of the processes in which intermediaries played an important role and therefore the distribution of value throughout the chain is characterized by being inequitable. Most of the producing countries have little domestic consumption and basically produced for export and profit from foreign trade. Particularly in Mexico, where more than 60 % of the production is exported, different marketing channels are required and that makes the process complicated. Another factor that adds complexity to the coffee sector in Mexico is that only 7 % of primary marketing is in the form of green coffee. The large part of coffee sales in recent years in Mexico has been parchment coffee (59 %), cherry (22 %) and Bola or Capulín (12.0%) according to data from the Information System of the National Coffee Grower (SICN). It is important to note that there is no precise information on sales of roasted and ground or soluble coffee made directly by producers, but it is estimated that they do not exceed 3 % of the total volume sold. According to data from the SICN, there are 230 active marketers in Mexico, among whom can be found processors, exporters

and marketers of coffee beans (Hernández, Pérez-Soto, Godínez-Montoya, 2015).

The authors consider that this provides an opportunity for development and scientific research to give a proposal to improve the competitiveness of the sector through good practices as in the company presented in the study - Pizpireto, which will be studied in this research work. The methodology applied for the case study of the Pizpireto company is shown below.

3. Methodology

To carry out the study, different scientific methods are used on the basis of which the corresponding conclusions are drawn. The objective of the article is to identify the impact of the implementation of the concept *Fair-Trade* in the Mexican coffee company Pizpireto. Cross-sectional analysis is used through which the company, its operation and needs are better known. The most important analyses for the research are the SWOT analysis and the marketing mix. The SWOT analysis helps to know the qualities of the Pizpireto company and the areas where it can develop in the future, improve its objectives and prepare to face the challenges in the market and within the company. The marketing mix helps to understand better the company's products and brand, the price of these products, the way in which the distribution is done, and how advertising and promotion are applied. The methodology used is of a qualitative nature and a case study is made based on the selected methodology and comparison with other companies in the sector. For the purposes of the study, a structured interview with 10 specific questions about the company's work and the *Fair-Trade* concept is also used, whose answers, together with the observations after a visit of the

company, form a central part of the results. The interview was held in February 2022 at the company's headquarters in Veracruz with the creators of the brand Pizpireto.

1. SWOT Analysis

SWOT analysis is a tool for investigating various business situations and decision making. It provides the necessary framework to review the organizational strategy and development direction of a company, but also a project, a business proposal for the future development of the company.

The first part of the analysis are the strengths. They are everything that can constitute a competitive advantage for the company in the area of research. Under the strengths of a company in the SWOT analysis, strong brands, patents, reputation among consumers, exclusive access to natural resources, favourable access to distribution channels can be considered.

The second component of the analysis are the weaknesses. They are the elements of a company that need to be improved, that are less developed than those of competing companies in the sector. A company's weaknesses can include a weak brand, lack of patent protection, poor reputation among the consumers, expensive resources, lack of access to quality natural resources, unfavourable access to distribution channels and more.

The third component of the SWOT analysis are the opportunities. When considering opportunities, it is helpful to analyse strengths and determine if they are a prerequisite for uncovering new opportunities. Alternatively, weaknesses can be analysed to see if new opportunities can be identified by eliminating them. Opportunities can arise through changes in technology, markets, government

regulations, social change, the removal of trade barriers, and lifestyle changes.

The last component of the SWOT analysis are the threats. Threats can come from changing consumer preferences, the emergence of substitute products, new government regulations, trade barriers and more. The company must constantly monitor changes in its external environment to avoid or reduce the possible occurrence of threats to its activities (Stanford Institute, 2020).

This analysis is used to demonstrate the strengths and weaknesses of the Veracruz company Pizpireto and to see the opportunities for its future development.

2. Marketing Mix Analysis

It is used to learn more about the products offered, the price level, distribution policies and communication and marketing in the sector. This practice aims to analyse consumer behaviour to generate actions that meet their needs based on four main components, also known as the 4 P's: Product, Place, Price, and Promotion. And although the concept has been developed since the 1960s, it has not lost its value. The marketing mix has adapted to social changes and has remained an essential factor in the relationship between customers and companies (Kotler, 2012). The analysis helps to better understand the company studied and its position in the coffee industry and the region.

3. Road – mapping

Another useful method for the research is the road – mapping. It is a strategic plan that defines a goal or desired outcome and includes the major steps or milestones needed

to reach it. It also serves as a communication tool, a high-level document that helps articulate strategic thinking—the why—behind both the goal and the plan for getting there. When it comes to understanding the role of the roadmap, perhaps the most important concept to remember is that it is a strategic document, not a document that captures all of a plan's details. In this specific research, it has shown the historical development of the Mexican coffee industry, where it belongs and where it aims to go, in order to show the specific case of Pizpireto after that and the different techniques it applies in terms of fair-trade practices and sustainability.

4. Results

4.1. Company's presentation

The Pizpireto company was created in 2020 in the city of Veracruz. The project had been developing for years and in 2020 was when the founders decided to start it. The company has had a great development since then as it currently has important links with the producers of the coffee-growing region in the state of Veracruz. Its headquarters are in the city of Veracruz, but it has strong bounds with coffee producers in Alto Lucero, in the highlands of the Veracruz state, where it gets its coffee. Due to its size, it is still a micro-company, with a staff of less than 10 people, but thanks to its innovative concepts it is developing very fast.

Pizpireto's values can be found in its logo. It is a coffee leaf that demonstrates the continuous work and the implementation of actions that are generated by work in the environment, which relates the company to the philosophy of fair and responsible trade.



Figure 3. Pizpireto's logo
Source: Pizpireto Company (2022)

The upper part of the logo represents the mountains because height in terms of coffee is associated with quality. After the harvest, the company selects the grain to increase the quality of the coffee. Pizpireto works the entire value chain of the product – from the moment the coffee is planted, through its harvest, processing, where the pulp of the coffee cherry is removed and dried to transform the harvested coffee into coffee ready for the subsequent stages. The next stage is curing. Its main function is to remove the shell that covers the grain to classify it according to its quality, shape and size. Ready-to-roast coffee is stored in bags. Optimizing storage using *grain pro bags*, allows that once the coffee is dry with the desired humidity, the bag is a barrier with the environment that preserves the humidity and the quality of the product. This type of special storage is part of *Fair-Trade* activities. The next stage is roasting and finally grinding the coffee before delivering it to the final customer in special bags that are part of the green and circular economy.

Pizpireto's philosophy is a fair payment for what is produced, that is why Pizpireto implements actions to help coffee growers: buying their production at fairer prices than other companies, helping them by supporting

with knowledge and new production techniques. Another action is roasting in small batches to offer a fresh and freshly roasted product. The toaster that the company has is of low volume and thus a fresh roast is offered to the final customer. An important point of the company's philosophy is that the coffee is offered in beans and ground, it is ground at the time of purchase or shipment if the customer wishes.

The central part of the company logo represents a coffee bean, which is the core of Pizpireto's philosophy. Within the logo at the bottom, a hand is shown, a synonym of the commitment, support, recognition and collaboration with the first link in the chain – the coffee farmer. Nothing could be done without it; it is a team effort between the coffee grower and the final seller.

Pizpireto participates in the entire coffee value chain. Its activities begin with the coffee farmer. He grows the coffee and he is in charge of processing it. Then follows the roaster, he receives the green gold coffee and is in charge of roasting and delivering the roasted coffee to a barista who prepares it and delivers it to

the final consumer. Pizpireto encompasses all these actions, the company is more than a roaster, involved with the coffee grower and processing the coffee. In the standard value chain, there is an intermediary who buys the grain from the coffee grower. Pizpireto does not work with intermediaries and does the work together with the coffee grower, which is part of the *Fair-Trade* philosophy.

Pizpireto is focused on implementing certain actions in accordance with its philosophy. The first idea they develop is cultivation under shade, because it has a very large impact on the quality of coffee and the environment, also on the bio-environmental diversity. That means that in the middle of the coffee plants, there are trees that give them shade and that permit a greater diversity of the flora and fauna. In this way, everything becomes a natural compost and fertilizes the soil, thus enriching the soil and reducing the use of processed chemical products, increasing the quality of the coffee. That is why shaded farms require less fertilizer and care. The intermediary who is normally used in the industry does not value the quality of

Cadena de Valor



Figure 4. Pizpireto value chain

Source: Pizpireto Company (2022)

the coffee. The farmer is paid per kilo, not by quality. Therefore, many farmers make the decision to plant larger territories with coffee without having the opportunity to produce the type of coffee growing under shade due to the lack of trees which could help this process. Pizpireto, on the other hand, wants to encourage cultivation under shade to help the environment and have better quality of the coffee. The optimization of resources is another important part of the company's philosophy: the responsible use of water, also using more solar energy for grain drying, implementing practical actions and equipment that allow optimizing resources. The three pillars of the company are: care for the environment, social commitment and quality.

The competitive advantages of the company are:

- 1) Fresh product with small batches and according to demand
- 2) Quality based on training: of the company, the coffee grower, with a better philosophy and professionalism
- 3) Flexibility – different roast and grind profiles
- 4) Environmental impact – open and committed to offering good practices for the environment
- 5) Collaboration - teamwork, not only in the sale of coffee; Pizpireto is a roasting house, it is willing to collaborate with projects and teamwork with other companies.

4.2. Results' analysis

For the interpretation of the collected data, the analysis of the marketing mix is first demonstrated.

Product: The coffee bean used is of the Arabic type. It is a coffee of great quality and susceptible to pests, which requires more

care. Within the Arabic family, what Pizpireto uses is the Oro Azteca, Colombia and Costa Rica varieties and some varieties of origin such as Típica and Borbón. The origin of the coffee is from the Sierra de Veracruz, the Alto Lucero municipality. It is located at a height of 1,200-1,400 meters above the sea level and in Mexico at least 1,000 meters are required to produce quality coffee. The Pizpireto benefit is in the process. In general, there are three ways to process coffee: honey, natural or washing. Pizpireto uses the processing called washing. The seed is cut, pulped, and dried in the sun, left to ferment, washed, and dried for about five days. It is faster than honey or natural. Washed coffee is widely produced in Latin America. The harvest time is from December to March, there is not much sun and therefore the best form of processing is washed coffee. In terms of quality, all three types of coffee are good, only the taste differs.

Price: The company is maintaining very fair prices in the market, not higher than the competition. Pizpireto is in its first year of development. What is already done is the selection of equipment that is very good for the environment. A very good quality grind has been purchased, also a moisture meter and the aforementioned *grain pro bags*. Pizpireto has been able to pay the coffee grower more than the intermediaries normally give. Glass packaging is offered which greatly helps the environment and is recyclable.

Distribution: At the moment deliveries are made physically to people living in the state of Veracruz, through collaborations with other companies and also online sales through social networks and shipments to the entire Mexican republic.

Promotion: The company has two growth strategies - technical and commercial (in

the short and medium term, improving the product). The harvesting system will be improved, the primary grain selection will be semi-automated, the cycling system will be optimized and fermentation controlled, the grain storage will be improved. The second strategy is the commercial one that includes the creation of the name and logo of the company, the registration of the brand, the development of social networks, the sale on the Internet and discounts for the use of alternative packaging, which is a tactic used in the ecological part of the *Fair-Trade* model. These are the activities that the company has already developed and in the future the website will be created for direct sales and collaborations with more companies.

It was decided to create the company with the concept of fair and responsible trade to help the environment and coffee growers, so that the company responds to its own philosophy and values. The reasons for implementing it were to create a responsible company with the environment and the producers, to discover the personal values of the creators reflected in the company. The concept is reflected from the beginning in all activities. However, working in this way the

profit margin is not large, there is not much return on investment and sometimes there are people who do not give importance to these actions. Creating a socially responsible company and also with the environment is a challenge because the project must be profitable. When selling, the owners of the company first and foremost communicate Pizpireto's values, they try to express it with words and through social networks.

Pizpireto's goal as a company is to develop an eco-social project. The general objectives are to offer excellent quality coffee, improve the quality of life of coffee-growing families, actively collaborate in caring for the environment and the responsible use of resources, but also to create a legacy. In the short, medium and long term, a reforestation of the farms is planned, using organic fertilizers, implementing a water recycling system, optimizing the drying system with solar energy, continuous training, optimization and selection of grains with a new system, improving the payment for the farmer.

A SWOT analysis was done to explain the development of the company and its future opportunities and challenges:

Strengths

- Very good quality product
- Affordable prices
- Use of *Fair-Trade* practices
- Direct connection with coffee farmers
- Greater control of the value and supply chain
- The elimination of intermediaries

Opportunities

- Make the company better known
- More marketing activities and creating a website
- Increase the places with possible shipments and start exporting

Weaknesses

- The company is still not well known due to its recent opening
- Missing website

Threats

- The competition
- Substitute products
- Low visibility in the market
- Products with lower prices

Figure 5. Pizpireto's SWOT Analysis

Source: Elaborated by the authors

The analysis revealed the main strengths and weaknesses of the company and also the areas where the company has the opportunity to develop in the future, but also the main challenges for the coming years. Among the main strengths of the company are good quality of the product and the affordable price. However, since the company has not been in operation for a long time, it needs to promote itself even more through different marketing channels to position itself alongside the competitors in the industry and demonstrate its strengths.

In Mexico, the coffee supply chain production process is under the conventional and organic production of the Arabica species. This means that producers continue using synthetic inputs, while for the case of organic production, soil management and natural inputs are the main practices. The process of the coffee supply chain from Chiapas and Veracruz in Mexico, is formalized as follows: the small producer seeds the coffee plants; the small producer prunes and fertilizes coffee plants with synthetic or natural inputs; the small producer harvests the coffee bean; the small producer gives their production to the organization; the organization performs the wet coffee benefit; the organization carries out the pulping of the coffee; the organization performs the fermentation; the organization executes the washing; the organization performs the drying; the organization sells the coffee to the intermediary in parchment presentation. The actors involved in the coffee supply chain start with government institutions or private providers; a second actor is the organization and the last - the intermediaries, leaving by this way a lack of financial and technological resources in the coffee supply chain.

As explained, the situation of Pizpireto is very different, as they omit the intermediary in the process and in this way have the direct connection with the coffee grower. This is part of the sustainable and fair-trade practices that the company is implementing successfully. On the road map, the current situation in the Mexican coffee sector can be seen and at the same time, compared with the expectations for the future and the aims of Pizpireto as a sustainable company. Finally, the aim of all the coffee companies is the same – growing as a single entity in the market, but also contributing to the development of the whole sector.

5. Conclusions

The *Fair-Trade model* is an important model at an international level both for the environment and the producers from different countries, giving them better opportunities for development. Thanks to these opportunities, local producers, who have depended on intermediaries in the coffee industry, today in Mexico can have a fairer development and a future for their lands and businesses. On the other hand, companies like the one described in this study – Pizpireto, manage to change the mentality in the industry and introduce the concept. The objective of this article is to identify the impact of the implementation of the concept *Fair-Trade* in the Pizpireto company and highlight its innovative methods of working, producing and promoting itself, which is shown through the methodology used – a structured interview, a SWOT analysis and a marketing mix. Being an innovative company, Pizpireto has had a positive impact by offering high quality coffee, a job caring for the environment and helping local producers. Thanks to this type of practice that sets a good example for the society, the

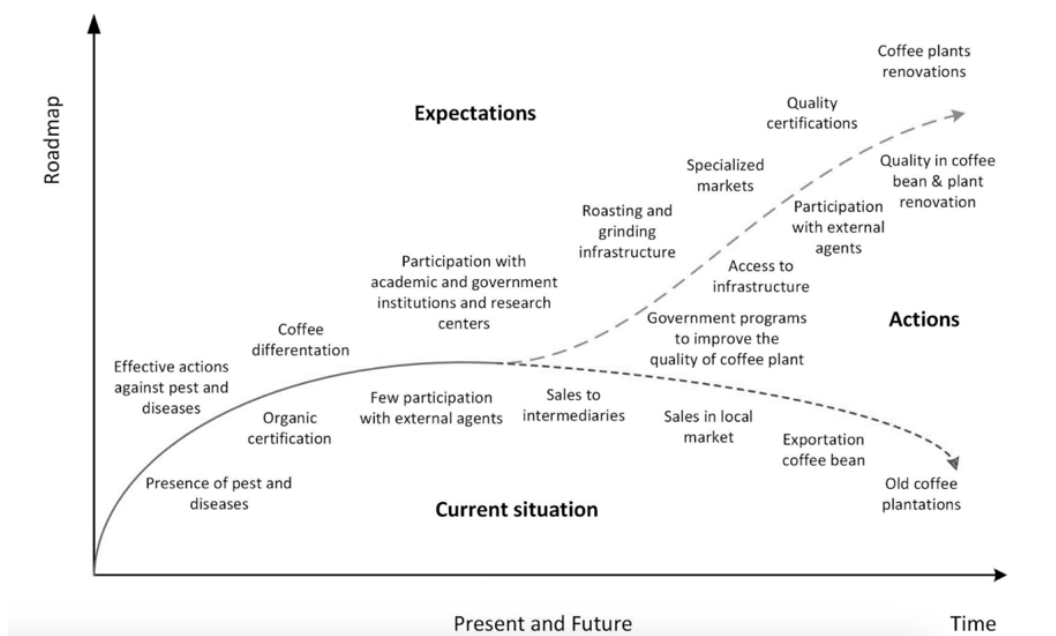


Figure 6. Road-map of the Mexican coffee industry

Source: Contreras, Contreras, Pardo, Olvera, Rodríguez (2020)

green economy can be further developed and have a great impact on the world in the long term. Little by little, with appropriate actions, it will be possible to change the mentality of the consumer and introduce fairer practices for producers but also for the environment. Thus, the Pizpireto company and this case study, being pioneers in this field, will open the doors to responsible trade in the Mexican coffee industry and will set a good example to follow.

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