

“Supply Chain Management in the Mexican avocado industry: the role of the packer”

J. Jaime Arana Coronado	Dr. Jos Bijman	Prof.dr. S.W.F. (Onno) Omta	Prof. Dr. Ir. A.G.J.M. (Alfons) Oude Lansink
Management Studies Group	Management Studies Group	Management Studies Group	Business Economics Group
Hollandseweg 1 6706 KN Wageningen			
The Netherlands	The Netherlands	The Netherlands	The Netherlands
Phone: 0317 – 483644	Phone: 0317 – 483831	Phone: 0317 – 484035	Phone: 0317 – 485194
Fax: 0317 – 485454	Fax: 0317 - 485454	Fax: 0317 - 485454	Fax: 0317 - 482 745
jose- jaime.coronado@wur.nl	Jos.Bijman@wur.nl	Onno.Omta@wur.nl	Alfons.OudeLansink@wur.nl

Abstract

In this paper we present a case study analysis of the technical and organisational solutions packers use in their relationship with producers to deal with the main challenges (strengthening supply chain coordination, enhancing quality, and obtaining reliable supply) in the Mexican avocado Industry. Three objectives are arisen: a) to describe the Mexican Avocado industry with special attention in the packers; b) to indicate the main challenges in the Mexican Avocado Industry from a supply chain management perspective, and c) explain what technical and organisational solutions packers use in their relationship with producers to deal with the challenges mentioned under b). Insights from transaction cost theory and supply chain management are used to explain technical and organisational solutions packers use in their relationship with producers. The coordination problem due uncertainty about market conditions (or asymmetric information) in the international market has been solved by the packers by forward integration into trading companies. This vertical integration has also solved the problem of asset specificity in the transaction between packer and traders for the US market. The problem of how to raise avocado quality has been solved: implementing a certification programme for all avocado producers, shifting to a different type of harvesting method, in which packers maintain direct control over the quality of the product, and entering packers and producers into partnership. The problem of obtaining reliable supply has also been solved by the standardization of product. In conclusion, the packers have played a dominant role in strengthening supply chain efficiency and market responsiveness. Individually the packing houses have upgraded their equipment, have integrated with traders to obtain critical market information, and have entered into partnerships with producers to improve their sourcing. In addition, organisations of packer and producers have established transaction cost reducing procedures for producer-packer transactions, and have lobbied the government for an enabling institutional environment.