



## Estover affirms that Bepco standardised reusable delivery solution for food items is profitable.

**Dairy product manufacturer Estover has decided to use standardised delivery packing to speed up the production process and make it more efficient. Hannes Prits, the CEO of Estover, says**

Having analysed what was already available on the market, Bepco's solutions remained on the table, and looking into it further, it seemed that such a solution could become the new standard for dairy products. "We saw that it really did work as a solution for the transportation of dairy products – one that was easy to managed in every situation and that could help save companies time during packaging and transportation, thus meaning financial savings," Prits said. "In addition, something remarkable happened – supermarkets welcomed the new solution with open arms. Since in addition to cheese production we've decided to further production of short-life dairy besides our existing cottage cheese, future-oriented standardised packaging was an important aspect."

Estover became the first large cheese producer to use the Bepco system, although not in full. The new crates will be used for larger product groups, e.g. cheeses, curds and some cottage cheeses. Cream cheeses and most cottage cheeses are easier to transport in cardboard crates, and the company has not decided to invest in new

"We hope one standardised solution will work in all of our neighbouring countries, but at the moment the products we're sending to Finland are still being packed into cardboard crates," Prits explained. "Taking into account the direction our former and current governments have been going in though, it's likely that the excise on packaging will continue to rise and that the costs of companies using paper, cardboard and carton packaging will increase."

Packaging in cardboard crates is labour-intensive and means double the work: the products have to be packed in the factory and then unpacked in the store. But with Bepco crates, the products can be placed in the sales area in the same container. There is also no paper or carton waste. Estover has managed to save time by not folding carton boxes with, meaning its employees can concentrate on resource-intensive work. Given the circumstances on the labour market, this was a determining factor for the company.

## Besides saving time, logistics is also important

"It's a clever solution, with empty crates being able to be placed together and very conveniently inside one another, so transportation takes up less space in delivery trucks," Prits said. "Of course, those who use cardboard crates see less savings here, since cardboard crates take up five times less space than Bepco crates. But if sales volumes are stable, then there's no problem with storage. It's also possible to build higher pallets with strong plastic crates, so there's less damage to the products during transport. We can build now pallet with height of 150 cm; it used to be 120 cm. The crates would probably tolerate a bigger load, but we have to take our employees and ergonomics into consideration."





Using standardised crates and coordinating IT all along the logistics chain requires investments, which goes against the grain somewhat for smaller producers. However, the management of Estover is certain that in the long run everyone will be a winner. "We had to upgrade our IT systems and get a warehouse printer, but they were wise investments, around 10,000 euros in total," Prits explained. "Given that every month we're now saving 1000-1500 euros thanks to the Bepco solution, that's a sustainable investment."



Margus Ärm, a member of the management board of the innovative plastic crate system developer Bepco OÜ, points out that according to surveys, vehicles in the three Baltic States would drive annually 24 million fewer kilometres and the amount of carton packages in landfill would decrease by 7000 tonnes if food product transportation crates were standardised. In the interests of all parties, Bepco has decided to develop crates in which it is possible to effectively deliver 90% of all food items to stores. Today, many factories and stores in the Baltic Sea region use special crates, which can be cross stacked and inside one another when empty, helping companies save a great deal compared to the old packaging. In addition, the new solution solves the cleanliness and hygiene problems for stores because crate rental includes also cleaning and repairing of the crates each time.

## **This could have won the Logistics Act of the Year award!**

"Since our logistics solution already made quite effective use of cardboard crates, we were quite hard to convince at first and Bepco didn't win us over very quickly," Prits admitted. "Our aim was to achieve a certain financial gain, which is to say the packaging needed to be cheaper than cardboard. It was important that larger supermarkets and people known in logistics circles supported Bepco's solution. We also see potential on the Baltic and Finnish markets that we're interested in pursuing."

Estover has three production units: Eesti Juustu Tootmise OÜ for cheese production in Tori-Selja; the dairy unit of Estover Piimatööstus in Kaarlijärve; and a packaging department at Estover Piimatööstus in Tallinn. The annual volume of dairy products made using Estonian milk is around 8500 tonnes, added to which are sales of around 1000 tonnes of imported products. The primary markets are Estonia, Finland, Latvia, Lithuania and Italy.

Estover's initial fear was that the transportation crates might be stolen. Every manufacturer and logistics specialist is aware of what has happened to wooden Euro-pallets and other transport containers. But the undisclosed system has been paying off. "Bepco's business model is not merely a crate, but a whole system," says Prits. "In addition to the crates, which are all the same size and which conform to the measurements of Euro-pallets, they're equipped with barcodes that enable you to automate the storage of the crates and that provide real-time information about the crates' balance, movement and distance. It's such an awesome innovation that Bepco could easily have won the Logistics Act of the Year award!" Prits adds that it is also important to Estover that the percentage of damaged goods is close to zero thanks to the new system.

*Bepco is one of the biggest returnable packaging solution providers for dairy suppliers in Eastern Europe providing it's clients simple crates rental and full cycle pooling services.*

