



BEVPAK

PET PROJECT



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BevPak has successfully taken modern PET bottle technology into the challenging Nigerian market: now it is looking further afield

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In the short space of five years since BevPak was established in Ibadan, Nigeria's third largest city, the company has put down strong roots in Nigeria. In 2008, a group of entrepreneurs bought a small operation in the city and equipped it with modern machinery to produce the preforms from which PET bottles are blown. The Managing Director of this operation is Syd Carter, who has 18 years' experience in the PET conversion industry in Africa.

The rationale for setting up BevPak was simple. Nigeria is a country with a huge population of nearly 170 million people – and it is a growing economy, underpinned by its substantial oil reserves. While it is well developed socially, educationally and politically by the standards of sub-Saharan Africa it also has a massive potential for growth in most consumer sectors, not least food and drink.

Nigeria's very size and complexity have proved a disincentive for many investors who prefer a tidier market, but Carter and his associates saw the opportunity and were prepared to take the risks. The venture was based on an understanding of the industry's fundamentals. "Traditionally there are three different options for packaging beverages: glass bottles, metal cans and PET bottles. Nigeria has always been a predominantly glass bottle market," he explains.

These days there is a movement into PET for its clear advantages, principally driven by convenience: it is lightweight, it is resealable after opening, and it is safe to the user – no cuts or damage can be done with a PET bottle. From the customer's point



1.5 MILLION

BevPak's daily preform output

of view, PET bottles carry no deposit, and they are easy to recycle. There is a good recycling infrastructure in Nigeria, where people perceive value in waste, so there is a good rate of conversion of PET into fibre for stuffing mattresses and pillows, and other uses. PET fibre is one of the most widely produced synthetic fibres. It is put to use in products as different as tyre cords and clothing.

Recycled Pet for use in PET bottles is not yet produced in Nigeria at this stage – bottle-to-bottle recycling is expensive and requires much greater volumes to make it viable. Carter is confident that this will become a reality once the PET market in Nigeria reaches sufficient volume to justify the investment.

The Ibadan factory of BevPak now employs 64 people. Ibadan is only 120 km from Lagos, and offers certain advantages: “Many of our staff can walk to work: in Lagos they would probably face a two hour commute – each way!” says Carter. Since the factory is a 24/7 operation this degree of proximity is a significant help.

Infrastructure is also a challenge, as it is throughout Africa. Electric power is unreliable to the extent that a factory like BevPak's has no option but to generate



its own, and there is no municipal water supply. The state of the roads throughout most of the country is not good; nevertheless Carter has been impressed by the ability of the transport contractors who truck the preforms across this large country to deliver. The ingenuity of Nigerians

to get a job done in the face of problems does them credit, he feels, and is one of their many strengths.

When BevPak arrived in Nigeria it entered a market that was becoming increasingly sophisticated. Customers were looking for the same advantages as their counterparts

“FINDING GOOD STAFF IS A KEY ASPECT TO A SUCCESSFUL OPERATION”

in Europe or America. They wanted lighter weight products, longer shelf life and better performance from the packaging they were buying, as well as the ability to add value through design and colour. These customers welcomed the advent of a manufacturer who could give them these options, plus a high level of local technical support. “We put a big emphasis on after-sales support,” he says.

In 2009 BevPak invested in a state-of-the-art multilayer

preform system from US-based Kortec, Inc. One of the characteristics of polyethylene terephthalate (PET) bottles is that they permit the slow passage of gases through the bottle wall. This means that a carbonated (‘fizzy’) drink will eventually go flat over a period of time. Multilayer technology inserts a layer of much less permeable material that slows down the migration of gas and can extend the shelf life of carbonated beverages by a factor of two.

64

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 People employed at
 Ibadan

“UP TO NOW WE HAVE BEEN CONCENTRATING ON GOOD GROWTH IN THE LOCAL MARKET BUT NOW REALISE THERE IS POTENTIAL FOR EXPORT”

Another advantage of using a multilayer bottle is that it can be made lighter, since it does not rely on the thickness of the bottle wall to hold the internal pressure. This is good news from an environmental point of view.


Since gases can also migrate inward

through single layer PET, beverages, like beer and fruit drinks, are sensitive to oxygen seeping from the atmosphere into the drink. However, a practical shelf life of six months or more can be achieved using multilayer PET bottles, comparable to the performance of glass bottles.

BevPak is an integral part of the business of its customers in many ways, beyond simply supplying them with a value-added product. The factory can produce 1.5 million preforms a day, and can supply the bottling plants at short notice so the customers do not need to store large quantities of stock. As we have noted they can work with BevPak to create bottle shapes that will help market their products, and bottles whose performance will keep those products in ideal condition. Now it is installing a new line in the factory to make closures. Every bottle needs a cap: from early 2014 BevPak will be a one-stop shop for its customers.

That will mean expanding the workforce as well as the equipment. As the latter becomes more sophisticated, so do the skills needed to operate and maintain it. BevPak places great importance on retaining the skills it needs: “We invest time and money in training our staff,” says Syd Carter. “We do a lot of this work in-house, and augment that





with specialist training from the equipment suppliers, either in-house or by sending staff to their premises. Finding good staff is a key aspect to a successful operation,” he adds. “We have been fortunate in being able to recruit some very able people. Low staff turnover and good training have been important factors in our success.”

Already one of the largest manufacturers of PET preforms in West Africa supplying the world’s leading brands of soft drinks and mineral water, and major bottlers throughout Nigeria, BevPak is also looking outward. It would like to become a regional player, and in preparation for that it has secured certification to the ECOWAS Trade Liberalisation Scheme (ETLS).

Once the customs unions of the 13 ECOWAS countries have completed their paperwork, BevPak customers based in those countries will be able to import their preforms and closures duty free. “Up to now we have been concentrating on good growth in the local market but now realise there is potential for export,” Carter explains. However in the coming year thirsty Nigerians will provide plenty of opportunity to grow the business locally, and BevPak will be working closely with its customers on lightweighting, high performance, and how best to complete the transfer to the most versatile form of packaging available today. **BE**

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