



Private-label and contract bottling

*The principal corporate focus at the Hungarian beverage producer **Gramex 2000** is not house brands, but developing private-label beverages, and contract bottling. This philosophy has served the start-up company well over the past ten years. In terms of technology, the firm has opted for several small bottling lines, which in total permit abundant flexibility and are less investment-intensive. The most recent kit to be installed is a complete Kosme CSD (carbonated soft drinks) line for non-returnable PET. This means the mid-tier company has expanded its portfolio to include a capability for bottling carbonated beverages as private labels or as contract bottling jobs.*

It was not in 2000, as the company's name might seem to indicate, but in fact one year earlier, in 1999, that the Hungarian Gramex 2000 Ltd. began to sell electrolyte powder for athletes under the brand-name of Vitalade. Realising the popularity, the advantages, and the opportunities offered by bottled ready-to-drink beverages, however, one year later, this time literally as from 2000, Gramex had the Vitalade sports beverage products bottled in PET containers, featuring sportscaps in Hungary for the first time. From 2002 onwards, Gramex then took the physical distribution into its own hands and started to think about complementing contract bottling with production of its own beverages in future, while at the same time expanding its merchandise portfolio. One short year later, Gramex had translated this thinking into tangible reality, at a greenfield project in Veresegyház, 15 kilometres outside Budapest. And there Gramex was already using Kosme machines for the first time. Simultaneously, to ensure improved capacity utilisation, Gramex began to bottle still beverages in PET as private labels for supermarket chains.

Capacity continually upsized

The demand for the firm's own sports beverages also grew swiftly, and by the second year the production capacity already had to be increased: this was then followed by an expansion of the warehousing space to accommodate up to 3,500 pallets. In 2006, Gramex again upsized its bottling capabilities, tripling them to as much as 650 pallets a day. The machinery once more included Kosme labeller and, for the first time, a stretch blow-moulding machine, a palletiser and a pallet

wrapper from Kosme, in conjunction with machines from other manufacturers. But even this capacity did not suffice for long. Once again, in 2008, Gramex increased its production area with a hall measuring 6,500 square meters, and ordered a KSB 6R rotary blow-moulding machine from Kosme, plus a Palpack PS palletiser and a Volpack pallet wrapper. At the same time, Gramex had begun to export its dealer's brands products to Slovakia, the Czech Republic, Poland and Italy.

The soaring expansion rates are reflected in the absolute turnover figures: as recently as 2003, annual sales were less than a million euros, but by 2010 they had climbed to eleven million. Production of private-label beverages, plus contract bottling, are meanwhile fixed constituents of the strategic focus. Here, Gramex scores heavily in terms of good kit, long years of experience, in-house product development, customised-bottle filling and certified quality control throughout.

Trend identified and exploited

Back in the initial stage of expansion, proprietor János Grécsi had already identified the trend towards private labels on the international markets, but on the other hand he did not have the capital required to push his house brands with maximised vigour. In 2004, he received his first order from Metro, and developed the low-price brand "Gratis", which was sold on the shelves of the food and beverage hypermarket. Later on, Coop, Spar, Tesco and other chain stores were also gained as customers. Since the relatively late debuts of Lidl and Aldi on the Hungarian market towards the end of 2008, these two discounters have also been ranked among his customers. In all, Gramex supplies just under a dozen supermarket chains in Hungary and six adjoining countries. The distribution radius, however, is restricted to about 500 kilometres, due to the low-priced nature of the articles involved. The private-label products, for example, can be bought on the supermarket shelves for 30 to 60 cents per 1.5 or 2-litre bottle. The Vitalade sports and energy drinks, too, at about 70 eurocents for a 0.7-litre container, are significantly more affordable than the price-leaders in this segment.

60 per cent of the output is already accounted for by private labels, 20 per cent by contract bottling, and meanwhile only 20 per cent by house





The line incorporates a Synchronblock featuring a KSB 6R rotary stretch blow-moulding machine and a filler.

Upstream of the Rollstar wrap-around labeller, the containers are blow-dried in a tunnel.

The PET line for soft drinks, the one that has enabled Gramex to become a player in the CSD market, is dimensioned for an output of 12,000 containers an hour, referenced to the 1.5-litre bottle.



When they leave the hall, the multi-packs are passed to a Palpack PS palletiser, which loads half-pallets and euro-pallets that are then fed to a Volpack pallet wrapper.



brands. “Looking back, this decision in favour of private labels and contract bottling was undoubtedly the right one”, says János Gréczi. In order to progress this trend, in 2009 Gramex installed an aseptic line rated at 12,000 PET bottles an hour with the 1.5 litre bottle. At this juncture, Kronos’ portfolio did not include an aseptic line with this kind of rating (though that has now changed). This is why Gramex opted for a different manufacturer. “But we would not have changed from Kronos if back then they had been offering these relatively small aseptic lines”, emphasises János Gréczi. There are only four aseptic lines up and running at Hungarian facilities, two of them being large Kronos lines at an internationally operating soft-drinks producer, and one of Italian manufacture at a fruit-juice plant. Gramex is the only firm offering aseptic contract bottling of juices and still beverages without any preservatives in PET containers with screw caps or 38-mm sportscaps in sizes from 0.33 to 1.5 litres.



Shrink-packs with 3 × 2 or 3 × 4 containers are packed without pads or trays and wrapped in transparent or printed films.

Tackling the CSD market with a PET line from Kosme

But János Gréczi was determined to put in place a capability for bottling CSDs. Following its experience with mix&match lines and the Kosme machines, Gramex changed its investment strategy: in 2011, the company installed its first complete CSD line from Kosme. The PET line for soft drinks, the one that has enabled Gramex to become a player in the CSD market, is dimensioned for an output of 12,000 containers an hour, referenced to the 1.5-litre bottle. The line incorporates a Synchronblock featuring a KSB 6R rotary stretch blow-moulding machine and a filler, followed by a drying tunnel upstream of the Rollstar wrap-around labeller. End-of-the-line packaging, as shrink-packs with 3 × 2 or 3 × 4 containers without pads or trays wrapped in transparent or printed films, is handled by a Kosme Flypack packer. When they leave the hall, the multi-packs are passed to a Palpack PS palletiser, which loads half-pallets and euro-pallets that are then fed to a Volpack pallet wrapper.

Single-sourced planning

In the shape of Technical Director János Vogel, proprietor János Gréczi had superlative techni-

cal support right from the start. Drawing on his experience at a syrup producer and in the canned-food industry, he was able to plan the first lines himself and continually expand them. “This complete new line from Kosme made things very simple for me, of course”, says János Vogel. “We got all the planning work from a single source, erection went off very swiftly, thanks to careful coordination by Kronos, and the commissioning as well, plus the running-in time that every new line needs, were completed in next to no time. We’re now using the line in 24-hour mode on four to five days a week, and measuring an efficiency of 85 to 90 per cent. The monobloc layout, with the air conveyors eliminated, has meant shorter buffering sections, which require correspondingly less maintenance. We get the spares from a single source in the shape of Kosme, which makes many things a whole lot easier. Any problems encountered were very responsively solved. The Kronos/Kosme team were a stringently disciplined crew. That’s not something I can say about a few of the vendors we’ve dealt with. That was one of the reasons why we opted for Kosme and Kronos”, he emphasises. “Ten years ago, I would never have dreamed that we’d get this far. We’re looking forward to the future with enthusiasm and we’re eager for fresh challenges. This is a

mindset I share with the proprietor: if you want to succeed, you have to keep moving forwards.”

Gramex now possesses a total of four very-well-looked-after lines. The first two of them, rated at 8,000 and 10,000 bottles an hour respectively and featuring two Kosme linear blow-moulding machines and one Kosme rotary blow-moulding machine, are used mainly for producing the company's house brands. To quote János Vogel: “If anyone wants to see good blow-moulding machines, he's welcome to come and look at ours.” The third one, the 12,000-bph aseptic line, and the fourth one, the new 12,000-bph CSD line from Kosme, are where the private-label and contract bottling orders are run. To quote János Vogel again: “When we were just starting, we needed six hours for a single pallet; now we're producing 1,100 pallets a day. The most important thing, though, is sales. When it comes to the kit, we're merely responding to demand.”

Sales are the boss's affair

Leading the company is the boss's affair, and is in the very capable hands of the 40-year-old proprietor János Grécsi. During the time when Eastern Europe was being liberalised in the early 1990s, he started off doing all sorts of things, experimented with entrepreneurship, sold fashion, ran a restaurant, imported cars. For a time, he played in the youth team of a first-division football club, travelled to tournaments all over half of Europe. It was from these trips that he always brought back the very latest sports drinks that were already on the market in the West. And so gradually the idea took shape of creating his own brand in Hungary. It was the right idea at the right time. With a generous portion of courage and some good contacts, he got off to a good start by developing the Vitalade brand, first of all on a contract-bottling basis and with third-party sales; only marketing and production were his direct remit. It was only gradually that he began to bottle and sell his own products, not least because the market was not offering sufficient contract-bottling capacities for non-returnable PET. His insistence on non-returnable PET was inspired by the successful brand of an international beverage conglomerate.

Under the “Sconto” brand, the Italian word for “discount”, he has developed a wide range of

affordable fruit beverages with and without CO₂, ice teas, syrups, fruit juices, supplemented by the children's drink brand “Funny Bunny” and the “Vitalade” sports drink. In all, Gramex handles more than 300 SKUs (stock-keeping units), and is currently building a new 2,000-square-metre warehouse, to complement the existing storage capacity of 12,000 pallets. “Our market is relatively small, but highly diversified”, explains János Grécsi. “Hungary has a population of ten million, Germany has 82 million. The beverage segments are indeed comparable, but much smaller. This means that a fast delivery capability and plenty of flexibility are required, not least by advance order-picking on half-pallets, for example. We're also prepared to bottle small quantities. Our strength lies in flattened hierarchies permitting direct decision-making. With our 80 staff, we're a close-knit, can-do team.”

Sustainable growth

Looking back, he has nothing but praise for the cooperation with Krones and Kosme: “To start with, it was important that I had a vendor who also took me seriously. I was an absolute beginner on the market. Every company is judged by how its staff behave at the customer interface. With Krones, we're all on the same wavelength. Another crucial factor was that the sales people spoke fluent Hungarian. When business is involved, every word is important. I like to keep things simple; I hate it when things get complicated.” That's also why he's not taking a brute-force approach to his corporate strategy, but is aiming for sustained evolutionary growth. “House brands are too investment-intensive. We see the future in contract bottling and alliances with other producers, to whom we can offer our capabilities. We are looking forward to a prosperous future. We're trying to increase our capacity utilisation level, and to progress the continuous development of the past few years.” Gramex certainly succeeded in this during 2011. The turnover reached approximately 15 million euros, following eleven million euros in the preceding year.

Laszlo Kerekes

Krones AG

Tel. +49 9401 70-2262

“With Krones, we’re all on the same wavelength.” Proprietor János Grécsi (right) and Technical Director János Vogel (left).

