

COMPANY PROFILE

Ak Gida-Tul Kagit: team spirit, quality and constant change for a 100% Turkish challenge!

We are in Turkey. In Istanbul. The natural bridge between Europe and Asia. A lively city in continual evolution that counts 14,000,000 inhabitants. A city that never stops. Writer and journalist Gunduz Vassaf writes this about it: "I am a labyrinth of layers that can be deciphered only without a compass." This is

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Heterogeneous, frenetic, alive, contemporary and antique at the same time, Istanbul is a magical city; a city that never sleeps where the streets are crowded day and night. A vivacious and cosmopolitan city where history has entwined different cultures. Former capital of three empires (Roman, Byzantine and Ottoman), it maintains its reputation of crossroads of different cultures. Ancient Greek city founded by the colonists of Megara in 667 B.C., it was called Byzantium in honor of their king Byzantas. Following historical events and contrasted dominions, in 330 it was renamed "Nova Roma" ("New Rome") by Constantine the Great and then Constantinople. In 1930 the name Istanbul became official. According to an anecdote, its current name derives from a curious circumstance: when the Turks heading off to conquer Anatolia asked the Greeks where "the city" was, they received an answer they could not comprehend: "Is tin polis", meaning "that is the city". And this expression ended up being the misinterpreted name for Constantinople.

In 2010 it was the European Capital of Culture. Its passion for soccer is embodied by Besiktas, Fenerbahçe and Galatasaray. The city is also the headquarters of Yildiz Holding, one of the largest and major companies in the food and distribution sector with its Ülker brand and an annual turnover of 6 billion US dollars. Today, Ülker manufactures 5,400 products in 41 different categories; it possesses about 300 sub-brands, and a great desire to continue growing, consolidating its position in every category.

AND THE TISSUE FIELD? What correlation exists between the Ülker brand and the tissue products market? The answer is simple: Ak Gida-Tul Kagit.

Tul Kagit founded in 2009 operating under Ak Gida, leader in the production of dairy products, reports to the Personal Care Division of Yildiz Holding. In Turkish, Yildiz means "star" and Tul Kagit is a "rising star" that marks the beginning of a new business adventure.

Ak Gida-Tul Kagit is located in the province of Sakarya along the Black Sea coast in the region of Marmara and employs 290 people coming mainly from nearby villages. A clear vision, teamwork, a high level of technology and quality products are the points of strength of this young company headed by Erkan Tirnavali, General Manager. "We are a young company. Start-up began on August 29th of last year and production got under way in September. Our idea is to offer quality products, and for this reason we have chosen Metso with Visconip Shoe Press technology for the PM supply and Fabio Perini for converting and Casmatic for packaging," he tells us.

WHEN WORKING AT FULL REGIME, THE TWO MILE 7.1 IN-LINE WITH THE CASMATIC A5T WRAPPERS AND CMB 202 BUNDLERS WITH SOME OTHER FOLDING LINES ENSURE CONVERTING OF 43,000 TONS PER YEAR. They plan to convert 28,000 tons in 2012 with the aim to reach 40,000 next year and to continue growing gradually and consistently. Toilet rolls, kitchen towels, handkerchiefs and table napkins are the full range of products offered by Tul Kagit, both for what concerns private labels and own-brand products. "The choice to go with Fabio Perini machinery allowed us to attain a high technological standard and to assure proper training for our operators," Yüksel Özbek, Converting Manager with over twenty years' experience in the field, proudly tells us. "Our facilities were born from zero, and for this reason personnel training has been and continues to be a strategic phase of our activity," continues Yüksel. "The PM produces 65,000 tons per year, 5,500 tons per month. We are very active in the reel business: monthly 2,000 tons are exported and 1,000 tons are for the local market. The Turkish tissue market is growing. Per capita consumption amounts to 3.5 kg, not a very high figure if compared to other countries, but in the coming years, it is

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estimated to increase in the range of 7% to 10%. These figures are backed by economic development and by a greater penetration of tissue products.

COMPETITION AND EXPORTS OF JUMBO ROLLS ARE THE MAIN FACTORS THAT DISTINGUISH THIS GEOGRAPHICAL AREA where total capacity is 650,000 tons, almost double the 350,000 total tons consumed," states Erkan.

Optimal forecasts that confirm the growth trend of Turkey - a country which, in a time of strong economic turbulence, is on a counter-trend track compared to the rest of Europe, strained by financial vicissitudes. The potential is high and the outlook is positive in every way. In the last two decades, consumption has grown year on year. Until fifteen years ago, it was 1.0 kg per capita. Today, 60% of tissue consumption is focused in the Region of Marmara, surrounding Istanbul, where this figure is about 6 kg per capita (double compared to average consumption).

If we move away from Istanbul, we find that not only the geography but also the economy changes together with the consumption level, which here is only around 3 kg and gets close to zero in some internal regions. These data confirm this area's high potential for development. A constant and gradual change in habits will be the main growth driver in the consumption of toilet roll and kitchen towel products. But just who is the Turkish consumer? We have tried to make an identikit.

"THE DIVISION OF TISSUE PRODUCTS CONSUMPTION IS: 45% toilet rolls, 35% kitchen to-wels, 15% table napkins, 5% facial tissue and handkerchiefs. Three product categories exist: premium, standard and economical and consumption can be found mainly in the standart & economic segment where sales volumes of own-brand products thrive. Price remains one of the major purchase drivers but the most attentive consumers are shifting their focus from price to quality," explains Erkan, who can boast of over 20 years' experience and expertise in this field. "Our final output is today divided between producing for private labels and our own brand in a proportion of 80% and 20%, respectively.

OUR TARGET IS TO REACH AN EQUAL PERCENTAGE, 50/50. 80% of production is directed at BIM & SOK retail chains, present with 1,200 medium-size SOK supermarkets and two brands: the spearhead product is Beyaz Guvercin and Yuka is the standard one. Blume and Queen are BIM's brands, one of the major and most famous retail chains with a capillary presence of 5,200 sales points along the entire Turkish territory that guarantees high sales volumes." "Part of our production is exported to Azerbaijan. Komili is our brand and we are focusing on it. Its range includes toilet rolls, kitchen towels, napkins and handkerchiefs. We launched it on the market some months ago by pursuing a "standard product" logic, but our aim is to gradually migrate it into the Premium category because we are already proposing it with Premium criteria using quality 3-ply tissue. We monitor the market and our products on a monthly basis through lab tests that allow us to identify our level of quality. The results of the latest test have confirmed that KOMILI toilet tissue has a softness level that is above the maximum market level, and the kitchen towels have higher absorbency compared to others," states Erkan.

SOFTNESS AND ABSORBENCY: TWO KEY FACTORS FOR TISSUE PRODUCTS, two musts that build loyalty with the final consumer. Both are fruit of the two phases of the production cycle: paper production and converting. The main protagonist in this part of the process is Metso with its Visconip Shoe Press technology that confers softness to the paper and a lower density, making it bulky and softer. The aid of Perini technology in the embossing process enhances product appeal for both the toilet and kitchen roll.

"Komili is a young brand that has already made a name for itself on the market, but it still has a long way to go," underscores Erkan. "Our Mission is to consistently offer the best quality at the best price, pursuing the Vision of being leader. Team spirit, quality and constant change lie at the basis of our philosophy."

Ak Gıda-Tul Kagit is a young company with great potential for growth and has all the cards needed in order to grow on the Turkish market. •