



## Research case study: EUROPACK

Soňa Chovanová Supeková<sup>a</sup>

Paneurópska vysoká škola, Bratislava, Slovensko<sup>b</sup>

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**Abstract:** EUROPACK is a Slovak manufacturer of plastic packaging for eggs with a long-standing tradition, based in Dunajská Streda and belonging to the PROSPERITA holding. We classify the company as a medium-sized company. The analysis of the controlled interview and the results of the questionnaire survey among the managers of the company provide information about the effective approach to the management of the company. Despite the fact that the company is based on traditional approaches in company management, it tries to look for new opportunities and new markets. Since the company's portfolio consists of only two main groups of products, it is not possible to talk about intensive product innovations, but the company innovates technologies and production processes.

**Keywords:** EUROPACK, egg packaging, recycled plastic, effectual approach, causal approach, specific innovations

### Company presentation

The company EUROPACK a. s. (hereinafter referred to as EUROPACK) is a Slovak manufacturer of plastic packaging for eggs with its headquarters in Dunajská Streda.

From the point of view of classification by size, EUROPACK belongs to medium-sized enterprises, since in 2020 the company had 160 employees and achieved a turnover of EUR 20.36 million. The number of employees of the company has been stable in recent years, but the management of the company notes that a major problem in recent years is the acquisition of capable workers to replace employees who are retiring.

**Table 1: EUROPACK company products**

Product type	The most important characteristic
Plastic packaging for eggs	The products are made of recycled plastic
Paper packaging for eggs	The products are made of recycled paper

Europack as a joint-stock company was founded on December 11, 1991. The main goal of establishing such a company was to make maximum use of the partners' experience gained in the field of the packaging industry and to carry out the extensive privatization that resulted from the change in the

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The research case study is one of eight research case studies. Based on the analysis of individual research case studies, a multiple comparative case study is developed. The theoretical and methodological framework for creating case studies is presented in a multiple case study.

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social structure after 1989. The newly established company bought a plant in Dunajská Streda, which had been producing packaging for the food industry since 1979.

Production began under new organization and management, and after initial difficulties (disintegration of the Czechoslovak market and devaluation of the currency), the company began to achieve its first successes on the domestic and foreign markets. After these changes, the annual increase in sales and production gradually increased by more than 20%. Towards the end of the nineties, exports significantly exceeded sales on the Slovak market, key products were already plastic packaging for eggs and food.

In the 1990s, the company ensured the distribution of products through foreign trading companies, over time, market conditions shaped the future of Europack. The organization changed in 2010 with the new goal of improving communication between customers and the manufacturer, which decided that Europack invested in building and creating fully functional internal departments by February 2011 for sales and technical service.

By 2000, the key products were packaging for dairy products and also packaging for eggs. In the meantime, the shareholder structure changed, and the company developed with strategic investors, which enabled access to foreign loans with favourable interest rates and the construction of a distribution network throughout Europe. Slovakia joined the European Union, which removed many other administrative obstacles and made it possible to increase the share of exports to 70%.

Growing competition in the market made it necessary to decide whether Europack would continue to produce packaging for milk and dairy products or just packaging for eggs. Considering that the egg packaging market, which had been established since 1978, had the greatest potential for growth, the company's management decided that it was necessary to separate the entire market share of packaging for the dairy industry, including production machinery and equipment, into a new plant. The funds raised were invested in the development of the plant to become the largest manufacturing company in Europe for the production of plastic egg packaging. The total installed capacity is currently 500 million units per year. Production takes place in a three-shift operation with a production line. Currently, EUROPACK is the largest manufacturing company for the production of plastic packaging for eggs in Europe (Table 1). The total installed production capacity was at the level of 500 million. packaging per year. The total share of exports is at the level of 98%.

Since 2006, EUROPACK has been producing only plastic egg packaging. In the past, polystyrene was used as the basic raw material in an annual volume of around 10,000 tons. Due to the high price fluctuations of this raw material between 2011 and 2013, the search for alternative materials began. The most suitable material appeared to be RPET (recycled polyethylene terephthalate), which comes mainly from the collection of beverage bottles. This material is advantageous from an ecological point of view, as it is repeatedly recyclable. Currently, all EP products are made from 100% recycled material, which represents a certain advantage in developed markets. It produces and distributes packaging for clients across Europe and also to other countries. In addition to the packaging with the designs of the egg producers themselves, packaging with the designs of the private brands of most retail chains in Europe represents a significant share. In this way, EUROPACK realizes packaging projects for the following trading companies: Albert, Aldi, Carrefour, CBA, Coop, Interspar, Kaufland, Lidl, Matines, Maxima, Metro, Ovalis, REWE Group, Spar, Tesco. In cooperation with graphic studios, EP offers not only the adaptation of the graphic design, but also the actual creation or cooperation in the creation of a specific design. According to the client's needs, the company also provides packaging transport to the client's address in cooperation with contractual partners. In order to be as efficient as possible, it provides various types of packaging transport: by truck, train or combined container transport.

The organizational structure of the company corresponds to its size, when the management of the company consists of the general director and directors of individual departments (quality department, commercial and technical department, financial department and production). In addition to the production itself, the key departments are the quality department, which ensures the quality control of the manufactured packaging, since it is packaging for food products, and the trade department, which also manages individual sales representatives and partners abroad. The EUROPACK company has a BRC quality certificate, and a certificate of conformity audited on a regular basis, which represent the high quality of the production process and administration.

The current installed production capacity of EUROPACK is at the level of 400 million. of packaging, which corresponds to roughly 14,000 tons of raw materials. Usability is at the level of 85% on average, while in the main season from October to March it is at the level of 115% (it is also done on Saturdays) and in the summer period, including planned vacations and planned maintenance, at the level of 75%. This period is used to create production stocks (before the production of neutral packaging) for the season. This process is limited by storage space as well as the financial possibilities of the company.

Average warehouse stocks are at the level of three weeks' sales, in the main season at the level of weekly sales. The warehouse and production premises are relatively modern and well maintained, they were renovated in 2010-2016. In 2016, the construction of new production and warehouse premises with an area of 2000 m<sup>2</sup> was completed. This fully covers the needs of EP at the current production capacity.

Given that the transition from polystyrene to RPET took place between 2014 and 2017, the production lines are modern or modernized. Basic equipment such as extruders, dryers, moulding machines and crushers still have a service life of several years, they only need standard maintenance. New investments are planned only in new tools, depending on the requirements of individual markets.

EUROPACK uses exclusively its own regular employees in the production process, turnover is at a very low level, the vast majority of employees have been employed here for more than 5 years. Junior executives held various junior positions in the company over several years. The shareholders of EP actively participate in the management of the company, they form the top management body.

The financial results of the EUROPACK company (Figure 1) over the past years prove that it is a financially stable company. In 2019, although there was a slight decrease in revenue from the sale of its own products, the financial data from 2020 indicate that the company overcame the global recession caused by the COVID-19 pandemic without a decrease in revenue, quite the opposite. The financial stability of the EUROPACK company is also proven by the fact that the company is able to repay its obligations within the due date and at the end of 2020 it had no outstanding obligations for a period of more than 60 days.

The economic result for 2020 represents a profit in the amount of EUR 1,979,445. Its transfer or distribution is decided by the company's general meeting in 2021 (Figure 2).

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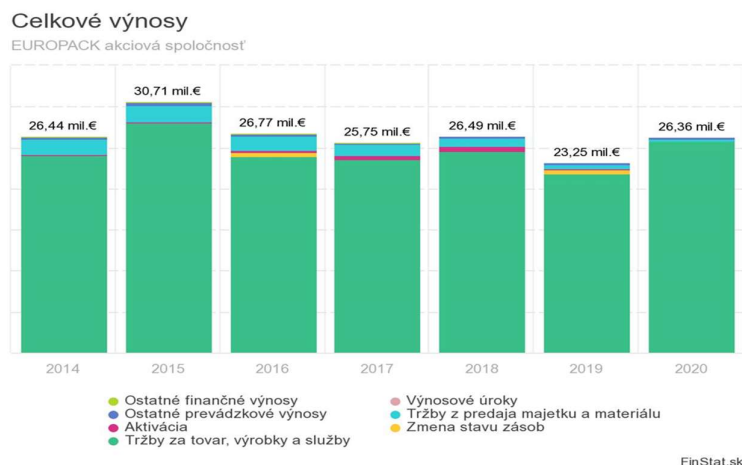


Figure 1 Total revenues of EUROPACK in 2014-2020

Source: [www.finstat.sk](http://www.finstat.sk)

In 2017 and 2018, the company found itself at a loss after many years. This was due to the fact that the technologies required investment and the company's management decided to look for a strategic investor. Basically, it can be said that such an investor became the parent company of the company with which EUROPACK cooperated for a long time, because it supplied recycled plastic as a raw material for the production of packaging. In December 2019, the company EUROPACK became part of the Czech concern PROSPERITA, as a subsidiary of the joint-stock company TOMA a.s.

## Zisk

EUROPACK akciová spoločnosť



Figure 2 Total revenues of EUROPACK in 2014-2020

Source: [www.finstat.sk](http://www.finstat.sk)

At the end of 2020, EUROPACK had long-term tangible assets worth 6.91 million. EUR, short-term receivables in the value of 3.44 mil. EUR, stocks were worth 2.11 million. EUR (Figure 3). From the above, it can be concluded that this is a healthy and prosperous company.

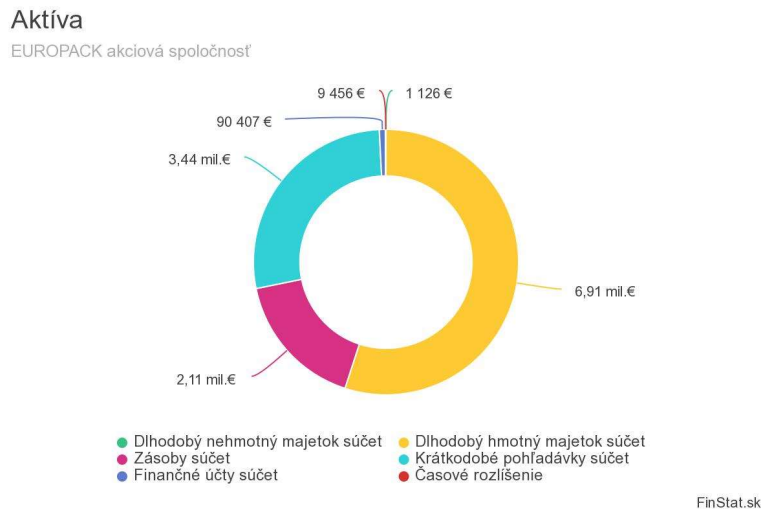


Figure 3 Assets of EUROPACK, financial statements for the year 2020

Source: [www.finstat.sk](http://www.finstat.sk)

The EUROPACK company is one of the important companies in its region, it is a good employer and also a taxpayer. For the year 2020, EUROPACK paid EUR 460,534 in income tax to the state budget (Figure 4).



Figure 4 Income tax and payable tax of EUROPACK in the years 2010-2020

Source: [www.finstat.sk](http://www.finstat.sk)

EUROPACK's corporate strategy is largely influenced by the structure of the competitive environment, operations in foreign markets, limited product portfolio and the size of the company itself.

In terms of strategy, EUROPACK has a view from Prosperity, the majority owner, from the waste division in Bohumín, where PROSPERITA owns a company that recycles PET bottles, and up to 90% of the recycle goes to Europack. Although in previous years, Europack had the opportunity to refuse these deliveries because they bought competing raw materials cheaper, but currently it has to take raw materials from Bohumín. Since EUROPACK produces 100% of recycled materials, it does not use so-called "virgin" raw material, plastic. The problem in setting the strategy is the area of CSR and marketing. Despite the fact that EUROPACK has a well-established production and business, the

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company still encounters the problem that customers do not distinguish whether a product is plastic (90% recycled), they do not even look significantly at the price, but compares with paper packaging and does not differentiate between recycled and raw "virgin" plastic. The customer does not care about these facts. The company is therefore in a situation where it wants to go with the wave of the so-called ecological, but the customer, who should support this direction, on the contrary, does not perceive this. Although EUROPACK lists the mandatory "R"-recycle on its products, the average end consumer is not interested in this and this is precisely the area that the company wants to focus more on in the future in marketing communication. This problem is not only evident in the Czech Republic and Slovakia, but also in other European countries, with a few exceptions (France) plastic egg packaging is often not visible at eye level on the shelves of retail chains. Paper prevails. Creating a long-term strategy is therefore difficult for a company. The main direction of the company in the near future is formulated as follows:

1. Incorporate fully recycled raw materials into packaging production.
2. Continue what the original owners set up.
3. To secure part of the production by switching to paper packaging (also from recycled), mainly for the sake of customers and trade.

From the point of view of strategy, the company is actually very ecological and in line with the CSR philosophy, but it is dissolved in space, because even if the store (retail) as such plays on CSR, customers prefer paper because they perceive plastic as non-ecological. It is difficult to put it into practice, i.e. CSR in such a form that the customer perceives it really positively. The customer, who is the store, does not care that the EUROPACK company is CSR and ecological to the highest possible extent, and thanks to this, the company also decreased its production in 2021 by 30%. The customer is the store, and the store is the one who decides in the market. But the store pretends to be CSR mostly by selling organic eggs on the shelves. Several companies that are focused on the production of packaging have this real problem. There is a huge amount of materials on the market that are cheaper and not so ecological, but the one who decides in the store does not solve this area, the price of the product is decisive.

## **Access to opportunities and investment**

EUROPACK operates in a very specific sector of the packaging industry, which significantly affects the company's approach to new opportunities. Since EUROPACK has been specializing in the production of plastic packaging for eggs since its inception, the management of the company does not even currently feel the need to change the product range. The management feels the need to expand the range of packaging to packaging made of recycled paper, which is already in the process of being resolved, but the volume of this production will not exceed 15% of the total production of packaging. The results of the questionnaire survey and also an in-depth interview with the vice-chairman of the EUROPACK board of directors clearly show the signs of an effective approach to new opportunities.

During 2020, the company started to invest in a new additional production program, namely in the production of food films. Technological equipment was partially delivered in 2020, the planned start of new production is June 2021. In 2020, the company managed to increase its market share in the markets of EU member states, where a significant part of the products continues to go. The increase was recorded mainly in Western Europe, both by increasing deliveries to existing clients and by opening new

destinations, namely by the active interest of new customers.

In the case of EUROPACK, it is essentially a conservative company, which as such has not changed much in recent years. However, with the arrival of a new strategic investor, the perspective on CSR and marketing communication of EUROPACK's product portfolio is changing. Experimentation with new products or business models is not typical for the company, however, in case of need for a special solution of technology adjustment for the customer, the company looks for ways to fully satisfy the customer (Table 2).

**Table 2: Results of a questionnaire survey in the company EUROPACK on issues of access to opportunities**

	Answers
The product/service we now produce/provide is basically the same as the one we produced/provide 10 years ago	4
We experiment with different products and/or business models	2
We try a number of different approaches to find a business model that works	3
We often try new ideas	3
We are looking for new ways of doing things	3
We adapt what we do to the resources (finances, contacts, knowledge, etc.) we have	5
We are flexible and take advantage of opportunities when they arise	5

Note: Company managers entered their agreement with the statements in the questionnaire on a scale of 1 to 5, with level 1 meaning strongly disagree and level 5 completely agree

Even from the guided interview with the vice-chairman of the board of directors of EUROPACK, who was the general director in the previous period since the beginning of the company's operation, and from the questionnaire survey, it is clear that in the case of EUROPACK it is a company in which mainly the existing resources of the company play a key role in new opportunities. Although the company is looking for new opportunities, it is fundamentally within the company's current activities and experimentation with new products and business models is de facto minimal. This is also confirmed by the stable structure of the company's most important customers, where we observe only relatively small changes. Currently, a fundamental change will be the start of the production of paper packaging for eggs, which will be made from recycled paper.

### **Introduction of new products**

It is already clear from the assessment of access to opportunities that EUROPACK is not a company that appears on the market with new products. Introducing new products and being innovative in production is more or less a simple matter for EUROPACK, as the portfolio is limited and only represents variants of plastic packaging for eggs. As a new product, the paper packaging for eggs, which we wrote about above, will be produced in the setting of the new EUROPACK strategy.

## **Introduction of innovative products and process innovations**

The creation of new products is not a priority for the company. Innovations and an innovative approach can be seen in the following examples. For specific customers, in some cases, the company was forced to order a new machine, as a result of long-term cooperation with a stable customer. It was a packaging machine that had to be equipped with a modular system. The point is that the customer is able to supply the egg packaging on his line and EUROPACK with a module that packs the resulting packaging filled with eggs. We can consider this as an innovative approach. Since EUROPACK is a packaging manufacturer, it also participates in the packaging method directly at the customer. Many customers had to use manpower to close the package, but as a result of intensive cooperation, EUROPACK was able to develop end modules for their packaging lines, which automatically close the package filled with eggs. Such a machine costs 14 thousand EUR on average and replaces 4 workers. The return on investment is therefore very fast. In Great Britain and France, it is less than 6 months. Since EUROPACK not only developed end modules but was also able to ensure their production (since there are only three manufacturers of egg packaging lines in the world, and they have production ordered 2 years in advance), it is therefore unthinkable that a customer would request an additional order of such an end module for closing from the manufacturer of the line. It is mainly for the reasons that the packaging lines can be adapted to different types of packaging, but the closing module must be made exactly for a specific packaging. From the USA to Europe, EUROPACK has delivered up to 80 such modules. It is really a very specific approach to innovation, and it is not based on the efforts of the EUROPACK company to produce new packaging but reflects the needs of its customers through innovations. It is always the result of cooperation with the customer and a comprehensive solution to his needs. As an example, the vice chairman of the board of directors of Asian customers cites during the interview.

Priority in Asia customers are not against plastic and in most cases the eggs are stored in the paper bottom part of the package, the top part is transparent plastic and at the end of the packaging line 6 workers are needed to close the package manually. Asian customers now rely on the development of the end module in EUROPACK, where they are currently working on solving this problem, which will result in saving 6 manpower per shift at the customer. Since e.g., in Singapore, EUROPACK occupies 70% of the market, it is important to solve this in order to retain customers, as the average wages there are higher than the average wages in worker positions in Slovakia. This means that with their average salary of 1500-1700 EUR per month plus taxes, a module that saves 6 manpower will be in high demand. From the negotiations, EUROPACK already knows today that the customer who hopes to save this 6th manpower will welcome an end module worth EUR 50 thousand.

## **Operation of EUROPACK on international markets**

More than 95% of EUROPACK's production is intended for export to countries practically all over the world. EP is the market leader of plastic packaging for eggs in Europe and in the countries of the Arabian Peninsula, with a market share of around 35%. Outside of these areas, EUROPACK products are also successfully used in the United States of America and Southeast Asia. Penetration of the company into these markets is very time-consuming, as it is necessary to overcome obstacles in legislation, in different production and business standards, regulations, but also intercultural differences.

EP's customer portfolio consists of customers of various sizes and structures. The vast majority of them are producers and distributors of eggs, about 10% of customers are wholesalers of packaging material. The largest customer participates in 15% of sales, regular customers are at the level of 2.5% of sales.



The vast majority of customers operate at the national level, EP has only a few customers that operate internationally (mainly German and Dutch companies). The biggest markets are:

- EU countries: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Croatia, Denmark, France, Germany, Greece, Netherlands, Ireland, Lithuania, Latvia, Luxembourg, Hungary, Malta, Poland, Romania, Slovenia, Spain, Sweden, United Kingdom, Italy
- Other European countries: Switzerland, Ukraine, Albania, Turkey, Belarus, Serbia
- North African states: Egypt, Algeria, Libya, Morocco,
- Other African states: Madagascar, Nigeria, Mauritius, Mayotte (French region)
- United States of America
- Arab region: Oman, Yemen, Saudi Arabia, United Arab Emirates, Jordan
- Australia
- Asian countries: Mongolia, South Korea, India, Thailand, Singapore, Malaysia, Taiwan, Hong Kong

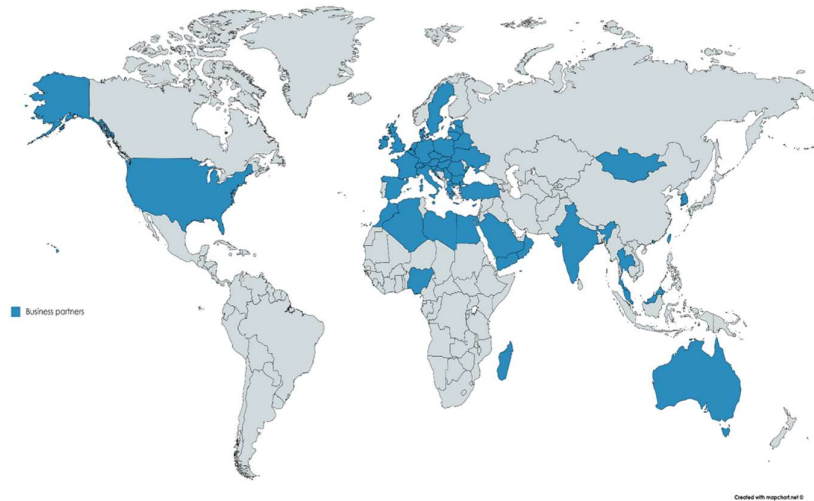


Figure 5: Export of EUROPACK products to the countries of the world through business partners  
Source: EUROPACK internal materials (by Anna Fazekas)

Even in the case of operating on foreign markets, a certain conservatism can be observed in the case of the EUROPACK company, as in the case of access to opportunities and the introduction of new products. Although the company tries to acquire new customers abroad, most of the current customers belong to the company's long-term customers. We can conclude that the global COVID-19 pandemic did not significantly complicate operations in foreign markets in 2020, but personal meetings with sales representatives abroad were a problem, as the closure of countries did not allow for personal contacts and visits to existing customers. This fact also affected the area of acquiring new customers, but since the company is one of the leaders on the European market, it can be concluded that customers will find the company on their own.

## **Impact of COVID-19**

The global COVID-19 pandemic ultimately did not have a negative impact on the EUROPACK company. On the contrary, company managers confirm that when there is a crisis, the company is doing well. Based on the annual report as well as data from the financial statements for 2020 and data from Finstat for the last 10 years, it can be concluded that the company, despite the global economic crisis caused by the COVID-19 pandemic, had higher sales for its own products in 2020 than in the previous year. Currently, the company is facing challenges due to the spread of the COVID-19 disease, to a lesser extent due to the outage of employees (due to the established anti-epidemiological measures, however, the company did not register community spread), but more due to outages of supply networks and service activities. In 2021, although in the first in the last three months there was a 30% decrease in sales compared to the months of January - March 2020, but the situation is gradually levelling off and the company does not expect a significant decrease this year either. At the time of the first and second waves of the pandemic, people were forced to stay at home, so catering from closed facilities of the Ho-Re-Ca segment was transferred to households, where more cooking and baking was done than in previous years. Eggs are among the basic and cheap foods, therefore, logically, the increase in sales was significant all over the world, especially in the retail trade, which is a key customer sector for EUROPACK.

Attachments

Certificates of the EUROPACK company

» Certificates

Europack has **BRC** and a **certificate of compliance** and are audited accordingly on a regular basis, representing high quality production processes and administration. Fundamentally clients needs and requirements are taken care of, ie producers of eggs, or directly to retailers in Europe and other countries.



BRC Certificate



Certificate of Conformity R-PET



Figure 1: EUROPACK company certificates

Source: [www.europack.sk](http://www.europack.sk)

Key partners of EUROPACK

» References

We produce and distribute packaging for our clients worldwide. Of which the majority are private labels with major retail networks in Europe. In this way we realise packaging projects for the following companies:



Egg producers themselves represent a significant share of packaging supplied for their own brands

Figure 2: EUROPACK key partners

Source: [www.europack.sk](http://www.europack.sk)

The company's offer on the website



Europack offer plastic egg packaging - we manufacture products of the highest industrial quality, for merchandising to encourage and to increase sales of eggs.

Europack guarantees these material and technical standards for packaging:

- **Transparent material** >> customers can view the quality of eggs without opening the packaging
- **Lightweight but strong material** >> facilitates efficient handling and economical cost in the supply chain whilst meeting strict criteria for strength
- **Unique locking system** >> guarantees secure closure of packaging

Figure 3: EUROPACK's product range on the website  
Source: [www.europack.sk](http://www.europack.sk)



Image 1: Monitoring the distribution of products in a shelf, Utrecht, mall chain

Source: Internal EUROPACK materials





Image 2: Poster, presentation of EUROPACK's ecological commitment  
Source: Internal EUROPACK materials

Figure 4: Promotional materials EUROPACK, advantages of family packaging, advantages of plastic packaging  
Source: Internal EUROPACK materials

## Additional information and documents

### Notes and sources used

Internal documents of EUROPACK a.s.

Annual report of EUROPACK a.s. for 2020

[www.europack.sk](http://www.europack.sk)

[www.finstat.sk](http://www.finstat.sk)