

ESTONIA

Agri-food chain integration & quality

Location

Tartu

Programming period

2014 – 2020

Priority

P3 - Food chain & risk
management

Measure

M04 – Investments in
physical assets

Funding (EUR)

Total budget 1 756 770
EAFRD 1 158 310
National/Regional 597 301
Private 1 159

Project duration

2015 – 2017

Project promoter

Salvest PLC

Contact

Triin.korgmaa@salvest.ee

Website

www.ponn.ee/

A well-established food processor used investment support from the Estonian RDP to expand the range of baby food products it offers and thus maintain its dynamic growth.

Summary

‘AS Salvest’ is a fruit and vegetable cannery located in Tartu with a long history dating back to 1946. The company is now a major food producer and exporter. Among its range of products are organic baby food products sold into the Estonian and global markets.



In order to continue its dynamic expansion, the company decided to apply for investment support from the Estonian Rural Development Programme (RDP). A new vacuum-boiler production line was installed along with new bottling lines for making plastic-bottled mayonnaise and ketchup for kids, as well as, the PÖNN juices in glass bottles. Previously, the company had to outsource these production processes.

Results

The project enabled the company to consolidate its position as market leader in the Estonian baby food market, where it has more than 40 % of market share.

The investment allowed the company’s exports to grow with new categories of products, such as its organic smoothies.

Its production capacity increased to about seven million kg per year (all products combined). In 2012, the company’s total volume of production was two million kg.

All organic products have a special trademark and have been awarded several times.

Based on studies conducted by AC Nielsen, in October 2012 the market share of Salvest Pönn was 17.2 %. By October 2018, following this successful investment, it had increased to 41.6 %.

Context

'AS Salvest' is a fruit and vegetable cannery located in Tartu. The factory was first established in 1946 and after many changes, it became 'AS Salvest' in 2000. The factory was established on an area of 108 297 m², of which the production facility, warehouse and support unit complex cover around 32 000 m². The company employs between 150–160 people, many of whom have been working there for 20–30 years. The company is a well-established producer of canned food products, including organic baby food, for which it holds a significant market share in Estonia and abroad. The company's products are sold in Latvia, Lithuania, Greece, Finland, Hong Kong, Slovenia, Singapore, Vietnam, etc. Given the great potential for growth in the baby food products market, the company decided to invest in new technologies to increase its production capacity.

Objectives

The objective of this investment project was to increase the company's production capacity and hence, to maintain its competitiveness by introducing new quality products into the market.

Activities

The Agricultural Registers and Information Board (ARIB) granted the requested investment support to the company from the Estonian RDP. The support contributed to the acquisition of new production equipment. This included a new vacuum-boiler production line and bottling lines to produce new products, such as plastic-bottled mayonnaise and ketchup, the PÖNN juices in glass bottles etc., without needing to outsource parts of the production process.

Main results

The market share of the company in the category of children's products has grown by 2.5 times.

During the last three years, the number of employees has grown by 60 people – reaching up to 190 employees.



The project enabled the company to consolidate its position as market leader in the Estonian baby food market, where it has more than 40 % of the market share.

The investment also allowed for an increase in the company's exports of new product categories, such as organic smoothies.

The production capacity of the company has increased to about seven million kg per year (all products combined), which is a significant increase compared to 2012, when production capacity was two million kg. During the last couple of years, the company has not even produced at maximum capacity. Instead, it has focused on increasing the number of separate pieces produced, catering to customer preference for smaller bottles, packages and tubes.

The company's organic products have received their own special trademark and have won several quality awards.

Studies conducted by AC Nielsen showed that in October 2012, the market share of Salvest Pönn was 17.2 %; it increased to 41.6 % by October 2018.

The company also participates in an energy-efficiency project about autoclave (a high-pressure sterilisation system) water re-usage and recovery of residual heat. The company will continue investing in renewable energy and plans to make the whole production system more environmentally friendly.