

# New spice packaging line in Hermanos Pedroza S.L.

CAP investment project improves employment and sustainability in Spanish herbs, spices and condiments company

## EAFRD-funded projects

**Location:** Fuente de Piedra, Malaga

**Programming period:** 2014-2020

**Priority:** P3 – Food chain & risk management

**Focus Area:** Agri-food chain integration & quality

**Measures:** M04 – Investments in physical assets

<b>Funding:</b>	Total budget	200 200 (EUR)
	RDP Support	584 520 (EUR)
	EAFRD	50 050 (EUR)
	National/Regional	50 050 (EUR)

**Timeframe:** 2016 to 2020

**Project promoter:** Hermanos Pedroza

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## Summary

Hermanos Pedroza is an Andalusian company dedicated to the production and distribution of aromatic herbs, spices and condiments for the food industry. In 2018, the company saw the opportunity to modernise its production process, making it faster and more adaptable. Using CAP co-finance, they purchased and installed a new packaging line consisting of a multi-purpose machine that packages both herbs and seeds in varying size and weight combinations.

## Project results

- The company's workforce increased by 10 people and the online turnover has increased by 300%.
- The company's turnover increased from EUR 2 million to around EUR 5 million after this investment.
- The investment improved the packaging process and broadened the range of products available for online sales.
- The new production line creates less waste and has reduced the packaging time.



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## Key lessons and recommendations

- Business efficiency investments can create increased savings from improved resource-efficiency as well as increased profit from improved sales.
- Expanding a company requires commitment, flexibility and a willingness on the part of management to take controlled risks in response to changing market preferences and external influences.



## Context

Hermanos Pedroza is a family business founded by two brothers in 2002. Based in Fuente de Piedra, a town in the province of Malaga, the company specialises in the production and distribution of aromatic herbs, spices and condiments for the food industry. Over 20 years of operation, the company has adapted in response to changes in the market, gaining a key position in their niche area.

In 2012, they started acquiring food safety certifications, in response to market demand, and in parallel they created an online shop. This allows their customers to access products that may not be available elsewhere, but the business model requires speed and flexibility from the producer as well as different types of packaging for the products. Hermanos Pedroza needed to invest in a new packaging line that would enable such flexibility, improving productivity and ensuring the highest food safety standards.

## Objectives

The company's main investment project objective was economic growth: increasing the volume of sales in the medium to long term and adapting to new types of customers. Another aim was to increase the company's presence in other international markets and to increase its percentage of exports.

## Activities

The new packaging line is a multi-purpose machine that packages both herbs and seeds. It also includes a vertical packaging system that makes it possible to pack non-uniform products in different formats and it has a multi-head weigher to ensure the weight of each package.

The project was underpinned by a preliminary study that gathered information about the needs and dimensions for the installation, the scope of the investment and also the most suitable design.

Several tests were carried out to verify that the machinery worked as it should and that it met the needs and expectations of the company. Subsequently, it was installed in the company's facilities and finally started production.

The machine operators received training with an emphasis on maintaining food safety.

## Main results

- The company's turnover in 2017 was approximately EUR 2 million. After this investment, the turnover increased to around EUR 5 million. Online sales currently account for 37% of total sales.

- The company's workforce increased by 10 people and online turnover has increased by 300%.
- The new production line produces less waste and has reduced the packaging time. It also requires less maintenance, thus reducing production costs.
- The investment has improved the packaging process. It is now possible to sell a selection of packages at different sizes and weights, thus broadening the range of products available for online sale.
- Raw material processing has been improved, achieving greater added value and quality in the products and improving their competitiveness in the market.

## Key lessons and recommendations

- Business efficiency investments can create increased savings from improved resource-efficiency as well as increased profit from improved sales.
- The growth of a company requires commitment and a willingness on the part of management to take controlled risks. This goes hand in hand with hard work and dedication across other aspects of the company's operation, such as staff training and creating a website for online sales.
- A company should be flexible to adapt to changing market preferences, external influences and customer types. In the face of the COVID-19 pandemic when they lost many of their HORECA (hotels, restaurants, catering) customers, the company adapted their offer, producing smaller quantities and targeting home kitchens.

***“The most important thing is that there is a commitment from the management and a willingness to, let's say, take risks.”***

Juan Ramón Pedroza Aragón

### Additional information:

n/a



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