Kerman Elordi – Managing Director, Nekicesa, Spain

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Kerman Elordi, managing director of Nekicesa, describes the key trends impacting the pharmaceutical and packaging industries, how the company leverages innovation to meet market needs a first mover in technology, and what the future holds for the company and the sector.

Could you please introduce Nekicesa to our international audience?

Nekicesa has been operating in the pharmaceutical and cosmetic industry since 1965 and was born from a merger of two companies, Nekar and Icesa. We specialize in creating packaging for the pharmaceutical industry, which accounts for more than 90 percent of our production. We serve a diverse customer profile of over 60 companies ranging from large multinational pharmaceutical companies to local players and contract manufacturers, including branded and generic.

We will finish this year with approximately EUR 22 million in turnover which will represent a 12 percent growth versus 2017 with a production of 450 million packaging units. Nearly 90 percent of our customer base is located on the Iberian Peninsula, with other customers in foreign markets such as France, Italy, and Morocco. Although most of our products are delivered to customers within Spain, the final packed products are exported to around 60 different markets.

What was your mission when you first took the position of managing director two years ago and how have you since achieved this goal?

Coming from large, complex multinational companies, this was an attractive opportunity to take full responsibility for a smaller organization and help it grow. The main challenge was to change the mindset of the organization to put our customers in the centre of all we do and address their needs. The packaging and pharmaceutical industries are traditionally conservative sectors. Our mission was to bring experience from other sectors – thinking externally, considering customer needs, and identifying market trends – to adapt ourselves, anticipate market changes, and address our customers' current and future needs.

How are you going about reaching out and communicating with clients to bring innovation and fulfil this change in mindset?

The first step is to create an open dialogue about current trends and market needs and identify what future opportunities may exist. For example, serialization is a widely discussed topic in the sector as there will be a new legislation implemented in February 2019; a directive which has been in formulation since 2011. Nekicesa was proactive about this and several years ago began to anticipate what shifts may result from this and how we could help our clients address the changes.

Similarly, we are bringing new technologies like digital printing to our operations to address other industry trends such as more frequent orders, smaller production batches, and the need for agility and fast response. This innovation brings a flexibility which cannot be easily achieved with the traditional offset printing technology.

Can you elaborate on the 'Global by Nekicesa' initiative?

Global by Nekicesa is a subsidiary we have created within the group to offer our packaging production experience to our customers, to make it easier for them to manage their packaging; all the way from conception to production. This includes from simple projects such as managing artworks to more complex ones such as changing or developing packaging, seeking cost savings, visibility improvements, or suggesting eco-friendly packaging ideas. Our digital printing capability allows us to present physical prototypes of our ideas very easily.

What added value can a packaging innovator bring to the pharmaceutical industry that has not been seen in the past?

This is particularly relevant in regard to consumer health and OTC. These products which are sold in the storefront are susceptible to similar impulse-buying dynamics as the Fast-Moving Consumer Goods (FMCG) sector. Our experience across the years has given us a knowledge that we are now sharing with pharmaceutical companies to help them adapt to the changes in the market. Knowing all the possibilities that the latest technology offers to packaging production, we can propose more targeted packaging innovations regarding attractive designs, track and trace solutions, sustainable materials and processes, micro-targeting packaging strategies, and many others.

What can Nekicesa bring to the table when it comes to digital printing technology applied to packaging?

The main difference between digital printing and offset printing is flexibility. Traditional offset printing utilizes high speeds and long production runs, whereas digital leverages the opportunity of specialized products to meet a variety of needs. Digital printing has a faster set up process although the production rate is slower. Therefore, they are complementary technologies that expand our capabilities.

Digital printing allows us to help our customers think differently about packaging and gives the possibility to differentiate products and visibility through packaging. We have been one of the first companies in Spain to incorporate this technology, especially in the pharmaceutical sector.

How does the company remain cost-effective in its operations?

This is an effort which must be approached from many angles. We are renewing our industrial equipment to ensure excellent service, quality, and boost competitiveness. We surround these core competencies with added value service offerings like pre-serialization, “bollini” application for the Italian market, tamper evidence solutions, a very wide range of anti-counterfeit measures, and other services that are critical when operating with the pharmaceutical industry.

What emerging trends do you see in the pharmaceutical environment which will impact the packaging sector?

Due to the high sector regulation, I do not foresee a revolution in the pharmaceutical industry. Where pharma is moving towards today, FMCG has already been for many years. Innovation is still to come. Shorter production runs are an ongoing trend; since 2011, the average order size has reduced by more than 40 percent and this will most likely continue

The consumer healthcare sector is trying to make packaging more attractive to create demand. This is the area in which the packaging sector can assist the pharmaceutical industry to discover new ways to operate. For instance, on prescription products, packaging may become a tool to facilitate interaction with specific consumers through graphical elements linked to electronic devices.

How ready is Nekicesa to take on the challenges as being a first mover in digitalization?

We are prepared. The decision to incorporate digital printing is certainly a step change but not the only one. The investments which we are incorporating in the company along with a shift in mentality allows us to better cater to the ideas of our customers. There are new possibilities and levels of collaboration which did not exist before. We do not only talk with buyers, quality, and operations departments as we did in the past but are interacting more with marketing teams to suggest ideas to make consumer health packaging more attractive.

What is the competitive edge that differentiates Nekicesa from other companies in Spain and internationally?

Our services are our greatest competitive advantage. We are specialized in the pharmaceutical industry and understand thoroughly the needs of our clients. Additionally, the quality assurance that Nekicesa can offer is essential in the industry. Regulations are strict and always changing. Nekicesa is experienced in adapting to this increasingly demanding environment.

What are your projections for Nekicesa for 2019?

Our objective is to sustain our current growth rate. One key business driver is related to serialization. Many pharmaceutical companies will need help to deliver this new requirement and we can help in providing them with pre-serialized packs. We have a competitive edge given our experience, capabilities and capacity to pre-serialize with high quality within reasonable lead times.

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