

EXCLUSIVE INTERVIEW

AFA to expand in China amid increased foreign competition

By Jenny Eagle+, 05-May-2014

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AFA Systems whose clients include Kellogg's, ConAgra Foods, Kraft Foods and Nestle is looking to expand in China.

Eric Langen, sales and marketing, AFA Systems, told FoodProductionDaily it believes the move would create a strong manufacturing base for not only the Chinese market but Asia.

Agrocrop deal

"We have already shipped machines to China and now the next step is to establish a sales office there," he said.

"China has already shown a strong demand for automated equipment and we feel this is the appropriate region to further expand AFA."

The end of line packaging machinery manufacturer recently launched its PL-FRB Pick and Place Robotic Palletizer after receiving an order from Agrocrop, a food producer in Brampton, ON, Canada.

"We partnered with Fanuc Robotics to complete an integrated line for Agrocrop," said Langen.

"This line features an automatic top load case packing machine for bags of Indian style beans as well as a Fanuc Palletizer. We created two new products for AFA Systems including the TL-PFG FanucDelta 3 Top Load Case Packer and the PL-FRB Pick and Place Fanuc Robotic Palletizer."

The case packer speed can pick and place product into cases at a rate of 80 bags per minute.

Langen added one of the main challenges it faces nowadays is increased demand of packaging machinery in developing countries and increased presence of foreign competition.

Labour rates

"More developing countries such as China and Indonesia are moving toward automation as labour rates in those countries are increasing," he said.

"This has been a double edge sword for AFA as it has allowed us to enter new markets but also placed pressure on us to provide technology to support machines abroad in the field."

"We have met this by providing VPN (Virtual Private Networks) with our machines to allow for remote diagnostics"

and trouble shooting."

According to Langen with the internet, customers are more accessible to suppliers meaning it not only faces domestic but foreign competition for projects in North America.

"Companies are always looking to differentiate their product with packaging. It is hugely important for machinery suppliers to develop machinery that is highly flexible," he said.

"This way end users can have more freedom when adding different packaging patterns/sizes onto existing production lines.

"We foresee an increased demand for packaging automation not only in North America but in SouthEast Asia, China, and South America.

Language barrier

"This demand will have a positive effect on our business as labour wages in those regions begin to increase but we will need to establish strong distribution networks to service our machines in regions such as China, South America, and Europe."

Lagen added doing business in China, the Middle East and South America is a challenge for Packaging Machinery Manufacturers because the language barrier is sometimes difficult to manage which causes problems in employee training, workplace culture and sales and marketing.

"The way of doing business in those regions is very different from North America," he said.

"It is imperative to align yourself with a trustworthy local partner in those regions. We have aligned ourselves with very good partners in regions such as India, China and SouthEast Asia which allowed us to establish a strong presence and local support in those respected regions.

"In the future, we hope to establish a manufacturing presence in one of those regions to further enhance customer satisfaction, after sales support and competitive pricing."

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