

Industrial Food Processing Equipment

The Market

- ◆ An enormous industry encompassing many different machine designs
- ◆ Each food product requires its own bespoke machinery
- ◆ The UK is the 4th largest manufacturer of IFPE in Europe
- ◆ The highly volatile market can result in rapid changes in food producers requirements resulting in them searching for low cost options
- ◆ The volatility of the market results in a significant number of liquidations which can be a good source of high quality cores
- ◆ Remanufacturing in this sector is currently at a very low level, however, there is a thriving reuse market
- ◆ IFPE contractors, who advise food manufacturers on purchasing of new plant machinery, stated that remanufacturing is not a feature of their consideration and that there is invariably the exclusive specification for new plant requirements
- ◆ The OEM industry is motivated in the sale of new equipment and sales force bonus incentive plan is for new plant. The OEM's will sell reconditioned (not remanufactured) plant only if the opportunity to sell new is unrealistic

Logistics of remanufacturing

- ◆ Most machines are constructed by hand, therefore the embodied cost is in the construction and not the materials. This reduces the opportunity for remanufacturing
- ◆ There have been attempts to remanufacture packaging equipment
- ◆ These machines have the flexibility to perform roles in several different areas
- ◆ Should expand the potential market for individual equipment items
- ◆ High labour costs of remanufacturing resulted in remanufactured equipment being sold for prices comparable to new
- ◆ The thriving second hand market also prevented volume sales of remanufactured equipment



The Reuse Industry

- ◆ The lack of any remanufacturing base has resulted in investigation into the reuse sector
- ◆ The used machinery market in the UK has some 20 larger companies with at least twice as many smaller companies trading in geographic or specific sector specialisations
- ◆ The used market is a competitive area, where customers are primarily looking for bargains and either have in-house or local support to service the needs of any equipment purchased, and ongoing service requirements
- ◆ Generally plant is broken into component parts for ad hoc substitutions to other processors. It is the exception rather than the rule that a complete process line is bought and reassembled



Conclusions

- ◆ Remanufacturing in the IFPE sector is currently at a low level. There is some evidence of 'wash and brush up' operations and a thriving second hand market
- ◆ There is little or no evidence of any move towards remanufacturing at this time. Previous attempts at remanufacturing have been unsustainable
- ◆ Enhanced capital allowance may encourage food processing companies to look towards remanufacturing as a viable alternative. However, although the scheme is available for new equipment, there has not been a wide application to the ECA system by industry, and therefore should not be used as the only tool to secure success
- ◆ To bring confidence to the industry, a scheme should be initiated to provide accreditation for competent remanufacturers
- ◆ Grants should be made available to provide discount training incentives to remanufacturing companies
- ◆ The IFPE trade associations should be engaged to place remanufacturing on the industry agenda