

Company Profile

Koza Gıda Dağıtım Sanayi ve Ticaret A.Ş. (Koza) Koza is the distributor of leading specialty food brands from various countries as well as quality local suppliers. The clientele includes hotel, restaurant, cafe, catering, retailers, wholesalers and distributors. Hotel, restaurant and cafe chefs are the primary customers of the company. Koza delivers over 1,500 SKUs of food (dry, fresh and frozen), pastry ingredients and supporting equipment to over 1,500 customers in more than 30 cities across Turkey. Koza works with an environmentally friendly company to dispose of its waste and uses paper recycle bins in its office.

The Challenge

In line with growing prosperity in Turkey, food consumption outside the home has been increasing significantly. The market for 'food-away-from-home' has almost doubled in the last 5-6 years, reaching \$20 Billion USD mainly due to increasing disposable income, urbanization, a young population and changing eating habits. As a trend, the concept of fine food has been emerging, which has resulted in increasing demand for high-quality food products. Koza is well equipped to serve customer needs for high-quality products, mainly through imports. However, due to constant changes in regulation, the importing process has become more challenging in Turkey, resulting in an increased carbon footprint, more expensive products and issues with product availability.



The Sustainability Innovation Grant (SIG)

In October 2016, Koza was awarded a \$130,000 CAD Sustainability Innovation Grant (SIG) from Global Affairs Canada through a project managed by Mennonite Economic Development Associates (MEDA). These funds were matched with an additional \$261,690 CAD of the company's own funds to implement the SIG. The main purpose of the SIG initiative was to switch from importing certain consumer goods to localized production, and local sourcing for such products as capers, dried tomato, pepper, artichoke, eggplant and pomegranate syrup.

The company believed the SIG initiative would have multiple benefits, including positive environmental impact, increased company revenue and strengthened local businesses. Buying from local producers will reduce the company's carbon footprint as the products will not have to be trucked from other countries and Koza will also save on fuel cost. In addition, the SIG initiative was thought to add value to Koza's localized branding, rather than investing in imported brands. Customers will also benefit as the prices of locally produced products are cheaper than imported products.

SIG Impact

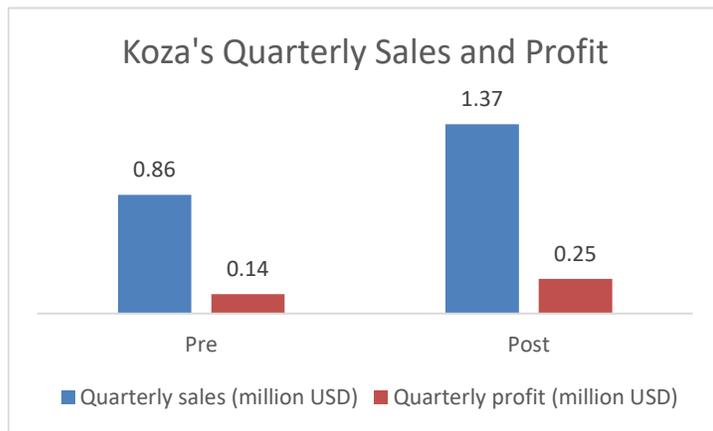
Koza was able to implement most of the planned activities and achieved many positive results. Overall, the SIG initiative created the following main impacts.

Strengthened Local Supply Chain: Prior to SIG (i.e. September 2016), Koza was buying 193 products locally, which increased to 272 products in September 2017 (an increase of 41%). Similarly, quantity of products that Koza purchased locally increased from 800 tons to 2,065 tons, an increase of 158%. Number of local suppliers, many of which are family run enterprises, increased from 12 to 17.



Reduced Carbon Footprint: Prior to SIG because Koza was primarily buying from Spain, however, because of buying from local producers, the company reported reducing its carbon footprint. Carbon emissions reduced from 310 metric tons/year to 62 metric tons/year, a reduction of 80%. On average 83 trucks would travel a distance of approximately 3,500 kilometers to supply products to Koza. However, with the SIG initiative, the same number of trucks had to travel less than five kilometers to reach Koza's warehouse.

Improved Business Performance: The company witnessed increased sales, profit and job growth as a result of the SIG initiative. Quarterly sales and profit jumped from 0.86 million USD to 1.37 million USD (59% increase) and from 0.14 million USD to 0.25 million USD (79% increase) respectively. Koza also hired 11 full-time employees (six of whom were women) during the SIG project duration. One of the main reasons for increased profitability was the availability of local products, which were 30-40% cheaper than imported products.



Improved Monitoring and Reporting: As part of the SIG contract with MEDA, Koza identified a set of key performance indicators (KPIs) specific to the project. In addition, the company also reported on a few Sustainability KPIs related to job creation, quality of jobs, gender diversity, contribution to local economy and environmental sustainability. As a result of the SIG initiative, Koza established an internal reporting system and was able to capture and monitor data related to ESG. The company reported increased knowledge in measuring ESG data and using it during management meetings.

The KPIs were really helpful to keep us on track and they were very comprehensive. Management was very happy to see these KPIs, data and numbers.
(Koza SIG Contact)

Inclusion of environment-related indicators has increased our understanding of ESG, especially environment. As a result of reporting, it gave me broader perspective of the company, not only financial but impact/environment related as well.
(Koza SIG Contact)

Sustainability

Koza plans to continue the initiative after the implementation period. As the SIG initiative creates additional sales turnover, it will sustain itself without further capital needed after a certain period. The company is planning to further explore the market and find additional local products, which will increase the impact as well as sustainability of the initiative. In addition, Koza is also considering leveraging its accumulated know-how throughout the SIG project to implement further initiatives, including entering into organic food and regional specialty products. This will create further benefit for the company as well as the community. Koza's sustainability initiative contributed to the Sustainable Development Goal # 8—Decent Work and Economic Growth.



Lessons Learned

Koza learned that face-to-face interaction with customers was extremely important. During fairs and demo activities, the company realized the importance of face to face contacts with customers for presentation and placement of local products. Therefore, Koza has planned more fairs and activities in 2018 compared to last year. Koza also learned that the “imported products always are of best quality” approach needs to be changed. The company was able to reach imported product quality level and the market response to these products was favourable.