



Displays In Demand



A COMBINATION OF TALENT, REINVESTMENT STRATEGIES, AND MARKET TRENDS HAS HELPED DISEKO SOLUCIONES (DKS), S.A. DE C.V., A MANUFACTURER OF STORE FIXTURES AND DISPLAY SYSTEMS AND METALLIC ACCESSORIES, EARN THE TOP POSITION IN ITS INDUSTRY IN MEXICO. RACHEL HARTMAN REPORTS ON THIS AGUAS CALIENTES-BASED COMPANY AND THE RECORD GROWTH IT HAS SHOWN IN RECENT YEARS, BOTH WITHIN THE MEXICAN POINT-OF-PURCHASE DISPLAY MARKET AND BEYOND.

WHEN LARGE COMPANIES LOOK FOR THE right display case to use for selling their product, they often have specific requirements and criteria to fulfill. As a result of this need for customization and the work involved in the production process, making display cases is not a matter of running items down an assembly line.

Simplifying the manufacturing process for point-of-purchase (POP) displays, however, is one of the strategies carried out at Diseko Soluciones (DKS), S.A. de C.V., a Mexico-based company that produces store fixtures and display systems for top food consumption companies in the country. "There are many ways to make a display case," notes Nencho Piryanov, commercial director for the company. "What we do is try to make the process as automated as possible."

At its plant, the company uses the latest technology, including welding robots, pipe cutting machinery, and advanced presses to carry out production processes. "We continually invest in the plant's technology," says Piryanov.

The ability to produce high quality display cases in a short period of time is one of the factors that has drawn a growing number of clients to DKS in recent years. The company currently distributes its products throughout Mexico. It also exports to the United States, Canada, Guatemala, El Salvador, Honduras, Panama, Costa Rica and others.

Approximately 660 workers carry out operations at the company, which is located in the central city of Aguascalientes, Mexico, just 350 miles from the U.S. border. The DKS plant and warehouse together cover an area of more than 400,000 square feet. The company processes more than 500 tons of steel each month in its production processes which equal over 2,500 displays daily.

THE RIGHT MIX

The company was founded in 2005, when four partners came

together and formed what is today known as DKS. From its start, the company had an international appeal: two of its four founders are Mexican and two are Danish. The Danish founders had run a steel display case exporting business to the United States since 1985. One of the Mexican founders, Arturo Garcia, had served as the director and partner at MZM, a company located in Mexico City that was dedicated to the design and implementation of POP solutions. By pooling their resources and experience in the market, the four partners were able to create a company that not only produces display cases but also oversees the designing processes involved.

Today the company has two lines in its plant where production processes are carried out. A total of 90 percent of its operations are focused on the design and production of steel displays, which require steel, pipes, and coverings to carry out the manufacturing process. It also has a small division that focuses on the manufacturing of cardboard POP displays. In both of these areas, DKS works with clients to design innovative products that meet their specific needs and requirements.

The company's products cover a range of POP items, including commercial displays for breads, cookies, chips, snacks, milk, soft drinks or other products; item containers for supermarkets; displays for adhesive tape and insulating products; protection grilles for industrial fans; and furniture and equipment for shops, pharmacies, and convenience stores.

Some of the company's clients, both within Mexico and beyond its borders, include Array Retail Solutions, Inc., Madix, Inc., Southwestern Products, Inc., Cornerstone Solutions, Grupo Bimbo, Pepsico, Kraft Foods, Mars, The Coca Cola Company and others.

DKS has benefited from the experience and knowledge of its founding partners. In the industry where the company operates, officials note the need to be versatile and flexible. In previous years, various companies in Mexico focused solely on the man-





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ufacturing end of display cases. And while some U.S. companies simply look for a firm in Mexico to outsource the production of their displays, many are interested in a more complete solution. DKS offers to design products as well, a factor officials point to as a leading reason the company has survived, and even expanded, during the recent economic situations facing both the United States and the display industry.

Even though the company has been in existence for less than a decade, it has risen quickly in its industry. DKS currently holds the leading position, in terms of revenue, in the POP materials market in Mexico.

AMAZING GROWTH

Since it first began operations in 2005, DSK has grown at an intense pace. “We’ve nearly doubled in size each year,” explains Piryankov. Now in its seventh year, the company’s annual revenue is at approximately \$25 million, up from the \$5 million of annual revenue it took in at its beginning.

This immense growth can be credited to a number of sources. First and foremost is the reinvestment in the business and advanced technology, notes Piryankov. Another factor stems from current market trends. “Our biggest competitor in the United States is China,” says Piryankov. In recent years, however, costs to manufacture products in Asia have increased for some U.S. companies, a trend that has caused many to consider different options for their manufacturing needs.

Even though the Asian market still holds some advantages over Mexico, including lower labor costs and higher government subsidies, Mexico offers some key perks for U.S. companies, especially when it comes to logistics and distance. “We can’t compete with price in every area,” notes Piryankov. “But what we’re seeing is companies that choose a solution that’s less expensive than making the product where they are, but is still much closer to home.”

Another area that has helped the company grow in the U.S. and Canadian markets involves language skills. At DKS, all sales personnel are bilingual. “We have a well-trained staff that really focuses on this part,” explains Piryankov.



SIDE BAR

Pictured opposite: The Governor of the State of Aguascalientes, Carlos Lozano de la Torre, during a visit reviewing the installed capacity of the plant and the technology used in production; above (from top): cnc wire bending technology; Nordson fast color change paint booth technology; below: warehousing and fulfillment.





FUTURE PLANS

In 2010, DKS received an Exports Award from the state of Aguascalientes as a result of its growth in sales to companies in the United States. To maintain its international presence, every year DKS attends Global Shop, the world's largest annual trade show and conference dedicated to store design, visual merchandising, and shopper marketing. Retailers and brand marketers in attendance are able to connect with more than 600 suppliers in the same location during the event.

Looking into the next years, company officials have plans in place to continue expanding DKS's international presence. "We want to grow more within the U.S. market," says Piryankov. The company has set a goal of having 50 percent of its sales come in from the United States in the next years, with the remaining 50 percent coming in from the Mexican market.

The company is also in the process of expanding its cardboard display segment. "Cardboard POP displays are a recent phenomenon," explains Piryankov. "It's a growing niche and we're right there." DKS also has plans to increase exports to Central America and break into the South American market. All told, "we want to be the leader in all of the Americas in the production of POP displays," says Piryankov. ●



Pictured opposite: The inauguration of a 55,000 sq. ft. extension of the factory by State Governor Carlos Lozano de la Torre and other government officials;

right (from top): Mitsubishi Laser cutting technology;

At the DKS plant, the company uses the latest technology, including welding robots, pipe cutting machinery, and advanced presses to carry out production processes.



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