

# Container glass market poised for future growth

Despite huge market opportunities for cosmetics and perfumery container glass in the Association of Southeast Asian Nations (ASEAN), not many container glass producers have ventured into production for this sector. Freelance correspondent Sunder Singh presents an overview of the ASEAN market and some of the major producers for *Glass Worldwide*, official journal of the AFGM.

With a population of 622.5 million comprising of some of the most beauty-conscious nations – Thailand, Indonesia and the Philippines – Southeast Asia represents one of the most promising markets for container glass producers for cosmetics and perfumery industry.

In relative and absolute numbers, the total cosmetics market of the region is smaller when compared to the Western countries and some of the other Asian countries (Japan and South Korea). However, in the short, medium and long term, the growth rate for this sector is expected to surpass the other regions.

The Southeast Asian cosmetics and perfumery market for container glass assumes more significance when one considers that the median age [for consumers] in these countries is only 29, which is quite young compared to not only developed markets, but also other emerging markets in Asia.

In terms of yearly revenue, Indonesia is the top market in Southeast Asia: the country registered an average annual growth of 8% between 2016 and 2019, according to research company Euromonitor International. The company forecasts that by 2022 the Indonesian cosmetics

and perfumery market will be at US\$11.2 billion. Mass beauty, skincare and hair care products are among the categories with the best performance.

Thailand closed 2020 with a total market value of \$6.8 billion. After suffering a -0.9% loss between 2019 and 2020, due to the Covid-19 pandemic, Thailand is returning to positive figures thanks in large part to the strategic strength of Thai Beauty, with local brands that continue to disseminate treatments and principles connected to Thai culture. According to Euromonitor, in 2022 the beauty sector in Thailand will be worth \$7.3 billion, with an average annual growth of greater than 2% over the next two-year period.

The Philippines, Malaysia, and Vietnam together account for \$8.8 billion of revenue in the cosmetics and perfumery sub-segment. The Philippines suffered a major setback in 2020, with a decline in turnover of 4.1%, but it is expected to grow between 3 and 5.7% in the next two years. Malaysia recorded an average annual growth of over 6% between 2016 and 2019, and after closing 2020 with a slight increase (+1.6%) in 2021–2022 it will return to an average annual growth of 6.5%.

The impact of the pandemic was higher on the region's cosmetics and perfumery markets, with a steep drop in consumption and in sales for most segments and distribution channels. The perfumery segment was impacted most by the pandemic, due to the significant drop in retail sales – and especially high-end perfumery, on account of the continued closure of travel retail.

## Gaining prominence

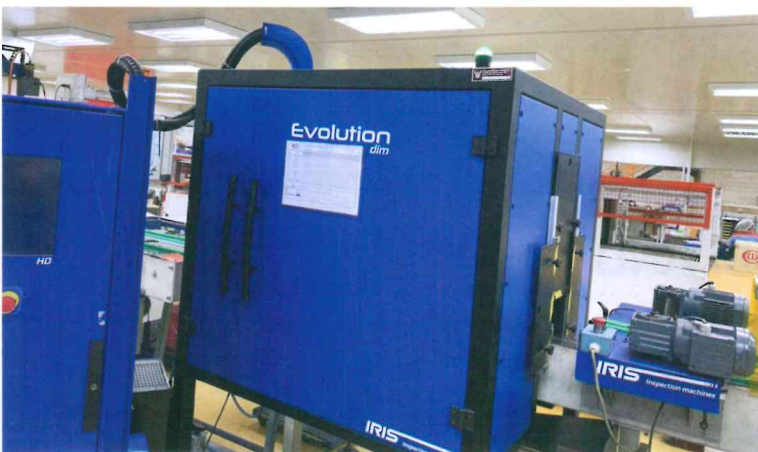
Until a few years back, the cosmetics and perfume sector was not taken very seriously by container glass producers outside Europe and North America. However, with the steady rise of demand of cosmetics in Asian, African and Latin American countries, container glass producers have started to pay greater attention to this sub-segment in these geographies.

According to global consulting firm Deloitte, the global cosmetic packaging market was valued at \$49.4 billion in 2020 and is expected to expand to reach \$60.9 billion in 2025, representing a compound annual growth rate (CAGR) of 4.1% from 2020–2025. The largest segment of the cosmetic packaging market is bottles, in both volume and value. Growth in the market can be mostly attributed to rising demand for grooming products from younger populations and increasing demand for innovative, sustainable and attractive packaging solutions.

## Classification in cosmetics and perfume

The cosmetics industry has been traditionally dominated by plastic packaging. Barring a few sub-segments (for example, nail polish and paints) plastic packaging has made huge inroads in the industry during last two decades. The trend for plastic packaging is more evident in countries and regions with low purchasing power or where the consumer is very price sensitive. All these factors are present in the Southeast Asian markets. Despite rising disposable incomes, a vast section of the population is very price sensitive, which favours plastic packaging in the cosmetics industry in the region. However, container glass packaging has made significant inroads in the packaging of cosmetics in the recent years.

For cosmetic products, packaging is much more than just containment or protection – it is an essential partner for branding and communication in the world of beauty. Recent initiatives by major cosmetics producers are expected to translate into significant gains for container glass producers for this sub-segment in the coming years. For example, leading cosmetic producer L'Oréal is replacing plastics in the packaging of its products. "We are working on different types of packaging that replace most of the plastic with a renewable material from certified sources," said Delphine Bromberger, Director of Packaging Innovation Fragrances ▶



Evolution Dim NEO machine installed at Wellgrow Glass in Thailand by IRIS Inspection machines.

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Universally, perfumery has been one of the strongholds of container glass industry since the beginning. Metal packaging has taken some share from container glass producers in the deodorant sub-segment, but overall glass is still the packaging of choice.

**Indonesia**

Home to more than 260 million people, Indonesia is the most populated country in the entire Southeast Asia region. The country's huge market size has made it a major target market for international and regional cosmetics and perfumery companies in the last 10 years. Global cosmetics giant L'Oreal has invested significantly in Indonesia.

With rising disposable incomes and growing urbanisation, Indonesian consumers are focusing increasingly on appearance and wellbeing, which is expected to drive up the demand for personal care products in the country. The per capita expenditure of cosmetics and toiletries in Indonesia stood at (US) \$20.2 in 2019, which was lower compared to both the regional and global levels in the same year.

The rising dominance of various international beauty and personal care brands is likely to drive the cosmetics and toiletries industry in Indonesia to (US) \$7.6bn in 2024, at a CAGR of 8.1% over the next three years, according to Global Data, a leading data and analytics company.

Container glass demand for domestic cosmetics and perfumery industry is met by huge imports. The country's leading container glass producers, O-I Indonesia and PT Mulia Glass are more focused on meeting the demand of food and beverage industries. Mulia Glass's recent addition (fully operational in November 2020) of a third furnace is expected to meet the demand of cosmetics and perfumery sub-segment to some extent in coming years.

Packaging suppliers such as ACS Indo and Derma Pack meet the demands of glass containers through imports from China, Japan and India.

**Thailand**

It wouldn't be wrong to term Thailand the hub of the Southeast Asian region. In addition to being one of the busiest tourist traps in the entire region, the country's geographical location, vibrant culture and more than average economic growth rate makes it an important market for cosmetics and perfumery business. Despite being a quarter of the size (in terms of population) of the largest cosmetics market of the region, Thailand only trails Indonesia by a slim margin.

Tourism plays a big role in the Thai economy and its container glass industry. The cosmetics and perfumery sub-segment of container glass industry is expected to register setback in the current year as the Thai Government has halved its expected number of international visitors to 3-4 million this year and slashed its tourism revenue forecast. Total tourism revenue for 2021

was being revised down from 1.218 trillion baht to 850 billion baht.

Thailand's two major container glass producers – Thai Glass Industries and Bangkok Glass – meet only a small proportion of container glass demand for cosmetics and perfumery sub-segment. Other than Siam Glass and Wellgrow Glass Industry (see below), there are a number of very small producers and importers of container glass for this sub-segment in the country. For example, Japanese company Takemoto, which is a leading producer of packaging products for cosmetics and perfumery has been operating a representative office in the country since 2013, importing a significant volume of container glass for this use.

**Siam Glass**

A subsidiary of energy drink producer Osotspa Public Company, Siam Glass has an installed capacity of 1500tpd of container glass through its four plants. The company supplies the cosmetic glass for a personal care segment that Osotspa operates, which registered sales of THB 2,502 million in 2020. Siam Glass also supplies cosmetics glass bottles to some other big names in the Thai cosmetics industry.

**Wellgrow Glass Industry**

Wellgrow Glass Industry Co. Ltd. (WGI) is a Thai independent glass manufacturer focused on producing container glass bottles for the cosmetic and pharmaceutical industry. The company's production facility is located in Chacheongsao Province about 50km east of Bangkok. With over 35 years of experience in the container glass market, WGI can produce green, red and blue glass. Operating a total of three furnaces and 12 production lines, the company has an installed capacity to produce 250tpd of cosmetics and pharmaceutical glass. Nearly 60% of WGI's output is sold on the domestic market, while the rest is exported to other ASEAN countries.

Earlier this year, IRIS Inspection machines installed a new set of inspection machines at WGI's production facility. In 2016, a new batch plant and cullet returning system was supplied by German company EME Maschinenfabrik Clasen GmbH.

**The Philippines**

In general, the Philippine market for cosmetics and perfumery slumped during 2020 as it was deemed non-essential. Consumption was ▶

low as domestic consumers did not see the need to wear cosmetics and perfume as movement outside was prohibited or limited in 2020.

With a population of 110 million at the end of 2020, the Philippines has the third largest cosmetics and perfumery market in the ASEAN region. In the last few years, a number of cosmetics and perfumery companies have commenced production in the country.

Recently, Japanese cosmetics maker Shiseido expanded into the Philippines to seize growth opportunities in Southeast Asia's lucrative beauty market. The newly-established Shiseido Philippines Corporation was a joint venture in partnership with Singaporean beauty distribution company, Luxasia.

Koji Nakata, Managing Director of Shiseido Philippines, explained: "We believe that this was the right time to further our ambitions in the Philippines. It is an exciting time to be a part of the country's booming beauty industry, which represents close to (US) \$3 billion in annual sales. The time is also right to seize growth opportunities in Southeast Asia, a dynamic and diverse market with an emerging middle class that wields considerable purchasing power, and their own diverse set of needs and concerns."

The Philippines' largest container glass producer, San Miguel Yamamura Packaging Corporation currently does not have customers in the cosmetics and perfumery market. There are several smaller producers that manufacture glass containers for the cosmetics and perfumery sub-segment:

Bestpack was founded in 1959 and started with a single product. As the company expanded, it became a multi-service packaging business. Since then, Bestpack has become the preferred supplier to leading beauty companies in the country. It has three manufacturing plants located in different areas in the Philippines. The company has also partnered with container glass companies in Europe and Asia.

Established in 2006, The Grasse Fragrance (TGF) Co. is a manufacturer of cosmetics and perfumes. Recently, TGF entered into an agreement with San Miguel Yamamura Packaging Corporation to meet customer demand for container glass, but the glass that SMYPC is supplying to them is for food and beverage applications.

### Malaysia and Vietnam

Malaysia and Vietnam have registered steady growth rates in the cosmetics and perfumery market over the last few years. However, overall the market is smaller than that of other countries from the region.

Malaysia's O-I BJC Glass Malaysia and JG Container Glass, Vietnam's Malaya Vietnam Glass, GO VAP Glass and San Miguel Yamamura Haipong Glass meet a small proportion of container glass demand from the cosmetics and perfumery sector in their respective countries. The region needs specialist cosmetics and perfumery container glass producer/s

A handful of the ASEAN-based container glass producers are meeting the container glass demand for cosmetics and perfumery, but this is confined to simple designs and mass products. The main focus of ASEAN container glass producers has been the alcoholic beverage and energy drinks industry.

Demands from the cosmetics and perfumery industry are often very complex. Producers constantly require differentiated glass containers so that their products stand out from competitors'. As a result, container glass producers are inundated with demands to produce complex shapes and contours.

However, it may not be very easy for ASEAN-based



Southeast Asia boasts a vibrant cosmetics and perfume industry.

container glass producers to produce specialist cosmetics and perfumery containers in the short-to-medium term; it took a long time for Europe-based container glass producers in this sub-segment to emerge as specialists.

### Large imports in the region

Due to the smaller size of glass container glass needed for the cosmetics and perfumery industry, these products are imported and exported in larger quantities compared to glass containers for food and beverage, which are relatively bulky in nature.

Libo Cosmetics Company and HEINZ-GLAS are specialist container glass producers for the cosmetics and perfumery sub-segment based in China. The companies are leading exporters of cosmetics and perfumery container glass in the region. Japanese container glass producers in the sub-segment also have a significant share in the imports in the region.

### Verescence enters the neighbourhood

Verescence, the global leader in luxury glass packaging for the cosmetics and perfumery industries has made its entry in the fast growing Asian market. In February 2021 the company announced its acquisition of a majority stake in Pacificglas, the South Korean leader of glass packaging for cosmetics. South Korean cosmetics and perfume producers are among the largest suppliers of these products in ASEAN region.

Verescence is the container glass supplier to some of the biggest perfume and cosmetics brands. The company produces nearly one billion glass bottles per year at its three glass production sites and its four decoration sites in Europe and North America. In 2019, its achieved sales revenue was 309 million euros.

Thomas Riou, CEO of Verescence said at the time of acquisition, "We are delighted with the acquisition

of a majority stake in Pacificglas and the long-term partnership with Amorepacific. This is a major step in our Strategic Plan, Verescence 2022. Amorepacific will become a top customer of Verescence group and with Pacificglas, Verescence will reinforce its leadership in high-end Perfumery and Cosmetic glass packaging. From this strong base Verescence plans to become a pan-Asian leader and will invest in technology and capacity to meet growing demand of high-end glass."

Pacificglas is a subsidiary of global cosmetics company Amorepacific, a South Korean beauty and cosmetics container manufacturer established in 1973 that has contributed to the growth of the Korean beauty industry.

### Bormioli Luigi has an eye on Asian markets

Glass specialist Bormioli Luigi is looking to expand its business into Asia Pacific in order to capitalise on the strong skincare market. Currently, the bulk of the company's business is derived from the luxury fragrance market, which mainly involves European companies and brands. However, it has recently observed growing opportunities in Asia Pacific's skincare market.

"At the moment, we don't have much business in Asia. However, we are starting to grow a little in the skincare market," said Federico Montali, Business Development and Marketing Manager at Bormioli Luigi. "Our customers are doing well mainly because they sell their skincare product[s] in Asia. Skincare is very strong in Asia; the growth is certainly higher and stronger than in Europe," he concluded. ●

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