Executive Summary

- U.S. shipments of glass containers remained relatively steady in 2015, with a slight decrease as a result of imports.
- Beer remains the largest market for glass containers.
- Glass containers for wine and nonalcoholic beverage sectors also grew.

The year 2015 was an active one for the glass container manufacturing industry, as companies continued making strong capital investments in their plants, worked with other industry stakeholders to improve the quality of recycled glass, and produced innovative packaging for our valued customers.

The Numbers

In North America, the glass container industry’s key indicators show a steady stream of glass container shipments to customers, with a slight decrease from 2014 attributed to an influx of imports. According to shipment and production data collected and aggregated by Precision Consulting, it is estimated that the U.S. glass container industry will have shipped roughly 28 billion containers in 2015 (December 2015 numbers are not available at this time).

Beer remains the largest market segment for glass containers, representing nearly 57% of the segment’s sales volume, although its share of the overall glass container packaging mix (GCPM) has reduced by half a percent. The beer industry remains a strong customer for glass packaging. In September of 2015, the Brewers Association announced that the U.S. is now home to over 4,000 licensed brewers. According to data compiled by the Beer Institute, 30 states have increased their beer shipments to wholesalers through the end of September of this year. This market is likely to grow, especially as craft beer continues to expand.

Food products accounted for 18% of the GCPM, followed by nonalcoholic beverages — up from 8% to nearly 9.5%. This likely reflects the emerging craft soda, water and seltzer markets. Wine increased its GCPM by half a percentage point to near 9%, followed by ready-to-drink, liquor, and cosmetics and pharmaceuticals. The slight increase in shipments of liquor containers may reflect growth in the premium spirits sectors.

Market Position

In the past several years, one of the biggest changes in the packaging market is the competition to attract the swell of Millennials, which by 2020 will account for one-third of the adult population (about 83 million). The ripple effect has been a rise in local and “craft” in nearly every beverage category, functional foods and beverages, and more focus on health and sustainability.

The Millennial consumer has different expectations than
previous generations. For example, they are looking for transparency, sustainability, and local, smaller brands that offer new experiences and premiumization. Glass containers are perfectly poised to meet these expectations, but there is a lot of competition in the packaging arena to win over these consumers.

Glass packaging expects to see further growth in a few market “sweet spots”. These include active and intelligent packaging to connect with consumers, create new consumer experiences, and personalize products. “Clean label” foods – natural, simple ingredients – marketed to the “healthy” consumer are also a strong match for natural glass packaging, which is also 100% recyclable. Craft and smaller format packaging remains a big growth area for glass containers, as are brands looking for unique looks and closures. Finally, as premiumization reaches all food and beverage categories, glass packaging is the idea and preferred choice.

**Sustainability**

Glass Packaging Institute (GPI) member companies are making progress to increase the amount of recycled content in their bottles and jars. Overall, the glass container industry has seen its recycled content increase from 26% to roughly 33% over the past five years. Some member companies run their facilities at recycled glass rates of 50% or more, with one of the glass plants averaging above 90% recycled content.

With respect to the overall glass recycling and recovery rate, GPI is focused on improving recycling in areas of the country where the glass may be below industry standards (i.e. contaminated), so more may become available for purchase by glass recycling and glass manufacturing companies. This includes engaging with material recovery facilities (MRFs) operators, as well as state and local recycling officials, to improve the collection and recovery process for recycled glass so that it can be reused in the manufacturing process.

**Manufacturing Efficiencies**

The U.S. is still a cost-effective manufacturing hub for glass containers. This is demonstrated by a growing export market for domestically produced glass containers. U.S. glass container manufacturers are on track to export 2.3 billion glass containers for 2015—this is up nearly 10% since 2008. In addition, glass container manufacturing companies are continuing to make significant capital investments in their glass plants, helping to ensure production for years to come.

The global glass container manufacturing industry has also demonstrated a strong desire to have a manufacturing presence in the U.S. For example, the Ireland-based Ardagh Group currently operates 15 glass container manufacturing plants in the US. Its investment accounts for 33% of all operating U.S. glass container manufacturing facilities.

To improve supply chain efficiency, GPI coordinates with supplier partners and customers on improved transportation and rail service, reduced tax burdens and appropriate energy and emissions policy. As efficiencies in these areas are realized, potential for growth within the industry is optimized.

Glass manufacturers have also become more nimble to respond quickly to an emerging customer base of smaller, more local producers. This includes expanded lines of stock bottles, new molds, and pallet storage and delivery customization.

**On Tap for 2016**

Initiatives for 2016 include strengthened efforts to sure
that glass container manufacturers have access to sufficient high-quality recycled glass to improve both economic and environmental efficiencies. This includes making sure consumers are able to recycle glass containers through single-stream curbside collection programs, container deposit programs, as well as drop-off and other collection services.

The GPI will also continue to defend against any federal or state regulations that may impede glass manufacturers and their suppliers ability to conduct business. There will be a renewed focus on engaging the industry’s 18,000-strong workforce, and ensuring the highest and best health and safety practices are in place.

Finally, this past year GPI laid the groundwork for robust promotion of glass containers as the healthiest and most sustainable packaging choice for consumers. We are poised to build on those efforts to align the superior properties of glass with food and beverage trends as well as consumer preference.

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