

# Glass Packaging Institute (GPI) Update

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West Coast Protective League Meeting

November 17-18, 2023

San Diego, CA

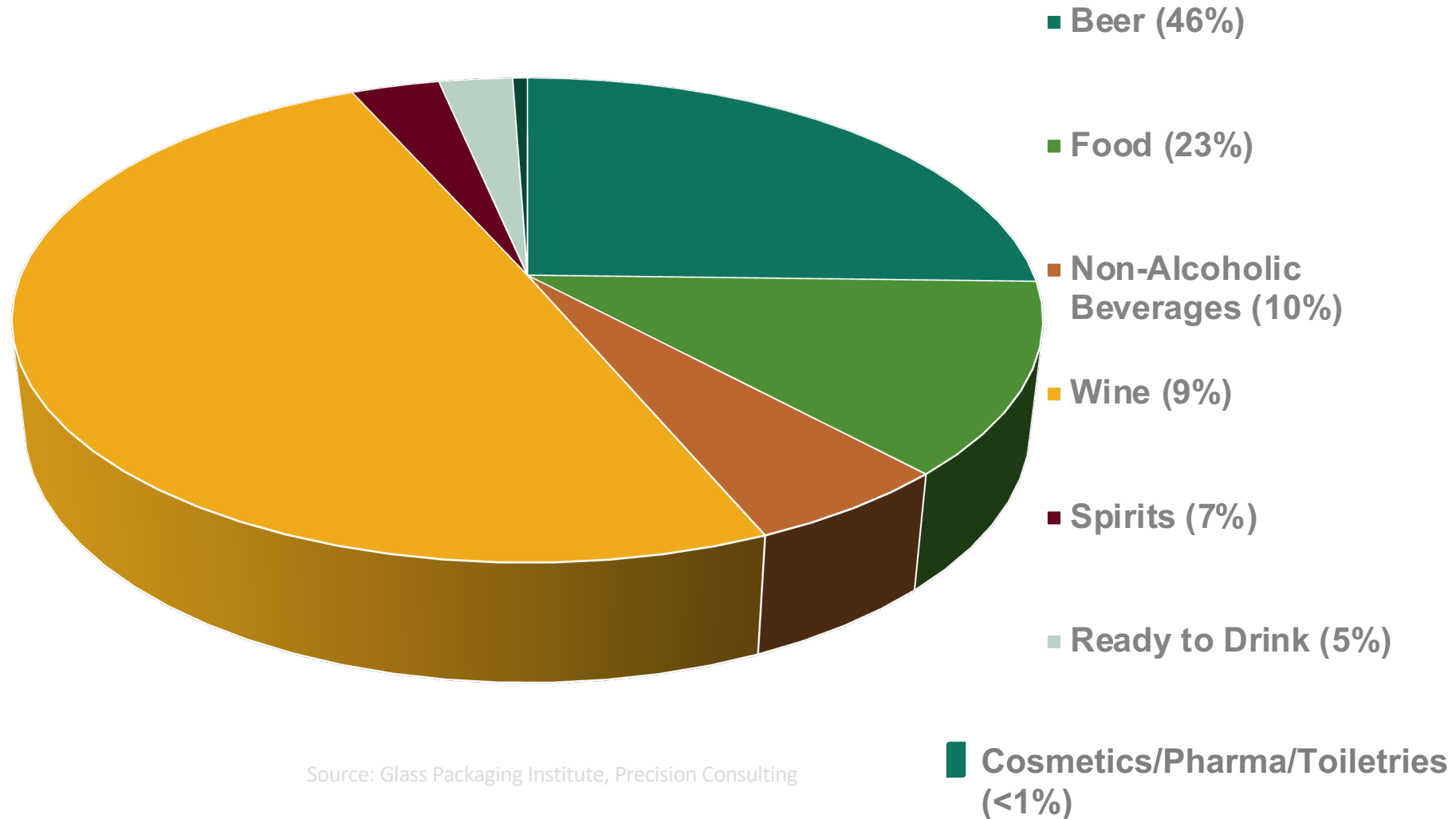


# U.S. Marketplace Overview & Shipment Trends

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# End Market Share of U.S. Glass Container Shipments by Category (Q3 2023)



Source: Glass Packaging Institute, Precision Consulting

# Warehouse Inventory Overview

**L.E.K. perspective: A build up of stock throughout the value chain as a precautionary reaction to supply chain disruption is currently unwinding, with stocking behavior expected return to normal in 2024 and beyond**

## U.S. consumer packaging stocking trends (2019-24)



**2019 - Q1 2020**

*Stock levels were at historical norms*

**Q2 2020**

*Unplanned stockpiling due to closures*

**Q3 2020 - Q3 2022**

*Stock levels increased significantly*

**Q4 2022 – Q4 2023**

*Destocking occurring throughout value chain*

**Q1 2024 onwards**

*Expected stabilization of stock levels*

**Commentary**

Pre-COVID stock levels were at historical norms, with those norms being different according to the specific business and end market

With sudden closures throughout the value chain, many manufacturers found themselves with excess stock that they were not planning for

Supply chain disruption due to COVID, Ukraine, international shipping issues etc., prompted businesses to hoard stock to ensure security of supply

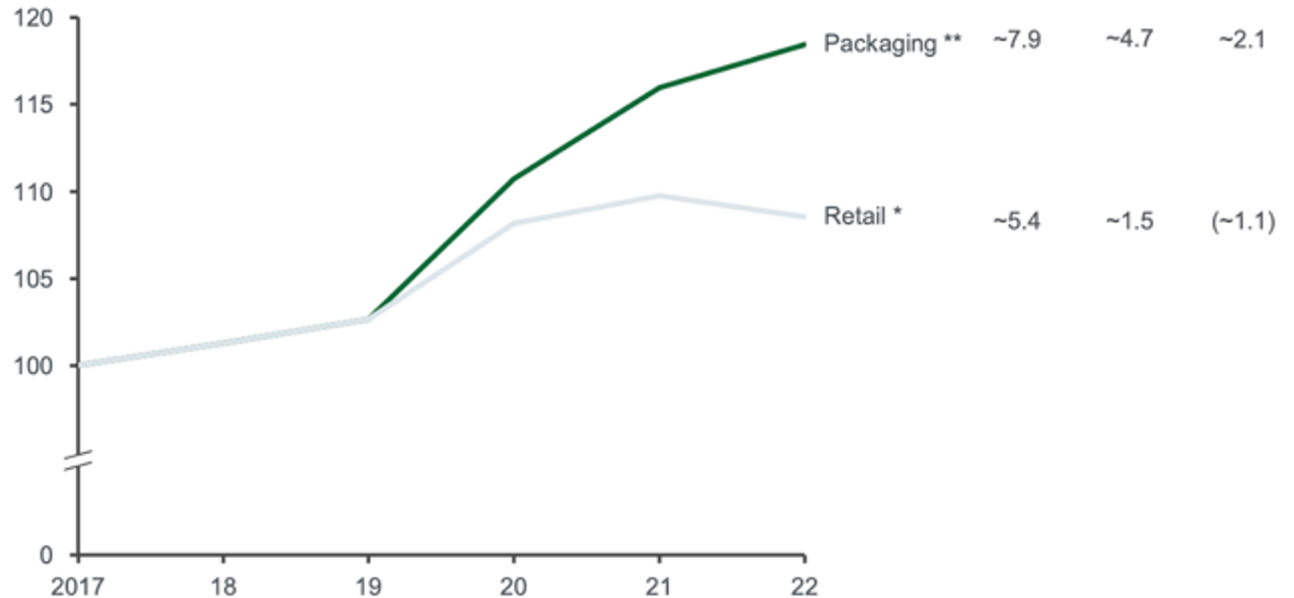
As supply chain disruption has begun to ease, destocking has occurred in all value chain steps, decreasing packaging demand

Stabilization of stocks expected beginning in early 2024

# Inventory Status and Projections

**L.E.K. perspective:** As a result of stocking behavior, ~9% cumulative stock was built on average by U.S. CPG customers downstream from packaging converters

**U.S. consumer packaging and retail sales (2017-22)**  
Indexed 2017=100



*80-90% of excess inventory is expected to be consumed by the end of 2023 with the balance being exhausted early during 2024*

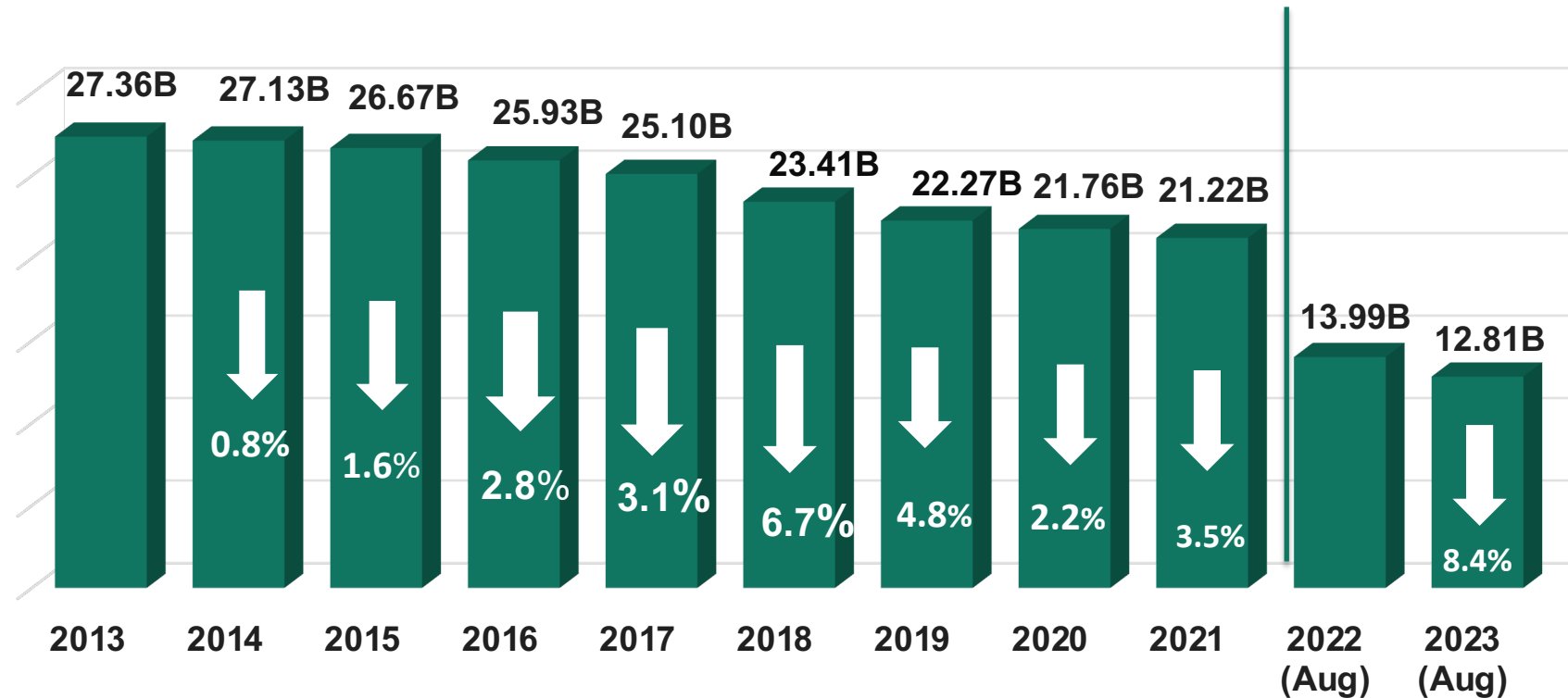
-	-	-	~2.5%	~3.3%	~3.3%
-	-	-	~2.5%	~5.8%	~9.0%

Packaging over-purchase level  
Cumulative over-purchase level

Note: \* Retail is defined as the total volume of packaging needed to fulfil retail sales, \*\* Packaging is defined as the total packaging CPG companies purchased from packaging manufacturers  
Source: Euromonitor; L.E.K. Research, interviews and analysis

# US Glass Plant Shipments to Customers

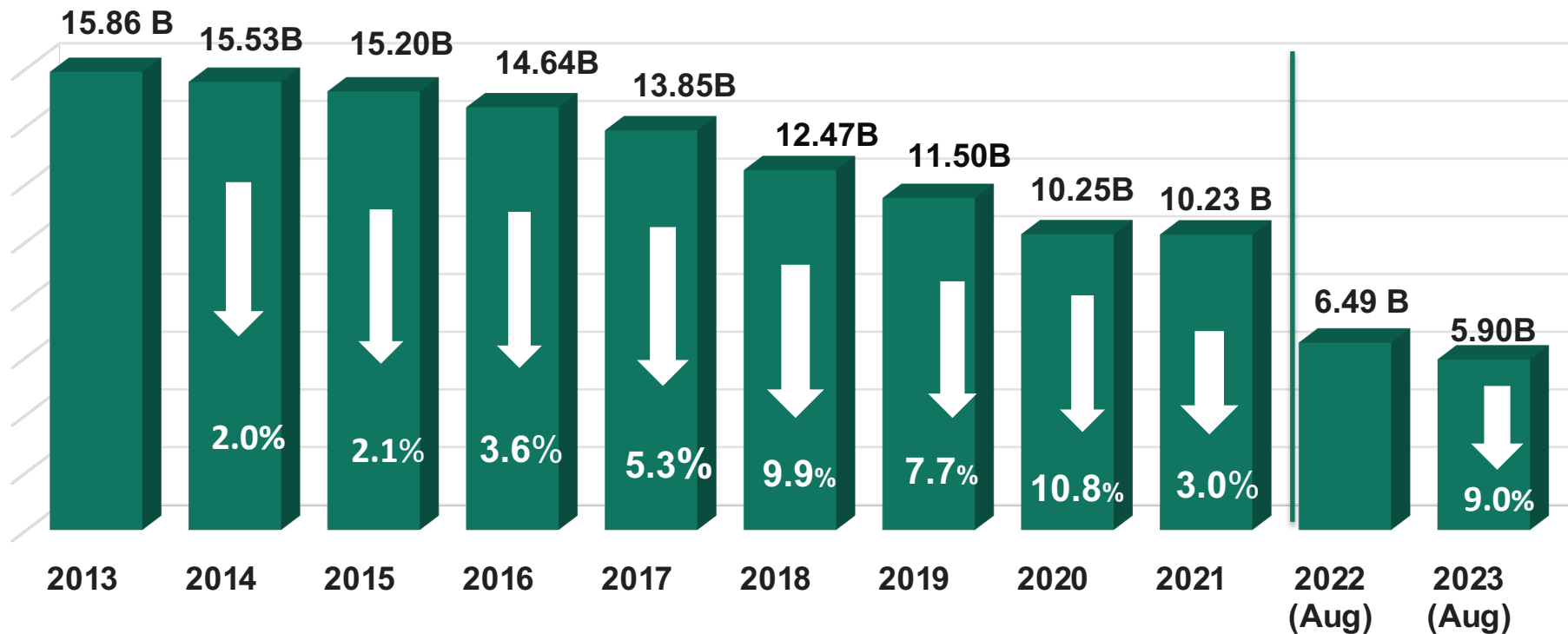
(listed in billions of bottles), 2013 - YTD 2023



Source – Precision Consulting, Representing ~95% of US Glass Container Plants

# US Beer Bottle Shipments to Customers

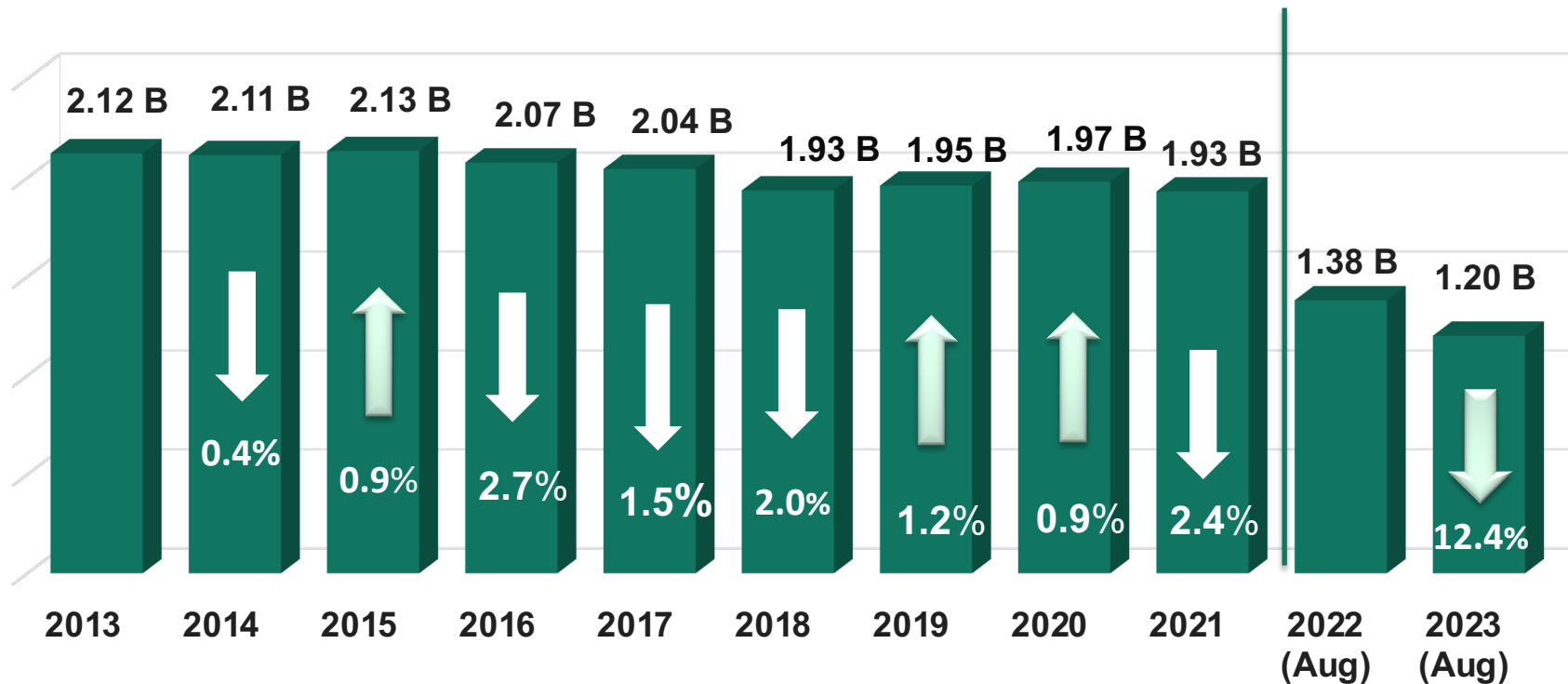
(listed in billions of bottles), 2013 – YTD 2023



Source – Precision Consulting, Representing ~95% of US Glass Container Plants

# US Wine Bottle Shipments to Customers

(listed in billions of containers), 2013 – YTD 2023

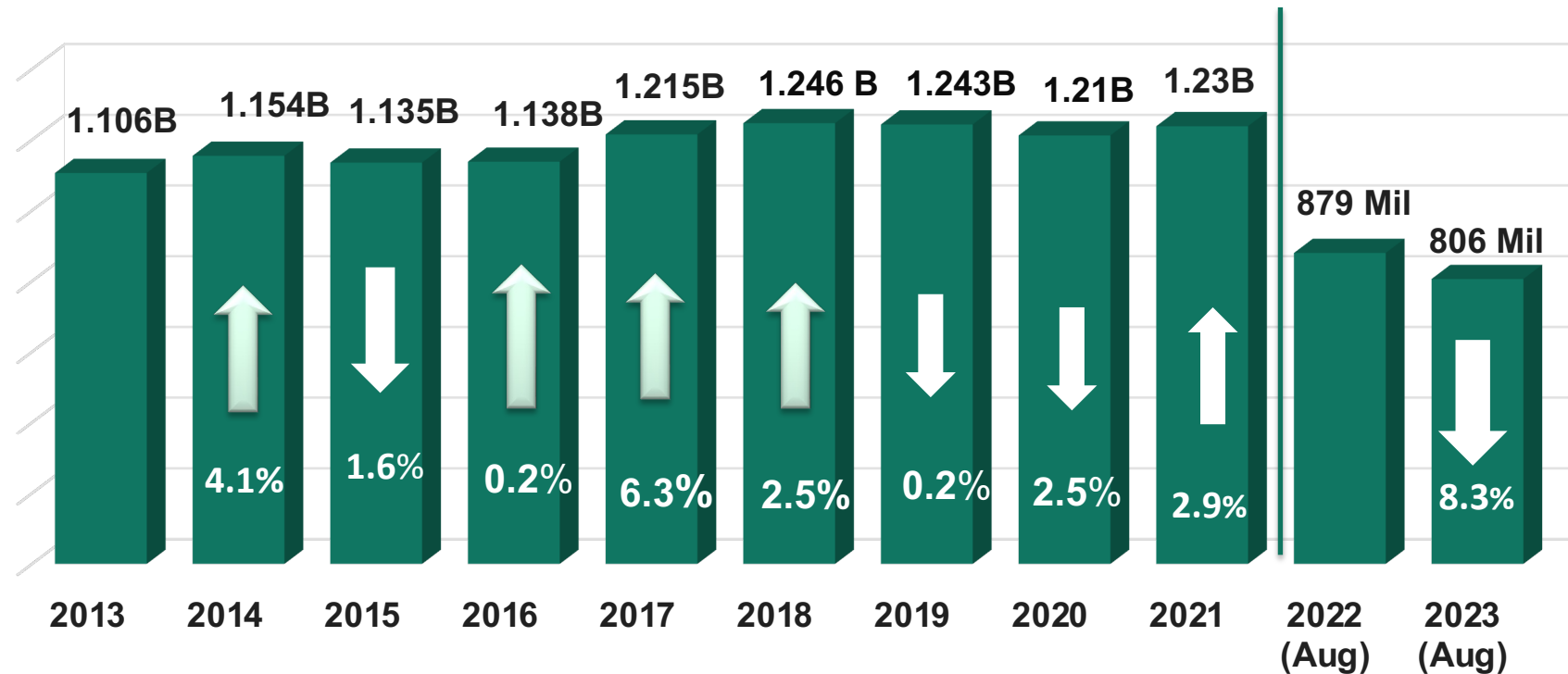


Source – Precision Consulting, Representing ~95% of US Glass Container Plants



# US Spirits Bottle Shipments to Customers

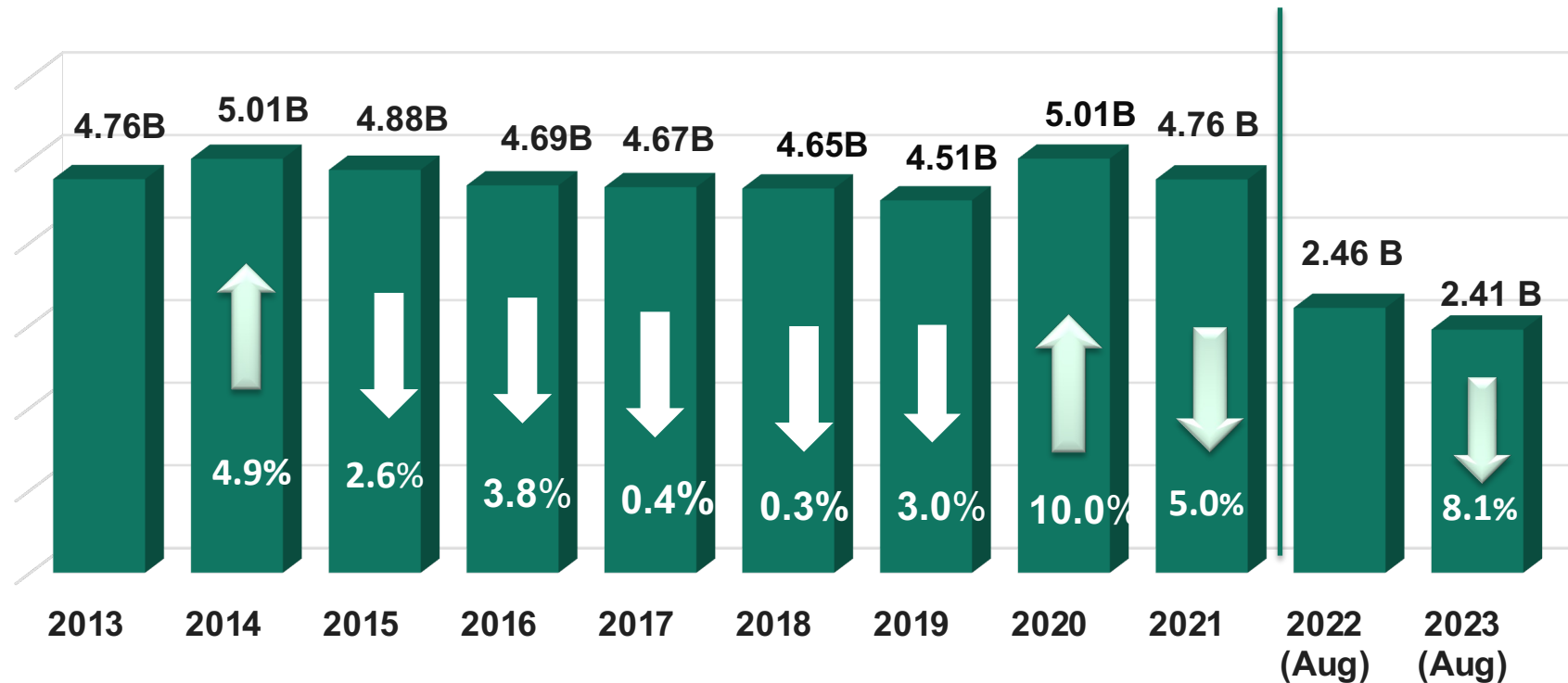
(listed in millions and billions of containers), 2013 – YTD 2023



Source – Precision Consulting, Representing ~95% of US Glass Container Plants

# US Food Container Shipments to Customers

(listed in billions of containers), 2013 – YTD 2023



Source – Precision Consulting, Representing ~95% of US Glass Container Plants

# Key Glass End Markets - Changes Over Time

Beer	Ready to Drink (RTD) Alcoholic Beverages	Wine	Food
▪ 2008 - 59%	▪ 2008 - 7%	▪ 2008 - 6%	▪ 2008 - 17%
▪ 2012 - 58%	▪ 2012 - 6%	▪ 2012 - 7%	▪ 2012 - 17%
▪ 2016 - 56%	▪ 2016 - 5%	▪ 2016 - 8%	▪ 2016 - 18%
▪ 2019 - 51%	▪ 2019 - 6%	▪ 2019 - 9%	▪ 2019 - 20%
▪ 2020 - 46%	▪ 2020 - 5%	▪ 2020 - 9%	▪ 2020 - 24%
▪ 2021 - 47%	▪ 2021 - 6%	▪ 2021 - 9%	▪ 2021 - 23%
▪ 2022 - 46%	▪ 2022 - 5%	▪ 2022 - 10%	▪ 2022 - 23%
▪ 2023 (Q3) - 46%	▪ 2023 (Q3) - 5%	▪ 2023 (Q3) - 9%	▪ 2023 (Q3) - 23%

**Spirits increased overall share to 7% through the third quarter, while wine reduced its overall end market share to 9%**

# Key Glass End Markets - Changes Over Time

## Non-Alcoholic Beverages

- **2008 - 8%**
- 2012 - 8%
- 2016 - 9%
- 2019 - 9%
- 2020 – 10%
- 2021 – 10%
- 2022 – 10%
- **2023 (Q3) – 10%**

## Spirits

- **2008 - 3%**
- 2012 - 4%
- 2016 - 4%
- 2019 - 5%
- 2020 – 6%
- 2021 – 6%
- 2022 – 6%
- **2023 (Q3) – 7%**

**Note** – The Cosmetics/Pharma Category Registers as 0.2% of End Market Share

# Social Media Highlights

- We are seeing an **uptick in follower growth** on Instagram (**↑2.9%**) as we are posting more frequently on the platform (**4-5x weekly**).
- GPI is **engaging more glass supporters** on Facebook and Instagram.

## FOLLOWERS



631



7,208



6,323



4,206



17

*\*as of November 14, 2023*

**Choose Glass**  
Published by Hootsuite · 4d ·

On behalf of the glass container industry, our suppliers, and our customer bases, GPI has submitted comments in strong support of a proposal from the Surface Transportation Board. 🗨️

This proposal aims to establish defined service metrics for Class 1 rail lines, focusing on reliability and local service metrics. ✅

Glass container manufacturers and their raw materials suppliers utilize rail daily to transport materials to plants and finished products to market. Efficient and reliable rail transportation is vital to the operations and careers provided at the plants.

We believe that once this rule is finalized, it will create greater incentives for predictable rail car delivery and service, benefiting our industry and our dedicated workforce and plant operations. 🙌👥

We look forward to positive developments and improvements in the near future.  
[Rail Customer Coalition](#)

<https://ow.ly/1B9x50Q63pb>

See insights and ads Boost post

👍👍 24 3 comments 8 shares

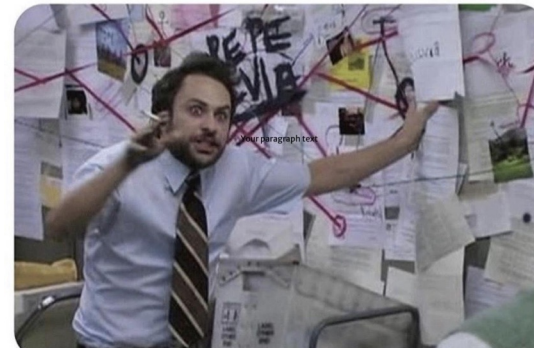
Liked by [ajsugrue](#) and 17 others

**chooseglass** Glass bottles are an optimal packaging choice for wine! Swipe to learn more 🌱🌍

#glasspackaging #chooseglass #sustainable #reusable #recycling #glass #glassbottles

1 week ago

Me explaining the importance of glass in the circular economy



Liked by [ajsugrue](#) and 17 others

**chooseglass** So true. 🌱 #ChooseGlass #DontTrashGlass #ZeroWaste #CircularEconomy

6 days ago



# Campaign Updates

## Lifecycle of Glass - Featured in late November, January and throughout 2024

- boosted posts at targeted audiences

## Consumers prefer glass (Infographics) - December (LA Area target)

- BevNet, etc.

## GPI Pursuing New Partnerships

- Support distributors and co-packers who offer glass options

## Wine (Sac Valley/Seattle)

- Audience build/targeting

## National Recycling Day (November 15th)

**GLASS IS INFINITELY RECYCLABLE**

**76%**  
of consumers know that glass is infinitely recyclable.

GLASS

\*CARAVAN Omnibus Survey 2022

**KNOWING IS HALF THE BATTLE**

**58%**  
of consumers said that knowing glass is infinitely recyclable could make them change their purchasing behavior.

\*CARAVAN Omnibus Survey 2022



Eighty percent of recovered glass is made into new glass products. Watch the Glass Packaging Institute's video, *The Lifecycle of Glass*.

Watch Video

- **Features: Tito's, Maine Beer Company**
- **Review FEVE/Friends of Glass Relationship**
- **“Look For The Puntmark!” educational campaign for consumers and policymakers on where their bottle is coming from**

Can you find this mark on your glass bottle?

This refers to the specific factory

This is where it's from:

- ArdaghGroup
- 64 (Irvine)
- 62 (Doncaster)
- 61 (Barnsley)
- 60 (Knottingley)

British Glass Friends of Glass

# Beer – Package Mix Report (Jan-June 2022 – Jan-June 2023)

Volume (millions Barrels)	2022 Volume	2023 Volume	Volume Change	Percent Change	Share in 2022	Share in 2023
Domestic Tax Paid	82.1	76.8	-5.3	-6.5%	80.2%	79.2%
Imports	20.3	20.1	-0.2	-0.8%	19.8%	20.8%
<b>Total Volume</b>	<b>102.4</b>	<b>96.9</b>	<b>-5.5</b>	<b>-5.3%</b>	<b>100%</b>	<b>100%</b>
<b>Package Mix</b>						
Domestic Cans	57.3	54.2	-3.1	-5.5%	55.9%	55.9%
Import Cans	6.7	7.4	0.7	11.0%	6.5%	7.7%
<b>Total Cans</b>	<b>64.0</b>	<b>61.6</b>	<b>-2.4</b>	<b>-3.7%</b>	<b>62.5%</b>	<b>63.5%</b>
Domestic Bottles	16.5	14.9	-1.6	-9.6%	16.1%	15.4%
Import Bottles	12.6	11.7	-0.9	-7.3%	12.3%	12.0%
<b>Total Bottles</b>	<b>29.1</b>	<b>26.6</b>	<b>-2.5</b>	<b>-8.6%</b>	<b>28.4%</b>	<b>27.4%</b>
Domestic Draft	8.3	7.7	-0.6	-7.0%	8.1%	8.0%
Tax Determined	4.3	4.5	0.2	5.0%	4.2%	4.6%
Import Draft	1.0	1.1	0.0	1.5%	1.0%	1.1%
<b>Total Draft</b>	<b>9.4</b>	<b>8.8</b>	<b>-0.6</b>	<b>-6.1%</b>	<b>9.1%</b>	<b>9.1%</b>
<b>Total Volume</b>	<b>102.4</b>	<b>96.9</b>	<b>-5.5</b>	<b>-5.3%</b>	<b>100%</b>	<b>100%</b>

**Outside of imported filled beer cans, the beer market across packaging substrates is down, overall volume down 5.5% through June**

The Beer Package Mix Report is compiled by the National Beer Wholesalers Association (NBWA), utilizing both industry and government data sources – including GPI and CMI quarterly data

# Glass Imports from All Countries – Through September 2023

Imports of glass bottles and jars (empty, unfilled) into the US from all countries are down 23%

This follows consecutive years of import increases of 3-8 percent from 2016 to 2022 (2019 being the sole exception).

A 23% overall import decrease translates to 1.01 billion fewer imported, empty and waiting to be filled bottles and jars to the US

On a volume basis, the largest country of import is Mexico, followed by China – Mexico is the only larger volume country with overall increased imports – up 2%.

Imports of 750ml sized bottles are 28%, or 366 million bottles through September. No country of significant volume has seen import increases in this size, including China, Mexico and Taiwan



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## TTB – Size Request and Rulemaking

As part of a broader rulemaking, in July 2022 GPI submitted comments to the U.S. TTB (federal regulatory agency for the alcohol industry, housed under the Treasury Dept.), asking for specific size approvals for glass containers in the spirits and wine categories

The rulemaking was in response to the Biden Administration’s Executive Order to increase competition

One of GPI’s size requests (355ml for spirits) has long been approved for metal containers, based on an older statute referencing closures and container shape

TTB recently indicated the rulemaking will not be ready finalized until March of 2024 – and this may be pushed back as well.

**GPI, working with glass companies, Morgan Lewis and outside counsel, has formally asked for the already approved size (355ml for spirits) to be approved in an expedited manner for glass – citing an ongoing, competitive disadvantage with cans. We are also seeking meetings with leadership at Treasury and TTB to expedite our request.**



# Current Marketplace Examples for 355ml (12 oz.) Mixed Spirits



Spirits in 10-ounce glass bottles “ok”



However, the more prevalent and faster growing 355ml (12-ounce) size currently approved ONLY for metal cans



355ml spirits size approval for glass would open up additional customer markets



# Thank You

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For more information, please contact GPI

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