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EU competitor benchmarking of cosmetic primary packaging in rigid jar form. Case company: Sulapac.

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Abstract

Cosmetic industry is increasingly growing and drives the growth of cosmetic packaging industry. Consumers having more disposable income are actively looking for new cosmetic products and added values in packaging. The sustainability trend in cosmetic industry is the driving force for companies to constantly update their product portfolio with new product lines and invest in packaging that are sustainable.

The purpose of this thesis is to study the competitors of Sulapac, the company who manufactures fully biodegradable packaging made from wood chips and natural binders. The competitors in this thesis are defined as types of materials.

The literature review discusses the background information of cosmetic industry and cosmetic packaging, as well as competitor analysis theories and frameworks.
The empirical part identifies the competitors, categorizes them into different groups, and provide comprehensive analysis using different competitor analysis tools.

The results of the research provided a comprehensive analysis of Sulapac competitors, gaining knowledge about their strengths, weaknesses, opportunities and threats. The thesis also studies the pricing strategy of different competitors, place the competitors on a competitive map to help the case company look at the competitive landscape from a bigger picture viewpoint.

Finally, the thesis discussed the reasoning for the positioning strategy for Sulapac as the recommendation for the company.

Keywords

Sustainable packaging, cosmetic packaging, cosmetics, market analysis, competitor benchmark, competitor analysis

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1 Introduction

"We love plastic!", said no one ever. Even though we don't say it, we know we love it for a fact. It's relatively inexpensive, durable, flexible, lightweight, instantly available and compatible to almost everything. Those characteristics make them so irresistible and we have been happily using them for more and more purposes. However, when weighing the advantages and disadvantages, the benefits it brings to meet our requirements outnumber the downsides of it and we tend to ignore one important fact: it's polluting our environment. (Plastic Pollution 2018.)

The "love" we have for plastic has been on the rise for the last over 50 years. Humans have created 6.3 billion tonnes of plastic waste. Two third of all plastic produced is now polluting the natural environment. If nothing changes, there could be more plastic than fish in the ocean by 2050. (World Economic Forum 2017.)

We use it for almost everything, and especially they do a great job for packaging purposes. Our planet is turning plastic and something needs to be done about it. Sulapac was born with a mission: to solve the plastic waste problem. The company Sulapac manufactures and sells fully biodegradable packaging, the Sulapac material. It wants to fight its competitors which are plastics and other types of packaging that are polluting the environment. (Sulapac 2018.)

The fight against plastic waste problem isn't easy. Humans have been so used to the multi-purpose benefits of plastic that changing the way we use it hasn't been easy. Sustainable solutions like Sulapac need to make its way into the packaging market with effort. Sulapac needs to fully understand its competitors and how they are positioned in the market. In other words, competitor benchmark is necessary for Sulapac to help them make strategic decision how they should enter the market of packaging. The purpose of this thesis is to study the competitor benchmark of Sulapac competitors.

1.1 Rationale

Sulapac Ltd is a Finnish company with the mission of solving the world's plastic waste problem. The company product is Sulapac® material, a fully biodegradable packaging material made of wood chips and natural binders. Sulapac is 100% biodegradable and contains 0% microplastics. Sulapac products are designed for brands that want to eliminate

plastic waste and demonstrate a genuine commitment to sustainability through the use of premium ecological packaging. (Sulapac 2018.)

Its current focus is cosmetic primary packaging and other segments in the future. As a startup entering the packaging industry for cosmetic products, the company wants to be competitive with the currently available types of packaging materials. The environmental benefits that Sulapac can bring are significant compared to other alternatives. However, it needs to be able to differentiate itself from the competitors while offering the same or more functional factors to its customers. (Sulapac 2018.)

Sulapac has come to realize that it needs to be able to understand the cosmetic packaging alternatives comprehensively in order to be able to make strategic decisions in the market. Sulapac wants to benchmark its competitors in a study. (Sulapac 2018.)

Sulapac is at its startup phase with possible uncertainties. Therefore, it is extremely important for it to adapt the right business strategy based on the market situation. The company needs to find out how other competitors are doing so that it can position itself in the market properly. That will help them to determine the pricing for its products, the potential customers, the revenue estimates and the production costs.

Since Sulapac is a new packaging innovation, its competitors are the existing packaging materials used in cosmetic packaging. The ultimate purpose of the thesis is to conduct a competitor benchmark and then be able to map all the benchmarked competitors in a visual. It helps to easily see and pin point where Sulapac can see itself on the map.

1.2 Research question and sub-questions

As the thesis is commissioned by Sulapac, it is expected by the company that a complete study about its competitors and their behaviors in the market to be carried out. The study should encompass the characteristics of the competitors and what is the situation with their positioning in the market. In order to learn comprehensively about the competitors, the research question of "**Where do Sulapac competitors position themselves in the EU market of cosmetic primary packaging in rigid jar form?**" was given to this thesis.

In order to answer the big research question, the sub-questions are necessary to break down the whole matter. It's essential to identify the different key factors to be measured in order to put Sulapac competitors on a competitive mapping format.

It would make sense to get the piece of information of how many possible competitors, from which I can then choose the biggest ones to benchmark. Therefore, the first sub-question is: "**Who are Sulapac's competitors?**"

After identifying the active competitors, the author will proceed with studying their characteristics by asking following question: "**What are the competitors' strengths and weaknesses, opportunities and threats?**" The answer to this question will serve as the measuring scale factors on the positioning map.

One crucial factor in the competitor benchmark is the market prices. The author will add the pricing one of the measuring factor in the mapping scale and therefore the next sub-question is "**What are the competitors' prices**?"

After collecting the necessary pieces of information about its competitors, it's time to conduct analysis in order to answer this following question: "**How can Sulapac position itself in the market of cosmetic packaging in the EU?**"

Below is the summary of the research question and sub-questions:

RQ: Where do Sulapac competitors position themselves in the EU market of cosmetic primary packaging in rigid jar form?"

- SQ1: Who are Sulapac's competitors?
- SQ2: What are the competitors' strengths, weaknesses, opportunities and threats?
- SQ3: What are the competitors' prices?
- SQ4: How can Sulapac position itself in the market of cosmetic packaging in the EU?

1.3 Research scope

"Cosmetics" is a broad industry. Even though Sulapac aims to take over the cosmetics packaging industry in the future, its current focus is in Beauty and Personal Care, more specifically: Skin Care, Body Care and Hair Care segments. Also, Sulapac's product portfolio is currently encompassing within the packaging range of these segments. It would make sense to study the competitive landscape for its current focus market.

Even though the study is competitor benchmark and Sulapac is a packaging manufacturer itself, its competitors are not defined in this thesis as packaging manufacturers. Since Sulapac material is a new innovation, it would make more sense to define its competitors as other cosmetic packaging materials.

This study concerns primary packaging materials, i.e. the materials that are in contact with the product content. It excludes materials that are secondary and tertiary packaging materials. Different ways of defining primary packaging in some cases are presented in the theoretical part in order to make sure that there is no confusion about the packaging type being referred to.

Even though the Sulapac material itself is very flexible and is expected to be manufactured in different shapes and sizes, the current company portfolio includes rigid jars and that is the focus for the next few years. Therefore, it would make sense to study the competitors that are in similar form: rigid jar. Even though some materials might be also used in multiple forms such as tubes and bottles in addition to jar form, the competitor benchmark will only cover the most commonly used materials in rigid jar form. That means, if a material A for example, is used 99% in other forms and only 1% in rigid jar form, it might be excluded from this study. An evaluation is to be made whether or not it should be included.

Although the competitors are the materials, the pricing competitive landscape is not about the raw material ingredients, but the final packaging units. That means, when benchmarking the pricing factor, the author will consider the price per unit when buying from manufacturers.

The geographical boundaries for this research is the EU. There might be packaging companies that are located and based in the EU but buy raw materials from somewhere outside EU. This research does not go on to investigate the types of raw materials those companies buy but will focus on types of ready packaging made and sold in the EU.

The types of materials discussed might be available in other areas of the globe however the pricing info will only be gather from EU packaging companies.

Even though the competitors are types of materials, the prices to be gathered are not about the material or raw materials. Since Sulapac currently manufactures and sells ready-made and customized packages, the comparison about prices is to be done in terms of unit, i.e. how much do the competitors sell the packages for.

1.4 Research method

The research method is a combination of qualitative and quantitative with the big majority being qualitative. It can be explained as follow:

The answer to the research question will be found by answering all the investigative questions. Among the sub-questions, the two questions (1 and 2) related to the amount of material types and their characteristics will be answered using the desktop research method. Different books and sources are to be used in order to cover the diversity of the researched information.

The question about the price of the materials (sub-question 3) will be answered by collecting different quotes from cosmetic packaging companies. Even though it's sub-question number 3, it might take time to contact and receive the quotes from those companies. Therefore, the author will contact them from the beginning. While waiting for their answers, the author will be carrying out desktop research for other sub-questions.

In order to answer this sub-question, the prices from 5 companies are to be collected. In the mapping visual to be created, the average of the price given by different companies will be put on the map. Cosmetic brands can buy their packaging from different places so it would be good to have some collection of prices. Contacting different packaging manufactures and packaging companies for quotes can be used as a method for collecting data about the prices. Desktop research is the method in this part.

In case the packaging companies are not responding fast enough within the thesis time schedule, the author will contact more than just 5 companies so that if one is answering late, the author will still be able to obtain enough info from 5 quotes as planned. In case of no response from any of the contacted companies, the author will conduct a desktop research for the pricing. There are online market places where the author could get a reference such as Amazon and Ebay. In the author's knowledge, many of the sellers on these platforms do sell in large quantity so that the price reference should be relevant to what I had been looking for.

Also, the characteristics of the competitors should be well pointed out for the mapping at the end. Those include recyclability and renewability. This type of information can be obtained by extracting from books and online sources. Benchmarking is the method to be used.

The benchmarking theme is closely linked to the theory discussion and straightforward sub-questions. Since the benchmarking will be mentioning about the attributes which highlight the differentiation points of the competitors, the theme is just perfect match for the research.

2 Cosmetic packaging

The packaging of any product serves primarily as the mere protection of the product from all the outside encounters that it might expose to during the process of manufacturing to the hand of the consumer. However, in today's world, not only packaging does its assigned job but also it acts as a differentiation factor among similar products in the same categories. Companies also spend time and money in designing the packaging so that it appeals to the buyers, catches their attention and triggers the buying urge in the consumer. (Singh 2018.)

For cosmetic products, the role of packaging is even more emphasized by brand owners as they want the packaging to enhance the aesthetics of the product. Cosmetic companies invest in packaging as it is a form of marketing and they want it to speak for the product. Their plan is for consumer to fall in love with the whole product from the beginning, therefore the product appearance is of substantial importance. Some companies design their packaging so that it speaks the same language as the cosmetic content. For example, if they would like to advertise their cosmetic product as made from purely natural ingredients, their packaging would better represent that fact. (Singh 2018.)

2.1 Cosmetic industry

Humans have been using some forms of cosmetics since ancient times, though they are not necessarily applicable to today's cosmetics. Cosmetics have long history, from the Ancient Egyptians using scented oils and ointments to clean and cover their body odors in 10,000 BCE; to the Chinese and Japanese applying rice powder to whiten their faces in 1500 BCE; to the Romans in 100 AD putting barley flour and butter on their facial impurities in the hope of cleansing the pimples; and to the European women trying to lighten their skin using white lead and dying hair blonde using chemicals. (Cosmetics Info 2018.)

Cosmetics have been becoming more important of a consumer product category with the main consumer being females. The key factors that have contributed to the success of the cosmetics market is the continuing growth of beauty product spending online, the expansion of social networks, the appetite for new, different, better and premium products, the acceleration of urbanization worldwide and also the increase of the number of seniors worldwide (L'Oreal 2018.)

In 2017 the global cosmetic industry market share experienced a growth of 4% compared to the previous year (Statista 2018). It was estimated to worth approximately 301,7 billion USD in 2017. (IBISWorld 2016.)

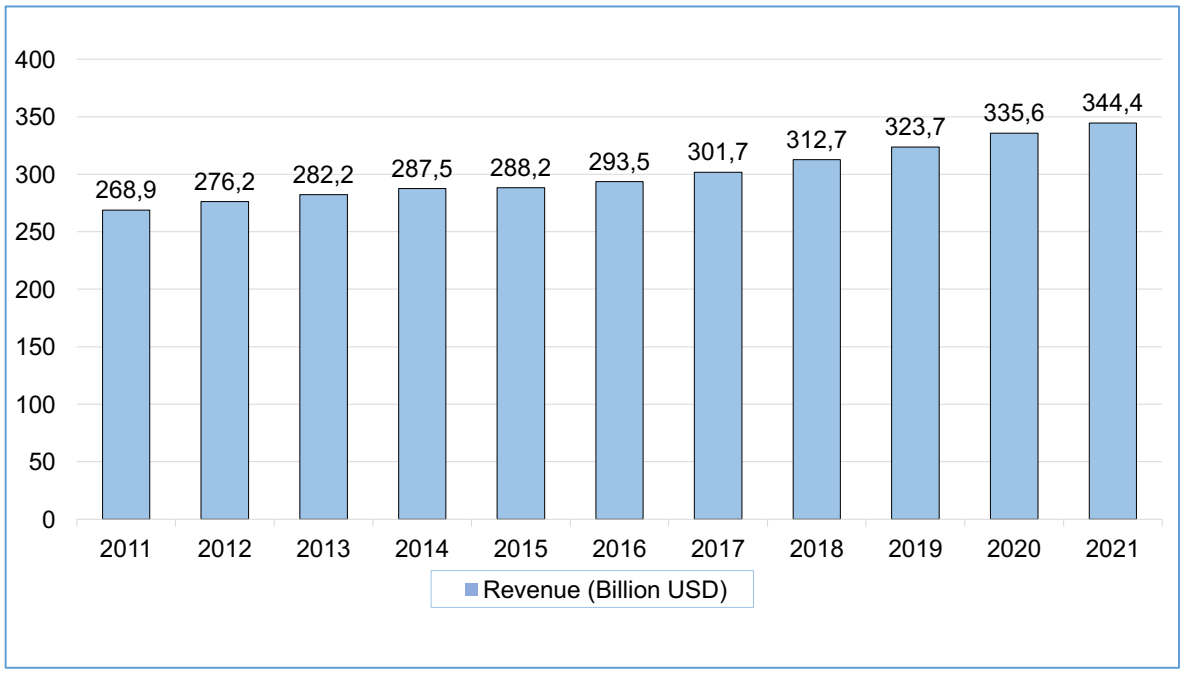

Figure 1. Global Cosmetics Manufacturing Industry Revenue (IBISWorld 2016)

The steady annual growth in cosmetic industry is primarily driven by young and aspirational generations who are increasingly investing in their looks and appearance, as well as their overall health (Euromonitor International 2016).

The cosmetic industry is getting more diversified as a result of globalization and cultural impacts on consumer behaviour. As the country rankings keep changing, the non-western beauty culture is becoming more and more popular and is predicted to play a dominant role in the coming future. (Statista 2018.)

Asia-Pacific has been gaining more and more market share over the recent years, roughly increasing 2% every year from 32,8% in 2013 to 37% in 2017. While Asia-Pacific cosmetics market experience steady annual growth, Western Europe sees a decline by about 1% every year from 22% in 2013 to 18% in 2017. North America is also gaining more market share by 4% in 4 years from 2013 to 2017 (Statista 2018.)

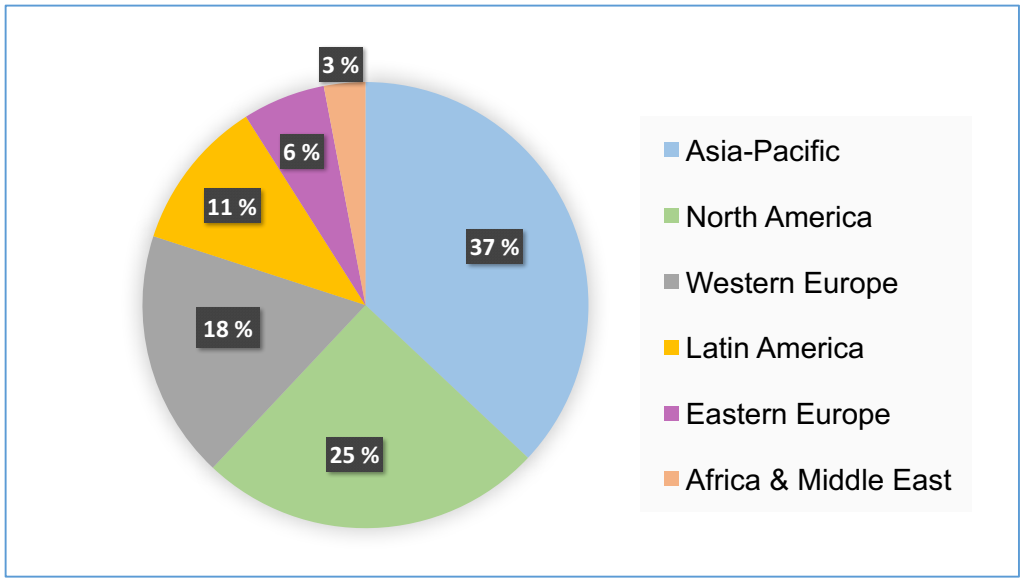

Figure 2. Global Cosmetics Industry Market Share by Region 2017 (L'Oreal 2017)

Some of the big players in the industry with L'Oreal with 28,6 billion USD in sales (2017) being the biggest personal care brand in the world. L'Oreal the French company has become the global leader in cosmetics with more than 100 years in operation. The compound annual growth rate of the company is 4.2 percent between 2015 and 2018. The company has an international portfolio with 34 complimentary brands and operating in 150 countries (L'Oreal 2018.)

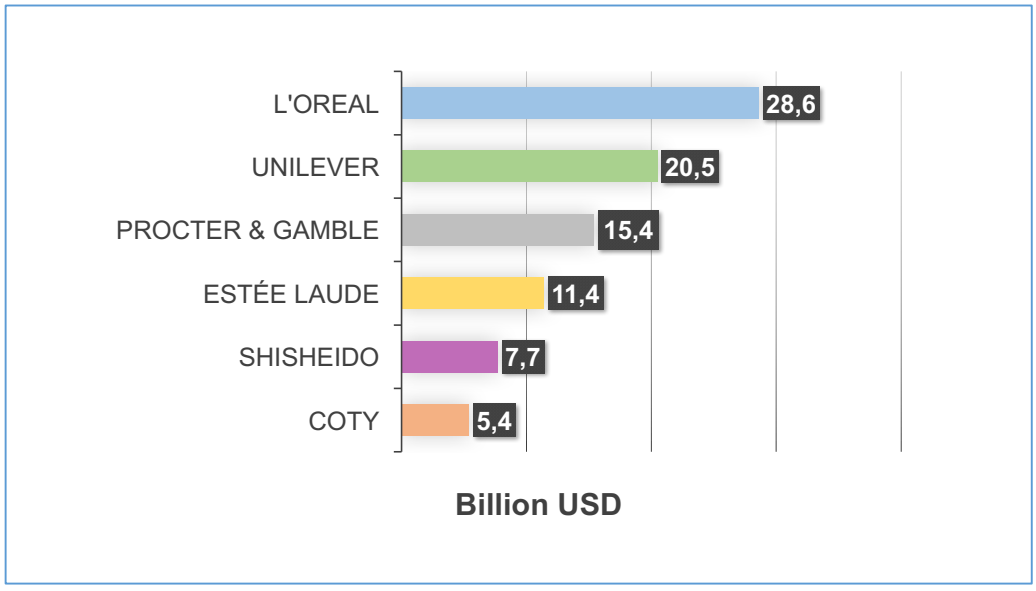

Figure 3. Major Global Players in Cosmetics Sales 2017 (L'Oreal 2017)

Unilever is the second in the list with 20,5 billion USD in revenue in 2017 (2.6% increased since previous year). Unilever is a British-Dutch consumer good company operating in 190 countries and owning over 400 brands with 83 brands in the personal care category (Unilever 2018.)

Procter & Gamble is an American corporation that ranks the third with 15,4 billion USD in sales in 2017 (decreased by 7% since 2014). Procter & Gamble owns 66 brands and operates in about 80 countries and products available in more than 180 countries (Procter & Gamble 2018.)

Estée Lauder, also an American company, is a global leader of over 25 brands focused in premium beauty products available in 150 countries. The company's revenue is 11,4 billion USD in 2017 with 7 to 8 % of growth compared to previous year (Estée Lauder 2018.)

Shisheido is a Japanese group that ranks number one among Japanese/Asian cosmetics manufacturers for annual sales in beauty products with 7,7 billion USD in 2017. Their portfolio encompasses both prestige and mid- and low-priced cosmetics in total of 26 brands selling in over 120 countries (Shisheido 2017.)

The American group Coty has a revenue of 5,4 billion USD in 2017 with a portfolio of 51 brands focusing on luxury segment. It is in the process of acquiring some more brands from Procter & Gamble (Coty 2017.)

When we break down Asia-Pacific into smaller regions in the world's market share, Europe remains the biggest producer of cosmetic products globally. In 2016 the European cosmetics market valued at 82 billion USD (Statista 2018) and is expected to grow annually by 1.2% (CAGR 2018-2021). Germany stand first in the list of the biggest national market for 15 billion USD, followed by United Kingdom 13,7 billion USD and France 13,6 billion USD (Statista 2018.)

The cosmetic products in Europe are strictly regulated at European level, especially the EU market. In 2009 the European Parliament and Council created the EC Regulation 1223/2009 for an establishment of regulated standards for cosmetic products available in EU market. The main focus of the Regulation was to strengthen the safety requirement and emphasized on the responsibility of the manufacturers to abide by the rules and put the consumer safety first in their operation. The Regulation also introduced new rules about nanomaterials used in cosmetic products, new portal for companies to notify EU about their products (CPNP) as well as the approach for reporting Serious Undesirable Effects (SUE) by the cosmetic consumers (European Commission 2009.)

2.1.1 Cosmetic product types

Traditionally cosmetic products have been considered vanity products, with their main purpose is to improve appearance. That might be equivalent to the makeup products nowadays. Makeup products are for example mascara, face powder, eye liner, lipstick which are used to enhance the outer features especially on the face areas. However nowadays, cosmetics also include cleansing products like face wash, shampoo, shower gels, shaving cream and deodorant, etc. (Sahota 2013.)

The term ‘‘cosmetic’’ means “(1) articles intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body or any part thereof for cleansing, beautifying, promoting attractive- ness, or altering the appearance, and (2) articles intended for use as a component of any such articles; except that such term shall not include soap”. (Federal Food, Drug, and Cosmetic Act 1938.)

According to the EU Cosmetics Regulation, a "cosmetic product" shall mean “any substance or mixture intended to be placed in contact with the various external parts of the human body (epidermis, hair system, nails, lips and external genital organs) or with the teeth and the mucous membranes of the oral cavity with a view exclusively or mainly to cleaning them, perfuming them, changing their appearance and/or correcting body odors and/or protecting them or keeping them in good condition”. (Regulation (EC) No. 1223/2009.)

The Cosmetics Europe association defines cosmetics and personal care products as to be “applied to the human body for the purposes of cleaning, beautifying, promoting attractiveness or changing its appearance”. The association has segmented cosmetics and personal care products into seven categories: hair care, skin care, body care, perfume, oral care, sun care and decorative cosmetics. (Cosmetic Europe 2018.) (Figure 4)

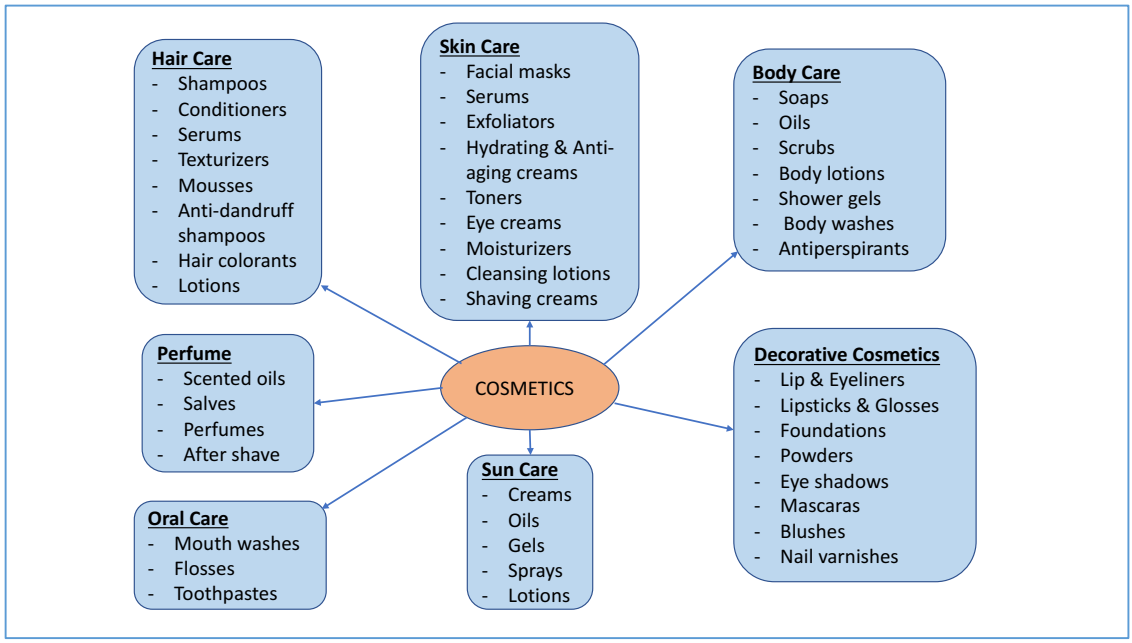

Figure 4. Types of cosmetics (Cosmetic Europe 2018)

Different entities have different frameworks for cosmetic types. According to Cosmetic Info, cosmetic portfolio encompasses even a broader range of products. Also, the ways they categorize different products are not the same. Some products can belong to one category according to Cosmetics Europe but another according to Cosmetics Info. For example, the shaving cream belongs to Skin Care section in Figure 4 above but Shaving section in Figure 5 below.

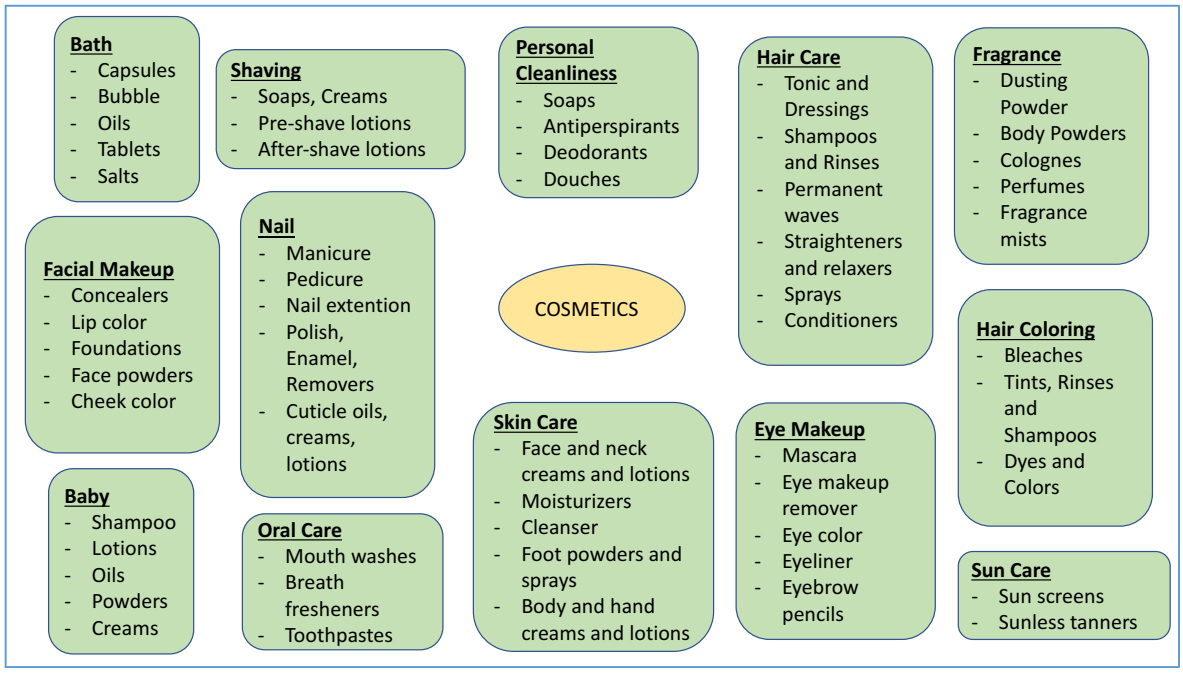

Figure 5. Cosmetic product types (Cosmetics Info 2018)

Some cosmetics are presented as having health purposes, curing some specific symptoms for instance acne face cream and hyperpigmentation cream. To some extent, these types of cosmetics can be categorized as drugs. The FD&C Act categorizes drugs by their intended use, as “articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease” and “articles (other than food) intended to affect the structure of any function of the body of man or other animals. (FD&C Act, se .201(g)(1).)

The separate categorization of some products is sometimes blurred as they meet the definition of both cosmetics and drugs. Also, different countries have different legal definitions of a product and they are called “borderline products”, as it might be unclear whether a particular product belongs to cosmetics or other section. Some products fall into the grey area between national legislations and therefore can only be decided case by case. Take for example a temporary washable tattoo is likely to be considered cosmetic due to the fact that it is to be applied on skin and intended to change the appearance of the skin. (European Commission 2018.)

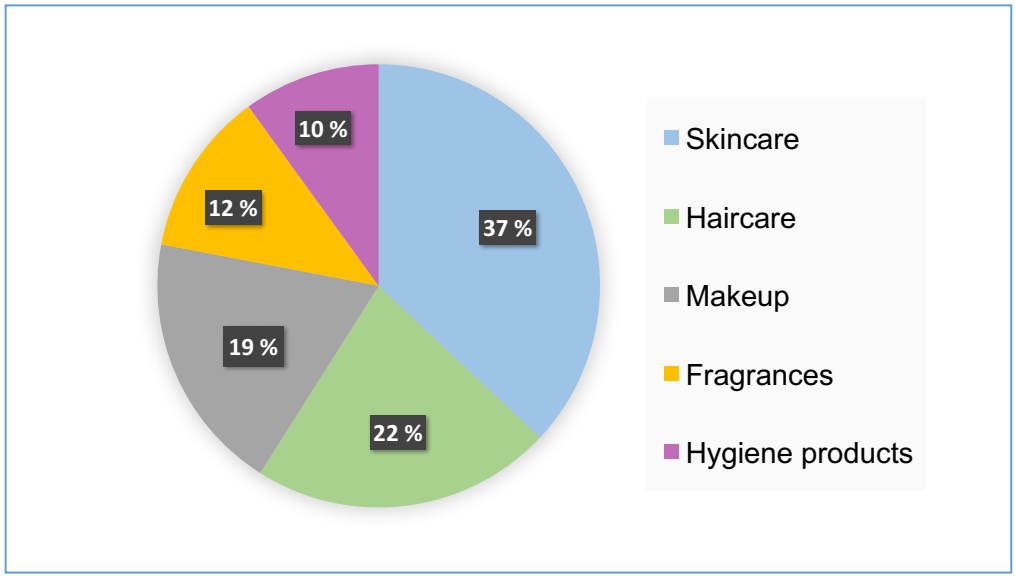

Figure 6. Global Cosmetics Industry Market Share by Type (L’Oreal 2017)

Skincare products have been the most purchased product category in the market for many years and gaining more popularity in recent years. The category accounted for 37% of the global cosmetic market. The desire to have a good looking and healthy skin is the key driver to the ever growing demand of skincare products. Especially the anti-aging products are being purchased more, not just by middle-aged and elderly generations but also the young girls in their twenties are starting to use the anti-aging products in order to prevent their skin from deteriorating in their youth. The changing weather conditions also

contribute to the need of maintaining a healthy and moisturized skin in fluctuating climates. Specific needs of skin are being catered to by the more diversified range of products introduced to the market. That has resulted in product development for a better formulated product. The trend and demand for more organic, natural cosmetics is growing and that type of products is predicted to rise considerably fast. (Inkwood Research 2018.)

2.1.2 Cosmetic product forms

The majority of cosmetic products come in different combinations of ingredients called formulas. The number of approved ingredients used in cosmetic products go up to 12,500 in the United States (Australian Academy of Science 2018) while the EU Commission Decision in February 2006 established an inventory of ingredients employed in cosmetic products of approximately 9000 ingredients. (European Commission 2018).

While there are endless number of cosmetic products in the market and many more are coming, all the cosmetic products come down to 10 types of formulas. Certain formulas will create certain form where the cosmetics are in. (Chemist Corner 2018.)

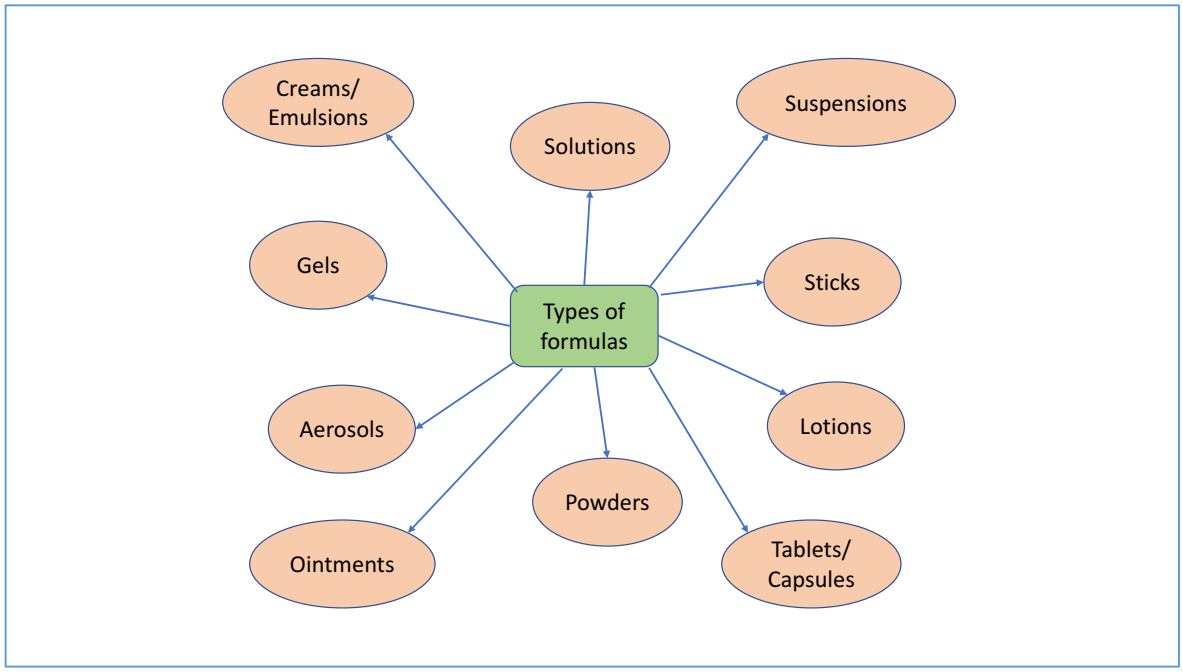

Figure 7. Types of Cosmetic Formulas (Chemist Corner 2018)

Many cosmetic products are solution cosmetics, being the simplest type of formula and covering the biggest range of products such as shampoos, face wash, and body wash. The texture of this formula is a running consistency as the main ingredient is aqua acting as the diluent together with other ingredients. A thicker type of formula that contains no water is ointments/pastes. They are usually made of oil-based ingredients and sticky and greasy. Gels are another common form of thick cosmetic products but not as greasy as ointments. They can be used in hair products, toothpaste. Sticks as in lipsticks, lip balms are another form used so that consumer doesn't have to touch the content of the product. (Chemist Corner 2018.)

With products whose cosmetic ingredients are not compatible, i.e. containing both aqueous and oil phase, an emulsifier is added to keep the phases not separating in the end product. There are 2 types of emulsifiers. Oil-in-water (O/W) emulsifiers keep oil drops packed in water, while water-in-oil (W/O) emulsifiers keep water drops packed in oil. W/O emulsions have fatty texture (e.g night & sun protection creams) with high oil concentration. O/W emulsions are used more in moisturizing products (e.g. body lotions, day creams) with lower oil concentration. (Making Cosmetics 2018.)

Several options for the emulsion form types: cream/emulsion, lotion and suspension are available. While products like moisturizers, hair conditioners, sunscreen are often in the form of cream/emulsion, lotions find itself in less greasy and less thick products compared to creams. Suspensions usually have the suspending structure with its ingredient particles can spread throughout the solution settle down if undisturbed. Sunscreen and hand washes are common examples of suspension. (TutorVista 2018.)

Tablets & capsules and powders are usually found in color cosmetics, baby powder and foot powder. While powders are solid raw materials in fine powder form, tablets & capsules are powders being pressed into shapes using special equipment. (Cosmetics and Skin 2017.)

Aerosol cosmetics refer to more of a packaging form than a cosmetic formula. The formula can be either solid particles or liquid droplets in air or gas by using the pressurized can. Common uses of aerosol cosmetics are for example perfumes, shaving foams, hair aerosols, sunscreens, deodorants and antiperspirants. (Cosmetics and Skin 2017.)

2.2 Cosmetic packaging industry

The continuous growth of cosmetic industry is the driving force for the cosmetic packaging industry to develop, not just financially but also in the quality and diversity of the packaging. Due to rapid urbanization and increasing disposable incomes, more people are able to afford higher quality cosmetic products and they actively look for added value and luxury in the products they purchase and that fact contributed to the increase of packaging premiumization and innovation. (Visiongain 2013.)

The global cosmetics packaging was valued at 24.8 billion USD in 2017 and is predicted to grow at a compound annual rate of 4.16% during 5 years between 2018 to 2023, making the value reaching about 31.7 billion USD in 2023. (Research and Market 2018).

A packaging is an article manufactured to partially or totally cover product and serves to deliver the product from production to end user in perfect condition (Europen 2018). There is a large number of functions that a packaging serve. The first and most important function of a packaging is to protect the product. The life of a cosmetic product usually lasts several years from production until expiration and it has to go through several stages in order to get to its end of life. Before getting to the hand of end user, a cosmetic product has been transported multiple times and the packaging's purpose is to prevent breaking, spoilage, contamination and increase shelf life. It has to serve as a mechanical protection against transport accidents and failures. It also acts as a barrier to external climate conditions and contaminants which can potentially decrease the shelf life of the product or cause defects in the quality that might prevent the product to deliver the quality results as promised to consumer. (Transport Information Service 2018.)

The dynamics of cosmetic industry is changing rapidly as cosmetics belongs to FMCG group (Fast Moving Consumer Goods) has resulted in companies striving to constantly develop their products and improve their packaging in order to retain their customer loyalty and keep up with the moving trends in cosmetic industry. Companies are more and more investing in the packaging of their products as it has become a core value when customer makes their purchase decisions. (Mordor Intelligence 2018.)

There are three classifications of cosmetic packaging in terms of purpose: primary packaging, secondary packaging and tertiary packaging. The focus of this thesis is on primary packaging, which will be discussed in the following sub-chapter.

2.2.1 Primary packaging

Primary packaging is the very first layer of packaging that is in direct contact with the product content. It keeps remaining around the content from the beginning of production, through transports, to the retail stores, and finally to the hand of consumer. Primary packaging is the last packaging thrown away by the consumer after using the product. (Emblem 2012.) Examples primary packaging in cosmetics are containers that directly hold facewashes, creams, lotions, etc.

Secondary packaging and tertiary packaging, even though not related to the scope of this thesis, are discussed briefly here to distinguish from the primary packaging. The main purpose of secondary packaging is for branding and logistics. Secondary adds an extra protection layer to the product content during transport, displaying extra information about the product if the primary packaging doesn't have enough space already, and sometimes used as display packaging. Examples are the corrugated cardboard packed outside of the facewash containers. Tertiary packaging is mainly used for bulk handling, warehouse storage and transport. Examples are cardboard boxes which contain 100 units of cosmetic each box. They help easily with the inventory and sales records. (Saxon Packaging 2017.)

While the main purpose of primary packaging is acting as a mere protection of the product, it is also required of them to display necessary information about the product. The product should be identifiable by logo, name when displayed on the shelf. The packaging should contain product identity, i.e. description, net content, ingredient list so that consumer is able to identify what the product is made of and whether the product contains any allergic ingredients to individual consumer. The safety warnings are also displayed as well as usage, storage and end of life management instructions. (Europen 2018.)

Cosmetic products available in EU market are even more regulated than in other regions in the world. There is a list of information that cosmetic producers are required to mention in the packaging, either by text or visuals. In addition to those required pieces of information mentioned in the above paragraph, cosmetic product packaging in EU must also have display in text format the name/location and address of the manufacturer or distributor, country of origin. The ingredients must be listed in the generic name format (chemical or botanical name), which is the common naming system called the International Nomenclature for Cosmetic Ingredients (INCI) in descending order according to their percentage. Packaging must also include symbols of attached information, in case the packaging doesn't have enough space for all the required information; PAO (Period After Opening); and recycling possibility. (Cosmetics Europe 2018.)

Besides meeting the required basic functioning criteria, the packaging is also used as a form of promotion. Companies usually try to differentiate their products by the packaging and they want to stand out among competitors. Cosmetic packaging is often extensively decorated, especially with the high end and luxury segments so that they are eye catching to the buyers and help the consumer to form the initial opinion about the product. It plays a big role in the image of a brand and packaging in cosmetic industry has a purpose of conveying the perception of high quality packaging means high quality content. Before consumer gets the chance to use the product content, they quite often are sold by the look of a product. (Pharmatutor 2018.)

The type of primary packaging to be used for a cosmetic product depends of the application and purpose of the product. The main aspects to consider when selecting a cosmetic primary packaging are the type of container, functionality, protection and compatibility of the product. There are different types of primary packaging used in the cosmetic industry. The main types are jars, bottles, tubes, airless dispensers, ampoules, sticks, compacts, aerosols packaging forms. (Author Stream 2017.)

2.2.2 Rigid packaging

Rigid packaging is packaging that is made from rigid materials. Common types of materials used in rigid packaging are glass, metal and plastic. While glass and metal packaging are obviously rigid, plastic can be either rigid or flexible. While rigid plastic packaging durable, flexible plastic packaging is more light-weight and requires less resources. This chapter will discuss the rigid packaging in different forms.

Jars are often used for creams, lotions, ointments, powders, tablets. Advantages of using jars are they are easy to take out the cosmetic content with fingers or spatulas. They also allow the consumers to completely empty the jars for the maximum use of the cosmetic content. Jars are usually decorative and they are much space on the package for additional info. The label can be placed or printed around the walls, on the cap or at the bottom (Dang 2018.) Some disadvantages of this type of container include: high risk of contamination during use, since jars have large openings on top, the cosmetic content becomes exposed to the light, the bacteria from the air and from consumer's hand. There is a possibility that the O/W products desiccate therefore they are not suitable for volatile components. This type of container requires high concentrations of preservatives (Dermaviduals 2012)

Bottles and tubes are commonly used for gel, liquid and semi-solid emulsions and solutions. The advantages of bottles and tubes are they are more hygienic than jars since they have limited opening area where the cosmetic content can be in contact with the outside environment. This will help to reduce the contamination risk. However, one of the disadvantages is consumer cannot empty the container since the cosmetic content is stick on the container walls so they are losing out about 10-15% of the substance. Also bottles and tubes work in a way that they let the air in every time the cosmetic content is pumped out. Therefore, this type of container still requires high microbiological stability (Dermaviduals 2012.)

One solution for the above problem with the basic bottle and tube type is the airless dispensers/airless bottles. Airless cosmetic packaging is one of the most rapidly developing packaging technologies and it's gaining more popularity. There is a small plate inside the airless containers which is moving upwards every time the cosmetic is pumped out. There's one little hole at the bottom of the container which allows air in underneath the plate so it can move upwards. This kind of packaging restrict the oxygen to penetrate in and make contact with the cosmetic substance, thus prevent the risk of contamination. This also helps to push all the content up without wasting any at the end of product life. It is possible to dispense 95-99% of the cosmetic content. (Web Packaging 2018.)

Ampoules are usually used for sera, oils, concentrates and solutions which are high in concentration or high in active ingredients. Usually ampoules are in small size due to the small dose of substance needed every use. They are rather hygienic thanks to small opening at the top. However, the substance is in contact with air in the container.

Sticks or cylindrical tubes are common use for color cosmetics for example lipsticks, lip glosses, mascaras, eye concealer, eye cream. The small size of this type of container make it portable. They are designed so that the consumer can apply them easily in the dedicated areas. The cosmetic contents in these cases are in contact with air inside the containers.

Compacts are the ones we often see in the color cosmetic section. They are used to hold face foundations, blushes, eye shadows, highlighters, etc. in the form of harden powders. Sometimes these compacts come with small brushes or pads so that consumer can use the product on the go without having to bring extra tools to apply cosmetics. (Cosme-Packaging 2018.)

Aerosols or spray bottles found their use in hair care and sun care and perfume products. The product content is well protected as it's not in contact with air. The perfume bottles are mostly transparent glass and consumer can notice when they are running out of their product. However, with hair care and sun care product, they are usually packed in opaque containers and they are hard to know if the content is running out at some point.

2.2.3 Sustainable packaging

Biodegradability is the characteristic of being biodegradable of a material. Biodegradable materials decompose over short period of time. Complete removal from the disposal environment in a short time period of 1-2 years is essential for one material to claim its full biodegradability. (Sahota 2013.)

Recyclability refers to ability of waste materials to be captured and separated from the waste stream for conversion into a new item or reused in the same capacity (The Law Dictionary 2018). Upcycling is one type of recycling that is gaining popularity as it involves redirecting packaging from waste streams so they can find other applications (Sahota 2013).

Renewability is the property of one material to be independent of finite natural resources. The use of sustainable materials, focusing on the move from fossil-based raw materials to renewable raw materials is gaining popularity. (Sahota 2013.)

The increasing influence of consumer on the emphasis of sustainability in businesses has been the key driver for brand to take initative in improving the sustainability in their products and business model. They start to use cosmetic formulas whose ingredient lists contain raw materials coming from sustainable sources. And for the end of use, many manufacturers have started their recycling program, since a big portion of cosmetic packaging is difficult to recycle by the conventional recycling streams in most of the countries where consumers bought their products. (Packaging Digest 2018.)

A cosmetic cream container can be made with glass from the outside for the aesthetic look, and plastic in the inside for the stability required by this certain cosmetic formula. In addition, it can then have a cap made of metal and inner liner made of plastic. All of the different components of the packaging are glued together with industrial adhesive, making it impossible for consumer to remove them apart for the recycling purpose. The ultimate destination for such a packaging is to non-recyclable trash bin, which then later on might be dumped into the ocean somewhere.

Due to the sophisticated and luxury looks that brands try to impose on their packaging, majority of cosmetics encounter challenges in cleaning after use and separating the different materials comprising the whole package. The option that several brands choose to take is to collect the used containers from the consumers via their retail stores and re-use them in the next production. This method is rather time consuming and expensive, critics even blame this method to be ineffective in the big picture, since transporting the containers back to the production site is causing more footprint and generating more greenhouse gas to the planet. Therefore, the most economically feasible option for majority of brands is through landfill (Packaging Digest 2018).

Lush Cosmetics, with their determination of minimizing the impact of packaging, has made a huge effort in their approach. Besides using recycled plastic jars and bottles and reusable metal tins, they offer a big part of their portfolio packed with nothing, i.e. “naked”. Their approach has proveb effective and helped to reduce a significant amount of packaging waste. (Lush 2017.)

The EU has created a sustainability plan of recycle, reduce, re-use where the objectives are to recycle all the plastic packaging by 2030, as well as diminish single use plastic and impose limits on micro plastic (Beauty Packaging 2018).

3 Competitor benchmarking

After gaining a deep understanding about the industry, the next move that companies ought to do is to conduct a competitor benchmark. However, some knowledge preparation about the competitive landscape is necessary for firms to look at the whole context from a bigger view point. It is essential to understand what makes up a competition, who are the parties involved and how do they behave in that environment. This chapter is going to look at the overview of the concepts in the competitive landscape and what is the mechanism behind the scence. After that we will discuss the theories of competitor analysis and what are the tools to be used in order to conduct one.

In the century of market-based economy success, theories have been used to analyze and predict phenomena (Alvarez 2017). These economies comprise of competition amongst private entities. When checking for wealth creation, quality of products and overall innovative they outweigh the cooperative economies. The theories of competition should not be solely based on the perspective of superior quality, quantity, and innovativeness but also through the industry's firm diversity (Casadesus & Zhu 2013).
Drivers of competition have been theoretically constructed and confined to the industry level to inform the intensity of the rivalry.

Benchmarking is an important tool and instrument in a firm's knowledge management, process improvements, and total quality management efforts. Areas of benchmarking include customer satisfaction and brand management. This practice will enable a firm to enhance its capabilities and hence lead to competitive advantage. A firm will look for firms showing unrivaled performance distinguish the drivers of this capacity. A capacity evaluation will enable one to contrast, embrace and to demonstrate the difference between the two rival firms (Shamma & Hassan 2013). In ceteris paribus, firms that effectively achieve the inquiry and gap appraisal stages will have leeway over opponents in the readiness, exact-ness, speed, and proficiency of their checking endeavors. To enhance and counter the contenders, the firm designs and executes a methodology recognizes particular capacities used to change assets into important yields in light of the classic marketing mix that will help leapfrog the others. (Runco 2013.)

Normative benchmarking hypothesis expects that companies not only can confine particular marketing abilities they agree to be significant but in addition can experimentally connect these capacities with superior performance. In doing as such, two key benchmarking

seek process help outline design alternatives. To begin with is the functional benchmarking in which individual abilities are evaluated independently, and second is the integrative benchmarking, in which an arrangement of related capacities is assessed collectively (Hua & Lee 2014). These process design alternatives contribute to important trade-offs in bench-marking efficiency and effectiveness (Montgomery 2017). Profile deviation analysis can be vital in mapping out. This procedure includes recognizing the best performing firms and aligning the attributes of the organizations that are accepted to be imperative in deciding their unrivaled execution as a perfect profile, and surveying the connection between devia-tion from this profile and the performance outcome of interest. (Chen & Huang 2012.)

3.1 Overview of competitive landscape concepts

Competitors are engaging in the ongoing set of competitive actions called competitive rivalry (Patel et al. 2013). They interact with each other in a broad industry context rather than in a vacuum environment, in addition to their main purpose of business profit making. Research have shown that the two activities, making profit and interacting with the competitors, are harmonically interrelated and having impacts on each other (Bloodgood 2013). That is the reason why companies attempt to make ultimate decisions regarding how to interact with their competitors (Ingenbleek 2013).

The nature of competitive rivalry in highly competitive market is depicted as constant activities taken and reacted by competitor companies to sustain and gain competitive advantages (Chang & Park 2012). In economics, competition is majorly premised on the price factor, if we are talking about the same product being offered to the market by different competitors. Here, a firm can simply gain a competitive advantage by charging lower prices than its rivals. Customers will switch to it from its rival brands and the company will make more profit so long as the total additional sales bring in more revenue than is lost through selling at a lower price per item. From this simple premise, a very sophisticated body of analysis has been developed, which will be discussed in the following chapter. (Alipranti et al. 2014.)

When competitors want to construct and protect their competitive advantages and strengthen their market position, they perform a certain set of competitive behaviours. Competitors once satisfied with their market position, desire to stand their ground firmly and defend their fortress of competitive advantages that they have built (Hitt et al. 2015). When companies compete against each other in several product segments or several ge-

ographical markets, they have entered a multimarket competition and firms are increasingly doing so in an ambition of expansion as a mere nature of any business (Yu et al. 2009). When we put together all the actions and interactions carried out by all the competitors, we are looking at the competitor dynamics.

The following figure illustrates the overall context of the market competition and allows one to look at the relationships of key concepts in the competitive landscape from a big picture view. (Figure 8)

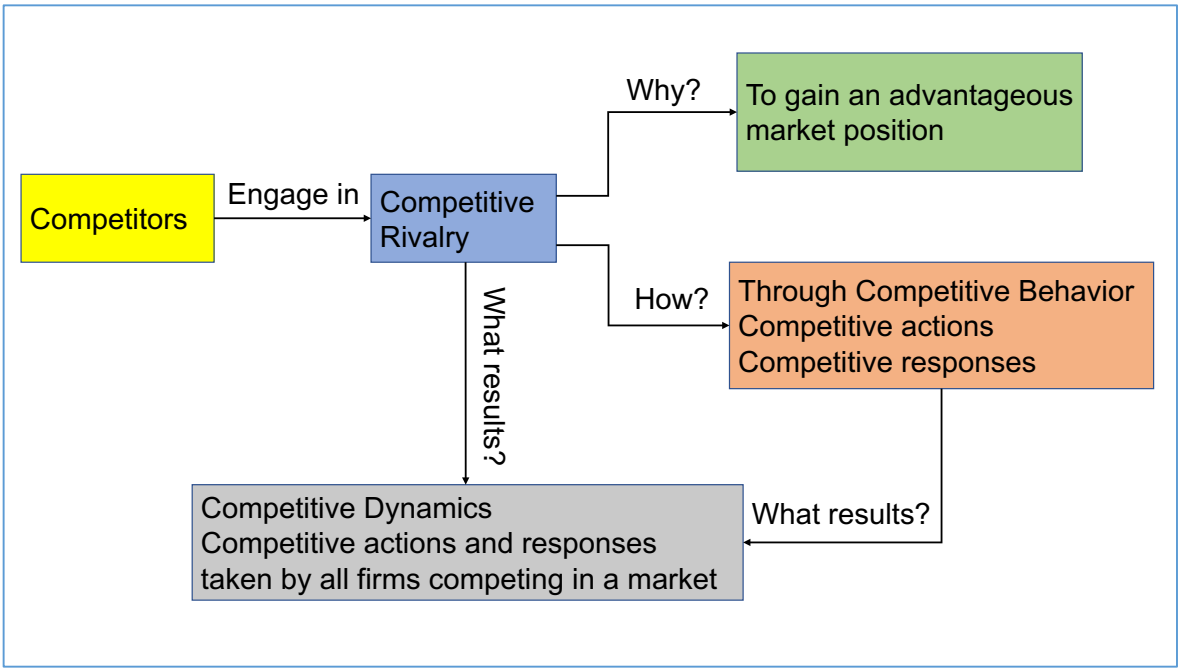

Figure 8. From Competition to Competitive Dynamics (Chen 1996 in Hitt et al. 2015)

It is important to note that the success destiny of a firm's strategies doesn't rely solely on one determinant factor of the firm's competitive actions but also impacted by how well it can predict its competitors' moves and respond to them (Katila et al. 2012). Among all types of strategies made by a firm, the business-level strategies are the most heavily affected by the competitive rivalry. In fact, the actions and responses form the foundation of the business strategies that companies make (Casadeus-Masanell & Zhu 2013).

The importance of the competitive rivalry is increasingly higher in global economy, resulting in intensifying impacts on business strategies. An effective approach to form business strategies is the winning key for companies to outperform their competitors even in a very highly competitive market. (Patel et al. 2012).

3.2 Competitor analysis

After being able to understand the relationship between factors in a competitive landscape, firms ought to carry out the competitor analysis attentively when developing a business, sales, marketing or growth strategy (France 2013). A competitor analysis is an essential component of the dynamic market in which more than one business are all attempting to gain more market share and attract more customer. If a company wants to grow in such a market, they ought to be capable of understanding what is happening in the surrounding environment and how they and their competitors are perceived by the market. (Marr 2016.)

However, France (2013) concluded from his survey with small and medium sized manufacturers (SMMs) that majority of firms have a vague understanding of their business and competitors, even though they had claimed otherwise. Firms have shown their lack of empirical data about their competitors. Competitors intelligence, which is the set of data and information gathered by a firm about its competitors (Hitt et al. 2015), are often time poorly conducted as firms make little effort to carry out an insightful and comprehensive understanding of the competitors (France 2013). However, the intensifying competition have created a strong desire in firms to understand competitors more thoroughly (Hitt et al. 2015).

A competitor analysis happens for that purpose, that it helps a company to understand the positions where the competitors stand, and see the opportunity to gain a competitive advantage in the market (Barringer & Ireland 2016). In a competitor analysis, companies attempt to understand the necessary pieces of information about their competitors. The list includes the competitor's future objectives, current strategy, its assumptions and its capabilities. Those are the insights that form the competitor intelligence base (Hitt et al. 2015). A more extensive competitor analysis will help a firm to predict competitor's actions and re-sponses in the future based on how they have behaved in the past (Marr 2016).

The following sub chapters will discuss the different steps in the method of conducting a competitor analysis.

3.2.1 Competitive intelligence

Competition is diverse and its measure requires that the firms have competitive intelligence (Hunt 2014). In order to maximize the size and growth rate, one has to adequately understand the competitive landscape. Information gathering is only necessary if it leads to making better informed decisions and conclusions. Even in the lack of complete information, estimation should be undertaken. Competing hypothesis analysis involves simulta-neous evaluation of a variety of theories. We can only agree or refute using base data empirical study. Research should be well coordinated and due diligence conducted. The information provides the basis upon which analysis commences. This will allow firms to compete not only on price but also differentiation and market focus (Chen, Ming-Jer & Miller 2015). Therefore, a firm's competitive capability depends upon the resources at its disposal and how efficiently they are used. Insufficient resources will hamper the profit-making efforts but an excessive level of provision will be wasteful and perhaps even a hindrance (Feenstra 2018). Thus, finding an optimal operating level is necessary to break even. Company managers are being overwhelmed by information overload and are often unable to distinguish the vital elements in their business from the less important. Therefore, many firms are in a directional dilemma (Storey and Salaman 2010).

However, the very first step before identifying who the competitors are, is to identify the competition and this is not an easy act (Barrienger & Ireland 2016). A company might operate in one or several industries, and each industry comprises of various markets. A market can even be further divided into sub-markets in order to target different groups of customers with unique purchasing and consumption characteristics (Hitt et al. 2015).

In competition, firms that are smaller and geographically focused would for instance find mega international such as the United States companies that have expanded aggressively into the European markets and subsequently assume the role of the primary competitors (Zalega 2012). However, the foreign entity may encounter the firm as a competitor only in the specific markets that meet, but not as a direct competitor in general. A company's recognition about an opponent, even an impartially irrelevant one, might be expanded if that adversary is available in a market of incredible significance to the firm (Li et al. 2013).

3.2.2 Identifying the competitors

So, who exactly are the competitors to one firm?

Competitors are companies that operate in the same industry, selling similar products to similar audience (Carnahan & Somaya 2013). However, Schumacher (2013) argued that

the competing firms are highly heterogeneous. They differ on a variety of dimensions such as size, financial performance, operating style, and scope of work. (Schumacher 2013.)

In order to understand the logic behind defining the competition and identifying the competi-tors, the terms “market commonality” and “resource similarity” are introduced and discussed.

Market commonality refers to the amount of markets in which both the company and its competitors are operating and the level of significance of every single market to each firm (Upson et al. 2012). For example, in cosmetic industry, the skincare cosmetic market differs from the color cosmetic market. Even though there are clear differences, both of these markets are partially related in terms of technologies used or the core competencies needed to develop a competitive advantage. Despite competing in different segments, both skincare and color cosmetic products are expected to enhance the outer appearance of the consumers and still be safe to use. Both company A and B can offer both skincare and color cosmetic products to the market, but since the number of skincare products of company A is smaller than that number of company B, the skincare market is less important to company A than company B. When the level of importance of each individual market to each company is significantly different, the competition is less intense in this case. However, a firm response to its competitor’s actions not only in the market where the actions take place, but also throughout other markets where they compete. This tends to result in a more complicated situation in the multimarket competition. (Bilotkach 2011.)

Resource similarity is the scope of which an enterprise’s tangible and intangible resources are proportionate to a competitor’s regarding the types and amount. Companies with similar types and amount of resources are having the bounds of possibility to have analogous strengths and weaknesses and use alike strategies to deploy the similar opportunities in the external environment (Costa et al. 2013). For example, if two companies selling both skincare cosmetic and color cosmetic products have the majority of their products used for face area, with ingredient lists contain mainly natural and organic ingredients approved by the EU, and their cosmetics are packed in environmentally friendly packaging, targeting the same group of customer, they are having resource similarity. Thus, the competition is more intense between these two companies.

When conducting competitor analysis, a firm takes into consideration both market commonality and resource similarity of its competitors individually. Figure 9 below illustrates how a firm can indicate the level of competitiveness by looking at the intersections between itself and each competitor (Chen 1996 in Hitt 2015).

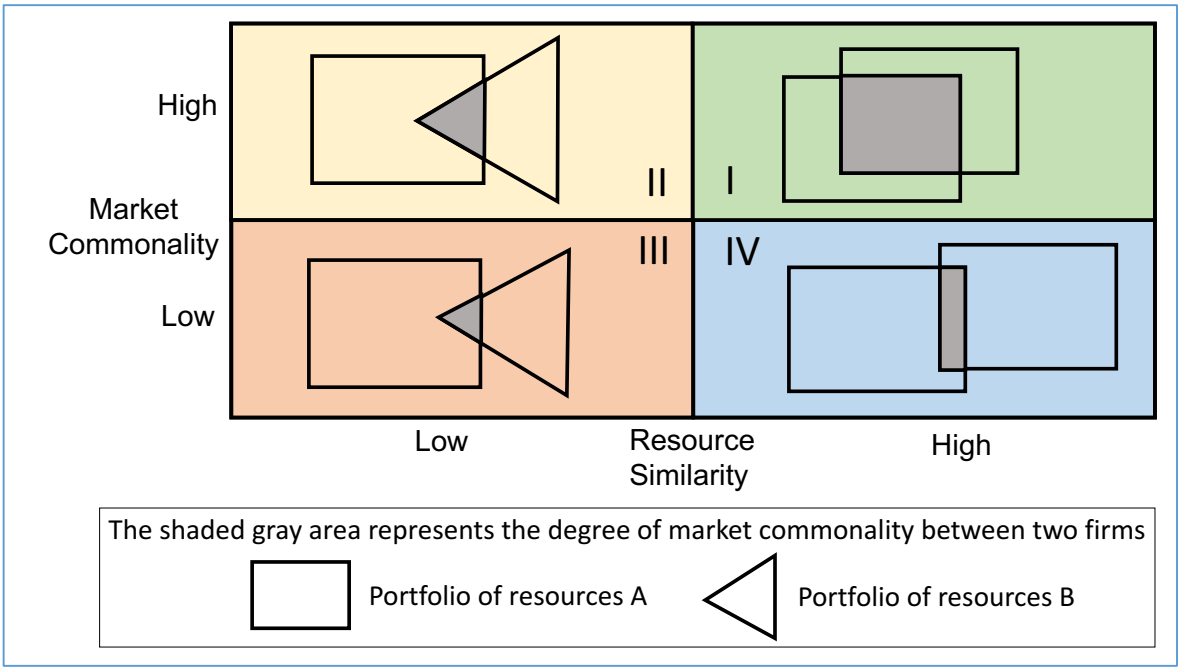

Figure 9. A Framework of Competitor Analysis (Chen 1996 in Hitt et al. 2015)

Being able to visualize the market commonality and resource similarity in the competition picture can help a firm to categorize the competitors into different groups for better identification. Competitors which are having high market commonality and high resource similarity are very likely direct competitors. A firm's direct competitors are companies which offer products or services that are identical or highly similar to those of the firm. They target the same customer segments and they share the same type and amount of intangible and tangible resources. If the firm is new in the market, it faces challenges of attracting customer, even when it offers a better product (Barringer & Ireland 2016).

Indirect competitors offer close substitutes to the product that one company offers to the market. Indirect competitors fall in the section of high market commonality and lower resource similarity (Barringer & Ireland 2016). The competitor's product also has the same purpose of use for the consumer. If one company sells face cream targeting sensitive skin, and one company sells face mask for the same type of skin, the two companies are indirect competitors.

Futures competitors are the one not yet operating in the market. They don't share market commonality and resource similarity with the firm because they don't exist yet in this specific market but could possibly appear at any time. Despite the future competitor's non-existence in the current market, companies usually fear the market disruption caused by

someone else's entrance. The market can change dramatically and firms lose the control over their market share rapidly. (Barringer & Ireland 2016.)

It already is not a simple task for one firm to find out all of its direct and indirect competitors, let alone its future competitor. Barringer & Ireland (2016) suggested that identifying the top 5 to 10 competitors for each group of direct and indirect competitors is efficient for one company to start their competitor analysis. The writers also emphasized that having no direct competitors doesn't mean that there is no competition. A new firm should take into consideration the status quo can be the biggest hindrance in the market. Consumers have been so used to one product from a competitor already and it takes time for them to change their consumption and purchasing habit. (Barringer & Ireland 2016.)

3.2.3 SWOT analysis

The SWOT analysis is a theory coined by Albert Humphrey that have been used as a tool for evaluating an organization's strengths, weaknesses, opportunities and threats. Internal and external environments are monitored using this tool. (Kotler & Keller 2009). It has been proven to be a great framework for strategy planning. It contains a table made up of four quadrants, one for each factor in SWOT.

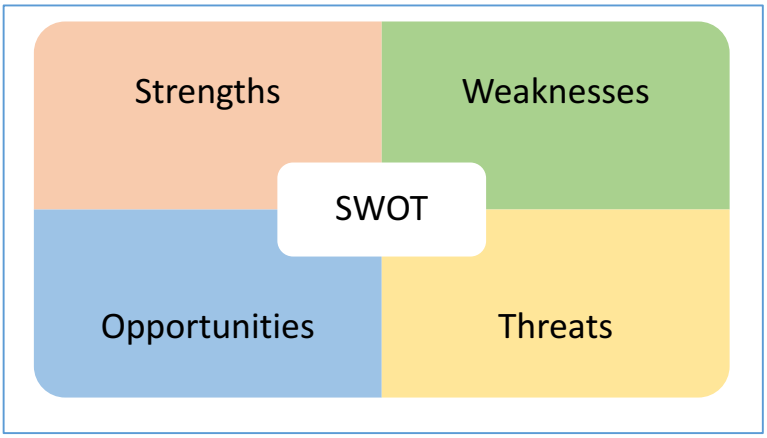

Figure 10. SWOT Analysis grid (Kotler & Keller 2009)

The Strengths and Weaknesses are discussed to understand the internal environement while the Opportunities and Threats are the external environment factors. The firm is required to be realistic and specific about SWOT analysis, by avoiding vague area and ana-

lyzing in regard to real-life situations. It is advised to keep SWOT analysis short and simple to prevent over-analysis due to the fact that the majority of the information is subjective. (Investopedia 2018.)

Strengths look at things that a company is good at which differentiate it from other competitors (Kotler & Keller 2009). Factors like having a big market share, being able to offer cheaper prices while maintaining the high margins, having a big customer loyalty are considered strengths.

Weaknesses are the barriers a firm experience that prevent it from excelling at its full capacity. Having low capacity is one of the weaknesses a company might face. Weaknesses are identified in order for a firm to see where it should improve itself (Investopedia 2018.)

Opportunities describe the external factors that are offering ease for a firm to gain more competitive advantage. For example, the open policy of one country to import freely one specific type of product is a seen as a big advantage in entering that market. (Investopedia 2018.)

Threats are the potential harms that could pose upon a company. An instance is a firm might face running low on resources for their production in the future. Or an intensifying competition due to abundance of resources can also pose a threat on this organization. A threat has the ultimate consequense in causing lost sales or profit. (Kotler & Keller 2009.)

The SWOT analysis can be used for specific segments in various industries as desired. A firm can use SWOT to evaluate its own situation or use it to analyze its competitors. It is normal if one finds it difficult to balance the number of entries under each heading, especially between the internal and external factors. A firm can find it easy to identify its own strengthsand weaknesses but may not be able to spot the complete opportunities and threats factors. Also, every company is a different entity with unique characteristics and therefore their SWOT grid will look different than someone else's. (Investopedia 2018.)

The SWOT analysis when carried out for analyzing the competitors, can be done one by one. After that, the information about different competitors can be analyzed to see how the competitors are like compared to each other.

3.2.4 Competitive analysis grid

Competitor analysis grid is a visualized tool used for organizing the competitor intelligence. There are various approaches how one firm can obtain the competitor intelligence in order to start putting it in a competitive analysis grid. Conferences and trade shows are where one can encounter their competitors which are mainly direct and indirect competitors, and sometimes can even detect a future competitor. A company can gain more insight about the competitor by buying the competitor product and study it. In addition, they can also study from competitor's website and social media pages. In order to receive notification about how much a competitor is mentioned on Google result pages, one can set up Google email alerts. Gaining deeper understanding about the competition requires one to study the industry from multiple sources including books, internet, magazines, blogs. Attempting to understand the consumer behaviour is a good tool to use, where one can ask the custom-er to state their opinion and motivation why they choose a specific product over other competitor's products. Having at least one competitive advantage over the competitors would make a firm become more viable in the competition. (Barringer & Ireland 2016.)

The attractiveness of being able to capture every detail about competitors can result in companies trying every single way to obtain the competitor intelligence. However, one must follow the rules and regulation on the practices they use conduct the competitor anal-ysis. Some practices including blackmail, trespassing, and document stealing are consid-ered unethical and often illegal. Firms must stay within the limitations is the approach to be adopted for example reading the annual reports, financial reports, advertisements can be also used to gather data. (Hitt et al. 2015).

Since the data about the competitors might come from different sources, it is important to organize them so that by looking at the analysis, a company can clearly see how the competitors are positioned in the market.

A competitor matrix or competitive analysis grid is a simple framework including the names of the competitors and the factors that a firm want to compare. It has been proven to be an effective and inexpensive tool for organizing the data about compettitors. Since there might be many competitors out there, including direct and indirect ones, a firm can select the most relevant and suitable competitors to put their names in the matrix. After that, a firm can identify the most important factors in the competition. (France 2013.)

The table below is a template introduced by France (2013) as a competitor matrix. Empty cells are supposed to be filled with available information and data or to be obtained via different approaches mentioned previously. Each matrix is used for one product or product line and multiple matrices are needed if a firm wants to conduct the analysis over several

product lines. The competitor matrix template below is the most basic form one could use. The number of factors should be determined by the company conducting the analysis. They can also decide how many competitors they would like to study in this grid. They can also choose in which orientation they want to grid to be so that they are able to fit the data nicely on the same table. This matrix can be used for an existing product or a potential one coming to the market. A company can gain a good picture of its competitive position when it upgrades this matrix from a product level to the company level, i.e. combining all the rele-vant data about the company. (France 2013.)

Generic competitor matrix – Product A

	Competitive factor					
	Price	Quality	Performance	Delivery time	Sales coverage	Overall reputation
Company						
Competitor 1						
Competitor 2						
Competitor 3						
Competitor 4						

Figure 11. Generic sample competitor matrix (France 2013)

The purpose of conducting a competitor analysis by exercising with this table will help a firm to see how it stacks up against its competitors and point out the strengths and weaknesses. Moreover, this matrix will help a firm fine-tune their offering based on the compared scores. (Barringer 2016.)

Even though with the support of all the tools and approaches available, analysing the com-petitors isn't a straight line. Sometimes, companies experience competitive blind spots, where they are not able to identify some factors about their competitors that might disrupt the market to their surprise. (Metayer 2013.)

The firm's sole and primary objective is superior financial performance it pursues under conditions of imperfect and often costly means to obtain information about customers and competitor. There has to be superior and sustainable performance relative to the best industry rivals (Grant 2016). They will proactively seek a financial operating level that is

greater than that of its referents and closest competitors. In this view, the managers are constrained by views of morality (Smith 2014). For instance, numerous managers oppose tricking or deceiving their clients and providers not just on account of the dread of getting captured yet additionally on the grounds that they accept such deceiving and abuse to be deontological off-base. When one is endowed with a rare commodity or resource that the competitors do not have or cannot copy, there is the potential for producing a com-para-tive advantage for that firm (Porter 2011). It enables its market offering to be per-ceived as of superior value and hence can be produced at lower costs.

3.2.5 Pricing and market positioning

It is essential for the firm with comparative advantage to try to respond quickly and effec-tively so that it neutralizes their rival's advantage when they get the same value generat-ing resource (Schumacher 2013). If the resource is mobile, that is, readily available for sale in the marketplace, then it can be easily acquired by competitors. Conversely, they will inno-vate. Therefore, competition will be in a constant cycle in which there is a power struggle for a comparative advantage in resources. (Alipranti et al. 2014)

The idea of market orientation traces to the marketing that all territories of the firm ought to be client-centered and all advertising exercises ought to be coordinated (Hunt 2014). Further, profits making should be given priority over sales and prove objectivity. As indus-trially interpreted, the nature customer-orientation focused on understanding one's cus-tomers and developing products to satisfy their needs, wants, and desires (Shamma & Hassan 2013). This has been considered paramount for business survival. Marketing should be viewed as a guiding philosophy. It is thus, inherent that a market orientation is formulated whereby there is the precise collection of information on clients and competi-tors, both current and future (Hunt 2014).

Knowledge gained from the competitor analysis will guide strategy recognition, under-stand-ing, creation, selection, implementation, and modification. Companies include po-tential cus-tomers to guard against the hazards of firms being consumer led. Regardless of the mar-ket volatility, rivalry intensity or the technological radical changes of the envi-ronment in which a firm operates, market orientation is a critical factor in its performance. (Johanson & Mattsson 2015.)

Competition in any industry on short-run review firm’s adjusting their product quantity in response to changes in the market price and the costs of its resources and other inputs

(Rapley 2013). Further, in the long run, adjusting the plan is scale. Product distribution is optimal and at equilibrium as it reflects the price at which the consumers are willing to pay and the marginal cost (Feenstra 2018). Therefore, the environment in which the firm operates determines the opportunities and constraints available. It is normal for firms in the same industry to use one comparative price. For-profit maximizing, each firm will put a cost more prominent than the marginal cost. However, in the long haul, there is an equilibrium between the minimum average marginal cost and the long run marginal cost, especially in a perfectly competitive market. Therefore, the firm's performance profitability is dependent on its market environment. (Rapley 2013.)

The monopolistic theory by Chamberlain postulates that realizing that a product can be differentiated is critical evidence that pure competition is not ideal. Producing higher quality products always results in higher product prices than the perfect competition. Consequent-ly, we have to reject the assumptions of neo-classic that consumer preferences are similar and view the industry as dynamic and heterogeneous. (Waldman & Jensen 2016.)

Interdependency among marketing abilities also recommends that in designating scarce capability improvement assets, companies ought to be cautious not only to consider singular marketing capabilities as independent speculation options but additionally to evaluate the ramifications of such ventures for the firm's overall set of marketing capacity (Aaker 2012.)

4 Methodology

This chapter discusses the pathway how the empirical part of the thesis is carried out. It illustrates how each sub-question can be answered by using the suitable type of approach and tool.

Qualitative research is the method used in this study to answer research sub-question number 1 and 2. It is the method often times deployed in case study. A case study requires lots of dedication on contemplating, assessing and re-examining a circumstance. It is an investigative strategy aims to explore a happening in relation to the context (Fletcher & Plakoyiannaki, 2011). The purpose of this thesis is to understand the competition that the case company has to face in the market and aims to dig deeper into the core of competition by studying and analysing the company's competitors. Therefore, a qualitative method is the best fit for finding the answer for sub question number 1 and 2.

In particular, in order to find out who the competitors of Sulapac are, the author will use secondary research method. The framework applied in this study is the Framework of Competitor Analysis (figure 9) by Chen (1996 in Hitt 2015) to identify the market commonality and resource similarity of other cosmetic packaging products. The framework is an effective tool to identify the competitors and categorize them into direct, indirect and future competitor segments. It also helps to define the competitiveness of the market by looking at how intense the situation between competitors. Books, companies' websites, annual reports, market reports and business magazines are the sources where the author will use to obtain the secondary data from. Also, in order to evaluate if a competitor is worth including in the competitor list, the author will browse through the offerings of competitors to see if a type of product is popular among many competitor companies or not. If a product has a very low market share and isn't popular, the author makes decision to exclude it from the list of competitors, thus there is no need for analysing them in the next part.

After identifying the competitors and put them in groups, the next tool used for answering the sub-question number 2 is SWOT analysis. The aim is to provide the SWOT analysis for each competitor and then later on combine them into a more comprehensive SWOT analysis of each group of competitors. That can only work if the author can acknowledge the minor differences between the competitors within one group. If the differences are big, the author will evaluate and decide the best way to combine the analyses in order for the readers to see the big picture of the competition.

In order to complete the answer for sub-question number 3, the prices from different competitors are collected. The way of collecting this type of data is either by browsing the competitors' websites to see if they publish their prices there, or if not, then the author will request a quote from them. The prices after collected will be put on a table for a clear comparision. A chart can be utilized for displaying the average prices on the market and how the competitors differentiate themselves with the pricing policies. A competitor segmentation tool can be used to put them on a map. Criteria are price and sustainability. The size of each bubble indicates the market share of that competitor. After the competitors have been put on the map, it will be easier to understand the competitor positions and how they are doing in the market.

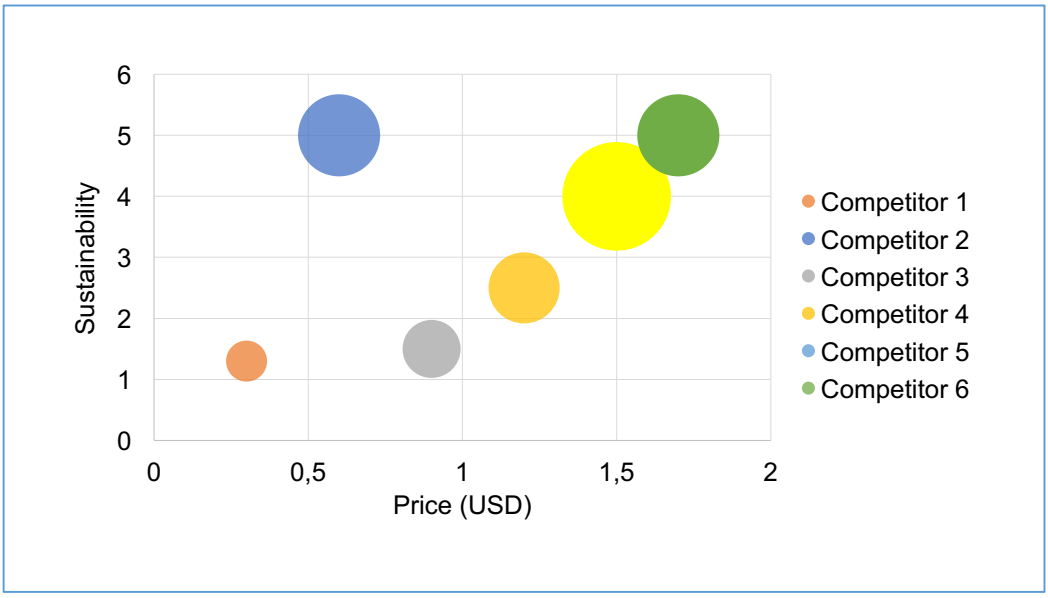

Figure 12. Competitor mapping chart

Finally, in order to answer the sub-question number 4, the author will analyse the research results and make suggestion for Sulapac, to see what is the best market strategy for the company.

5 Empirical research

This empirical part of the thesis aims to answer the sub-questions number 1, 2, 3 and 4 in subsequence order: “Who are Sulapac's competitors?”, “What are there strengths and weaknesses, opportunities and threats?”, “What are the competitors’ prices?” and “How do they position themselves in the market?”. The author has applied various approaches and ultilized multiple tools as discussed in the methodology part in order to answer the questions.

Before getting into details, it's worth mentioning one more time as clarified from the beginning, that the Sulapac competitors in this thesis are referred as different types of materials, not the companies who sell them. The clarification is necessary in that sense that when it comes to SWOT analysis, it will involve only the characteristics of the materials, not how big the competitors are, how they are doing with their financials, etc. The only time when the companies who manufacture the materials are involved in, is when we are dicussing the price references.

5.1 The competitors

Competitors of Sulapac, in the scope of this thesis, are the packaging materials which are actively used for cosmetic products in rigid jar form. The following sub-chapters are to segment the competitors into different groups: direct, indirect and future competitors. The market is referred to in this analysis as cometic packaging in rigid jar form.

5.1.1 Direct competitors

Eco Vision is a biodegradable packaging material made of certified post-consumer waste paper for cosmetic products (Eco Vision Packaging 2018). Even though this type of packaging product isn’t necessarily exactly the same as Sulapac packaging, they are highly similar with Sulapac offering as they have high market commonality and resource similarity with Sulapac. Their packaging is made of kraft paper, sourced from renewable resources, which makes it high resource similarity as Sulapac. Besides that, they share the same market segment as Sulapac. The product is currently meant for oil-based cosmetic products. What helps the product to keep cosmetic content in good condition is they have

two layers of containers. The kind of paper used for outside part is kraft paper and the inside is white paper and glassine, a high quality semi-transparant grease resistant paper. (Eco Vision Packaging 2018.)

Figure 13. Eco Vision biodegradable packaging container (Eco Vision Packaging 2018)

Even though the product is manufactured in the USA, the company has thousands of customers worldwide, therefore they are considered a direct competitor of Sulapac, even in EU market (Eco Vision Packaging 2018).

5.1.2 Indirect competitors

The group of indirect competitors of Sulapac are not the same material as Sulapac but they are substitutes. The customer can either choose Sulapac or these ones. The list comprises of packaging materials for cosmetic packaging but manufactured using different type of raw materials. The author has visited the websites of 24 European manufacturers for cosmetic packaging to investigate the popularity of different types of materials.

Based on the research of 24 European manufacturers which produce cosmetics packaging, the author discovered 16 materials that are being actively used in jar form:

1. Polypropylene (PP)
2. Polyethylene terephthalate (PET)
3. Polyethylene terephthalate glycol (PETG)
4. High Density Polyethylene (HDPE)
5. Styrene Acrylonitrile (SAN)
6. Polystyrene (PS)

7. Polymethyl methacrylate (PMMA)
8. Acrylonitrile Butadiene Styrene (ABS)
9. Polycarbonate (PC)
10. Surlyn
11. TEO
12. Aluminium (ALU)
13. Polyethylene (PE)
14. Poly Cyclohexylenedimethylene Terephthalate glycol (PCTG)
15. Urea-formaldehyde (Urea)
16. Low-density polyethylene (LDPE)
17. Bis(4-methyl-2-pentyl) phthalate (BMPP)

These types of materials are considered indirect competitors since they have high market commonality, as they target the same segment in the market, cosmetic primary packaging in jar form. However, they are different types of materials and they are made from different raw material resources. The majority of them are oil-based materials made from non-renewable resources while Sulapac is bio-based and made from renewable resources. These competitors also differ in their characteristics since they are not biodegradable as Sulapac material.

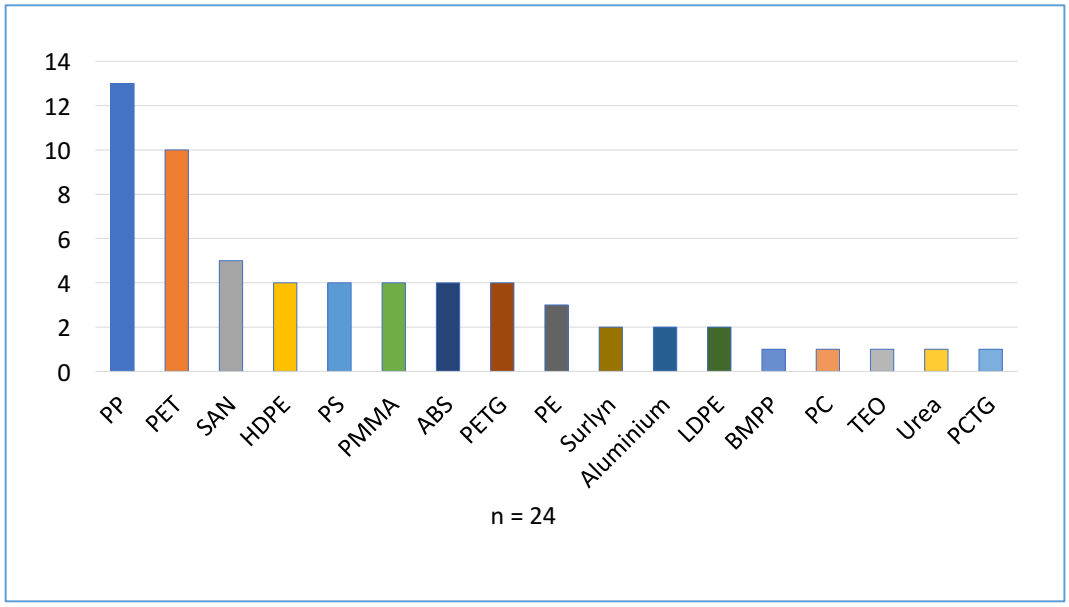

Figure 14. Popularity of packaging materials at European manufacturers (n = 24)

Among the manufacturing companies, the most dominant materials in jar form are plastics in different types, followed by glass and metal.

Top the list is PP plastic being the most popular one with 13 companies offering the product on their websites. Second on the list is PET plastic being sold by 10 companies. SAN is less popular, being offered by only 5 companies. HDPE, PS, PMMA, ABS, PETG are on display on 4 companies' websites. PE, Surlyn, Aluminium, LDPE, BMPP, PC, TEO, Urea, PCTG are the least popular among the manufacturers. (Figure 14)

The strengths, weaknesses, opportunities and threats of the most popular materials in diffrent groups: plastic, glass, metal will be discussed in sub-chapter 5.2.

5.1.3 Future competitors

Future competitors are the ones not yet operating in the market, meaning they don't have market commonality with Sulapac. However, they have the potential to make an entrance and have an influence on the competition in the market. The future competitors can either have low resource similarity or high resource similarity with Sulapac. It is easier to predict the possibility of entering the market by evaluating the potential competitors who have high resource similarity. The low resource similarity potential competitors are difficult to predict and their entrance will likely be highly disruptive to the market.

Since Sulapac is a new innovation with almost no direct competitor (who produces the exact same product), it is substantial to identify the ones with high potential to enter the market. Predicting the future competitors will help Sulapac get prepared and strive to develop itself furtherin order to stay ahead of the game and retain its competitive advantage over the competitors.

Bioplastics

Bioplastics are the evolutionary alternative to conventional plastics. Bioplastics are made up from a group of different materials with different properties and applications. A material is considered bioplastic if it is either biobased, biodegradable or both. And biobased characteristic doesn't guarantee biodegradability of a material. While biobased plastics re manufactured from biomass (corn, sugarcane, cellulose), biodegradable materials refer to the compostability. Also, biodegradability doesn't mean that the material comes from biomass since there are fossil-based materials that are biodegradable. Overall, bioplastics are more eco-friendly and sustainable materials than conventional plastics (European Bioplastics 2018.)

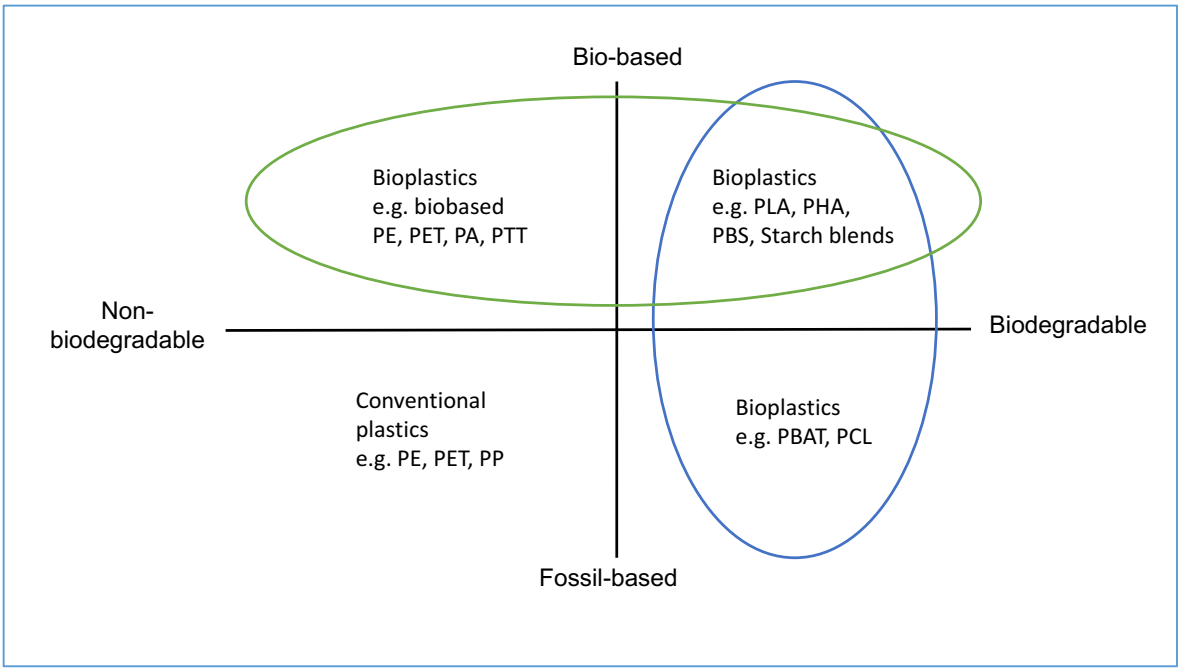

Figure 15. Types of Bioplastics (European Bioplastics 2018)

Bioplastics already exist in the material industry however there haven't been much active use of them in cosmetic packaging due to higher prices than conventional plastics. Bioplastics account for 1% of plastic manufactured every year. However, bioplastics are expected to gain more market share as the demand is increasing (European Bioplastics 2017.)

Wood-based biomaterials

The EU just funded 21 million euros in 2018 to a bioeconomy project (total 43 million euros) called SWEETWOODS which involves manufacturing wood-based biomaterials with the ambition to replace oil-based materials and plastics. The project is a full scale production encompassing initial wood processing until end products. The project expects to provide products made of wood-based plastics, foams and composites in a few years. If this holds true, soon there will possibly be manufacturers using this type of material to produce cosmetic packaging in a few years. They will become direct competitors of Sulapac due to high market commonality and resource similarity. (Spinverse 2018.)

Ecologic Brands' paper bottle

Ecologic bottle is a product of Ecologic Brands Inc. based in USA with worldwide operation. They are the world's first company to offer the paper bottles made from recycle materials. The product has two layers: outer layer made of recycled cardboard and old newspaper, and the inner layer is made of plastic to provide moisture resistant to the content.

The inner layer is a lightweight, thin-walled, blow-molded rigid monopolymer liner is made with 80% post-consumer recycled HDPE. The product claims to have 60% less plastic than conventional plastic bottles and the airless technology allows customer to use the content to the maximum. (Ecologic Brand's founder and president 2018.)

Figure 16. Ecologic Brands' paper bottle (Ecologic Brands 2018)

Currently their portfolio encompasses bottles, with the focus on detergent containers. However, the company is working on different sizes and shapes. Seed Phytonutrient, a division in L'Oreal USA, is one of their customers who uses this product for their shower gel. The paper bottle can be used in the shower as the outer layer is equipped with the water resistance properties however does not affect the recycling (Ecologic Brand's founder and president 2018).

This type of product is currently offering in bottle form (for personal care, home care, per care and wine and spirits) or big jar for food and powder, meaning they are not currently sharing the same market as Sulapac. However, they are working on different shapes of containers, and Sulapac is also working on making tubes and bottles. Therefore, the two companies might have the same market segments in the near future.

Algae water bottle

Since the fully biodegradable packaging products discussed in this thesis have encountered difficulties in coming up with a solution for water-based products, the algae water bottle might come and fill in the gap. The bottle was invented by an Icelandic design student by mixing algae with water. The bottle remains its shape until the water is empty, then it starts to decompose. Since the majority of cosmetic products contain water, this

can be a solution for that, if provided the compatibility between the cosmetic content with the container (Inhabitat 2016). Currently there hasn't been any company taking over the project to start commercializing the concept. However, due to its high feasibility, this product might become a big hit in the future and can be used for a large variety of products. It will share the high market commonality with Sulapac, but with lower resource similarity even though the algea also comes from nature. However, due to climate change, we are uncertain about what will happen to the living mechanism in the oceans, therefore the algea might come short in resources. Also, harvesting algae isn't as simple as to wood, thus algea is relatively more expensive and not as widely available as wood.

BioBeauty Project

BioBeauty Project was funded by the EU in 2014 with a mission to solve: to develop biodegradable cosmetic packaging for organic and eco product lines in cosmetic industry. The raw materials are environmentally friendly biomaterials such as PLA bionanocomposite, active clay with antioxidant properties. The objectives of the project were to find an alternative to non-renweable resources and at the same time help cosmetic companies to diffferentiat themselves among others by using biodegradable packaging. They visioned to eliminate the limitations that bioplastics have by offering this new technological solution (BioBeauty Project 2016).

However, the project ended in 2016 and there hasn't been any information on who has continued to implement the results of the project into their packaging businesses. No commercialized products from this project have been offered in the market. There is a possibility that it will return and get commercialized. This will be the extreme direct competitor of Sulapac with almost 100% market commonality and resource similarity.

Flexible packaging

Even though majority of cosmetic products nowadays are currently packed in rigid containers, many companies are gradually switching to use flexible packaging for their products for multiple reasons. Flexible packaging is cheaper, lightweight, requires less energy to make and to transport, and of course generates less waste while still maintaining the product shelf life as rigid packaging. Companies have started offering their cosmetic refills, thus increasing the use of flexible packaging and less rigid packaging. Flexible packaging is increasingly becoming an indirect competitor. (Flexible Packaging Association 2018.)

BioactiveLayer

BioactiveLayer is a multilayer packaging material made from biodegradable polymers. Its main purpose for use is dried food packaging. The packaging claims to maintain the product shelf life up to 24 months and their pride lays on the fact that they can replace commonly used petroleum-based plastics. BioactiveLayer is a project funded by the European Union's Seventh Framework Programme for research, technological development and demonstration (BioactiveLayer 2018). Even though BioactiveLayer has very little market commonality with Sulapac since they only target dried food packaging, they might be able to expand their business segment into cosmetic packaging. Nevertheless, they belong to the flexible packagaing which is gaining more popularity in the cosmetic packaging industry.

The following figure illustrate all the competitors of Sulapac and where they are segmented according to their market commonality and resource similarity with Sulapac. Overall, currently Sulapac doesn't have strong direct competitor but very strong indirect competitors (plastic and glass). It is also a concern for Sulapac since there will be more competitors coming in the future and they are the very direct ones.

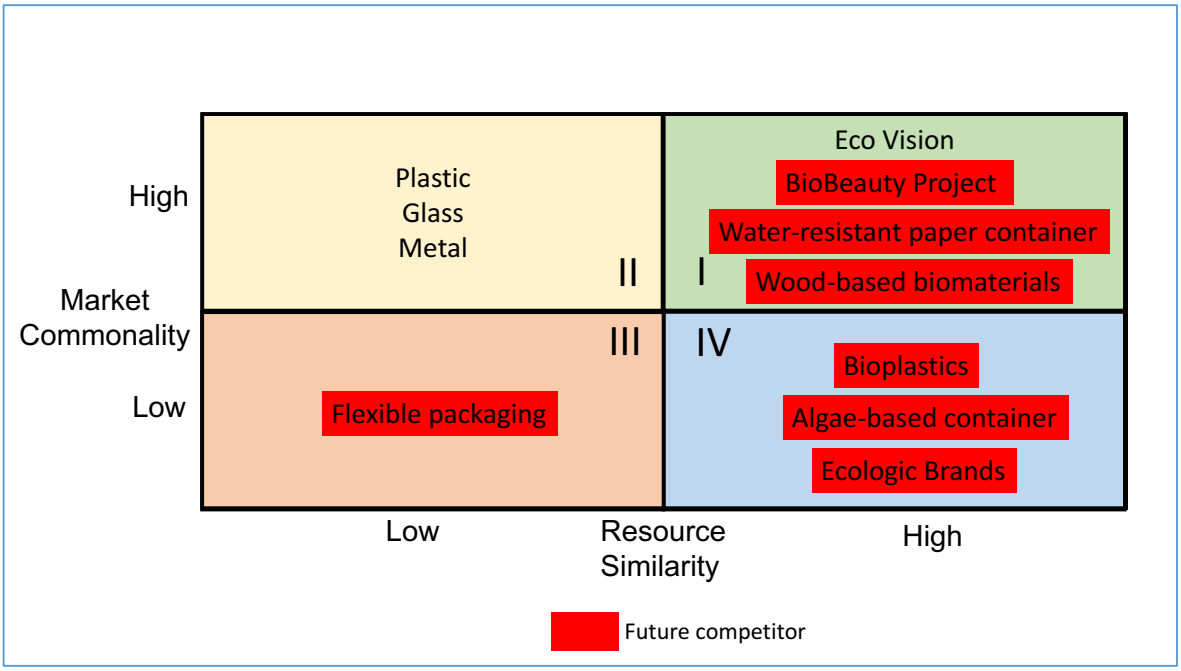

Figure 17. Competitor segmentation

5.2 The competitor evaluation

After defining the competition and identifying the competitors, the author continued with the evaluation of the competitors. This chapter will discuss the Strenghts, Weaknesses, Opportunities and Threats of those direct and indirect competitors of Sulapac.

5.2.1 SWOT analysis of competitors

Direct competitor

Eco Vision Packaging

Strengths

Eco Vision's paper packaging is the first material that can be both recyclable and compostable. The paper material makes the packaging the most sustainable among other packaging materials. It also does not generate phthalates and other harmful chemicals as plastic packaging. It is also more light-weight than glass.

Weaknesses

The paper material tends to be affected by outside environment (rain for example). It also doesn't provide as high protection to the product as other rigid packaging.

Opportunities

By adding more proper barrier to the inner layer of the jar, it might be able to hold water-based cosmetic product, thus gaining mor market share since majority of cosmetic products are water-based.

Threats

The look of paper is the biggest barrier for cosmetic packaging since many brands go after luxury look. Also, the inner liner of the jar isn't working properly aymore once the product is open. That can be the reason to drive the customer off from purchasing the product packed in this container. Also, this packaging has been labor intensive and scaling up might be a bit challenging for them due to production style.

Indirect competitor

Plastic

A lot of different cosmetic packages, including rigid jars, are made from plastic. For the production of most of them PP is used. PET takes second place, followed by acrylic plastic. Acrylic plastic looks like glass but is not that vulnerable as glass. (Desjardin 2016).

Strengths

One of the main reasons plastic is such a popular material is due to its low cost. The next main reason is its light weight but can hold big volume of content. Also, plastic is energy efficient in production. (Plastic Packaging Facts 2018.)

The other great features of plastic are odourless and the option of transparency. Other advantages include durability and flexibility which allow plastic to be shaped in any possible way. The plastic can be recycled (Desjardin 2018.)

Weaknesses

A significant weakness of plastic is that the essential oils which are packed in the plastic jar may migrate into the plastic and might have dissolving effects. Therefore, the recycled plastics may contain substances from the previous usage which have diffused into the plastic. These substances can result in bad reaction on the customer skin when applying the product. Another weakness of plastic is electrostatic charge which get them dusty easily. (Dermaviduals 2011.)

The greatest wide-discussed disadvantage of plastic is its participation in environment pollution. If the plastic jar is not collected by recycling companies and end up on the landfill it will take up to 500 years to break down. If the plastic jar gets to the water it does not drown due to its light weight. Thus, the plastic jar drifts across the oceans, killing wildlife and scarring shoreline. (Explain that stuff 2018.)

In order to avoid the pollution plastic should be recycled. But the trouble is, every kind of plastic needs to be recycled in a different way. Also, sometimes it is more cost-efficient to produce a plastic jar from the raw material, than from a recycled one due to the high collection expenses and recycling energy consumption. (Explain that stuff 2018.)

Opportunities

In “The Future of Rigid Plastic Packaging to 2022” report Smithers Pira forecasts that global rigid plastic packaging consumption will get more than $200 billion till 2022. The market drivers are expected to be the trend for light-weight materials, cost-efficiency of plastics production and better performance in the cosmetics packaging market. (Packaging Technology Today 2017.)

Threats

The over-use of plastic packaging in the last years may cause the demand to use other materials, rather than plastic (Cosmetics Business 2018). Even within the same group of plastic, there is an increasing shift from rigid plastic to flexible plastic. Bioplastic are getting more and more popular for companies as the consumers are demanding sustainability practices from brand owners (Smithers Pira 2018).

The SWOT analysis of most common types of plastic used in rigid cosmetic packaging can be found in the Appendix 1.

Glass

Glass is the oldest in the history of material used for packaging (since the industrial era). The main ingredient of glass is a sand known as silica. In order to get a glass, it shall be mixed with sodium carbonate, metal oxides and other trace elements (Desjardin 2016). There is also the type of glass called amber. It is used to protect the cosmetics product which is sensitive to light.

Strengths

The main reason of the popularity of this material is perfect transparency that allows consumers to see the cosmetics product in the jar before the purchase. Also, glass is quite strong and can be used for air tight jars (Desjardin 2018). Glass is totally impermeable to all solvents, solutions and gases. The molding of the glass gives a lot of opportunities to create a very attractive and elegant shape of the jar. Glass is very easy to recycle and used again and again. (Explain that stuff 2018.)

Weaknesses

The only disadvantage which glass has is that it is fragile and heavy weight. If the glass is not recycled and ends up in the landfill, it will take it millions of years to decompose (Quora 2016). “Inexpensive soda lime glass may release sodium ions into aqueous media and, depending on the buffering capacity of the filling material, increase the pH level” (Dermaviduals 2011). Glass is generally more expensive than most of plastics.

Opportunities

Glass are wildly used to package emulsions, because the product can be easily removed with the fingers. Amber glass jars are usually used to pack body and bath products that do

not have clear colors. The manufactures have been increasingly implementing fully automatic methods to create glass components in the recent years (Pharmatutor 2018). It opens the opportunity of lowering the prices on the jars.

Threats

The threatening trend that glass package is facing is that the market prefers light-weight and less expensive options for cosmetics.

Metal

Metals were first used as containers at least as early as 4000 B.C. and probably before that. Today steel, tinplate and aluminium are used for packaging.

Strengths

The strongest, unbreakable jars are made from metals. Besides mechanical strength they also protect cosmetics products from moisture, high temperatures, gases, odors, bacteria (Pharmatutor 2018). Aluminum packaging is one of the most recycled materials on the planet. The recycling process is very efficient. Only little loss of quality is noticed from re-usage of aluminum. Overall, metals are a cost efficient, durable and sustainable solution.

Weaknesses

Due to its highly corrosive characteristic and in order to prevent chemical reaction, metals require the application of coatings and lacquers (Pharmatutor 2018). The use of aluminium jars with non-resistant or damaged internal coating may lead to a chemical reaction between metal and acidic components of the filling material particularly in presence of complexing agents. Soluble aluminium compounds may form then (Dermaviduals 2011).

Opportunities

Metal cosmetic containers combined with plastic details provide exclusive design options to target the upper price segment (Desjardin 2016). Aluminium jar is suitable for most product types including water based and oil based cosmetic products (Naturally Thinking 2018). Its highly efficience in energy used for recycling makes it an environmentally friendly material (SFGate 2018).

Threats

Only a small percentage of cosmetic products ar packed in metals. While the millennials are keep joining in the customer group, the request for the attractive looking packaging is growing. Unfortunately, metals aren’t an ideal candidate compared to other materials.

Other future competitors

Wood-based packaging

Strengths

Wood gives the producers the ability to create a fresh and unique design of the cosmetics jar. “Staining, lacquering, varnishing, shine, texture, hot stamping, silk screening, pad printing and laser marking are all options when creating wood products” (SGP Packaging 2018). Due to the natural form, wooden packaging offers the uniqueness and personalization. Also, wood provides high mechanical durability and lightweight. It is warm and pleasant to the touch. The wood is recyclable. Recycled wood has less moisture, therefore more durable (All Recycling Facts 2015).

Weaknesses

The biggest disadvantage of wood is compatibility and stability with the product content. Moisture absorbing characteristic prevent wood from being chosen as the primary packaging for cosmetic products since the majority of them are water-based. Moreover, wood is flammable and transfers natural odours (Politech Cosmetic Packaging 2018).

Opportunities

Wood is a premium material with the perfect appearance that can easily attract buyer from the crowd (Premium Beauty News 2014). In the beauty sector where every product is packed either in plastic or glass, wood packaging really stands out and speaks for the brands especially natural cosmetic segment. Wood packaging helps the cosmetic brands to convey the message of sustainable business to the buyer and differentiate with other competitors. The growing trend of eco-friendly packaging gives a second breath to the cosmetics jars made of bamboo and wood (MJS Packaging 2018). The wood is recyclable and recycled wood has less moisture, therefore more durable (All Recycling Facts 2015).

Threats

If the demand for wood packaging goes up, we might not have enough resources because trees take time to grow. Also, people have criticized wood-related industry for choping down trees and the buyer can create a counter-trend against wood packaging (Eastar Cosmetic Packaging 2018).

5.2.2 Competitor pricing

The prices of the most popular competitors have been gathered from packaging manufacturing companies. Companies offers jars both with caps and without caps as customer may wish to buy different types of caps than the same looking ones for the bottoms.

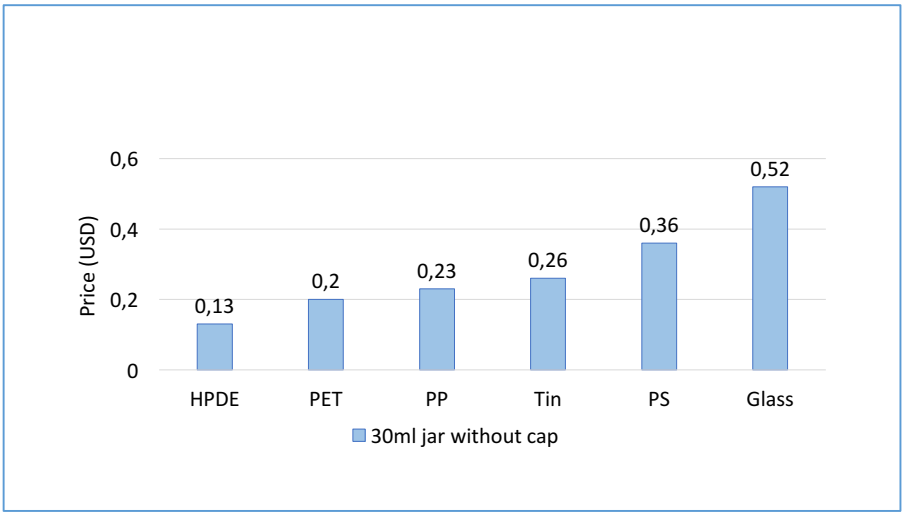

Figure 18. Prices of 30 ml jars without cap

According to this graph about prices of jars without cap, HPDE is the cheapest material (0,13USD per unit) and glass is the most expensive (0,52USD per unit).

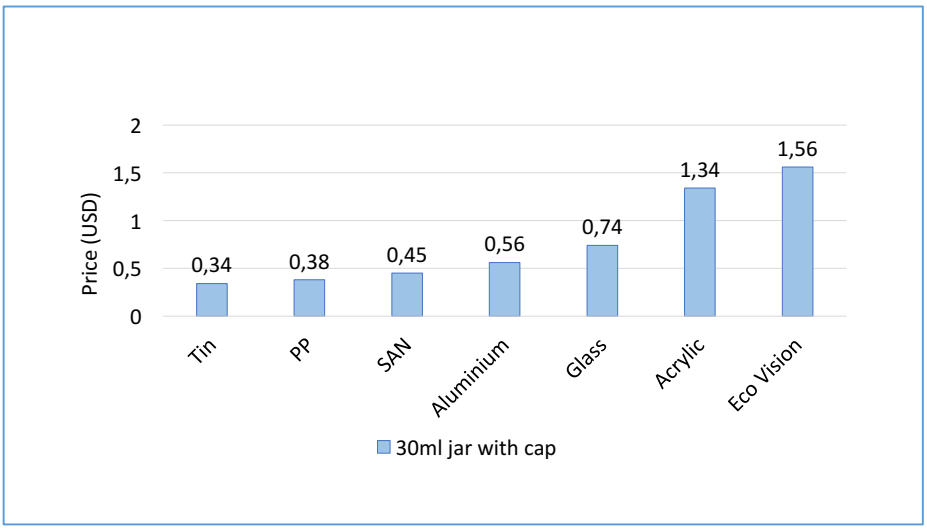

Figure 19. Prices of 30 ml jars with cap

Several companies offer the jars together with caps and the prices are just slightly higher compared to no-cap jars. The least expensive one is tin jar for 0,34USD per unit and

acrylic being the most expensive one for 0,34USD per unit. Overall, most of the materials have very low price (under 1USD per unit) with acrylic being exceptional for higher price. The reason for this can be explained as the luxury look that an acrylic jar can bring to a product. Luxury cosmetic segment usually go for this kind of material and they are willing to spare more money for the packaging.

The Eco Vision cardboard jars are the most expensive among the existing competitors that the author was able to obtain. For the direct future competitors of biomaterial packaging, there have not been packaging in jar form available from packaging companies, all of them were found in bottle and tube forms. Nevertheless, most of the biomaterials used in cosmetic packaging offered by those companies were mainly customized packaging, i.e. they don' have ready stock, due to low demand. The average prices of these bio-plastic packages were obtained from the bottle form as a reference for the competitor mapping in the next sub-chapter 5.3.

5.3 Competitor mapping

Figure 20 below illustrates the positioning of the competitor regarding a few measurements of their prices, sustainability characteristic and their average market share. While the vertical axis shows the level of sustainability of the materials, the horizontal axis indicates their average price. The size of the circle illustrates the average market share of that material in the jar form of cosmetic packaging. The sustainability was given a scale of 0-6 with 0 being unsustainable and 6 being very sustainable. The market share is the approximate percentages of frequent use of the material in rigid jar cosmetic packaging.

The author decided to keep the graph simple for a better visibility so not all of the materials are added to the chart. PP is the most commonly used in jar form and its price is the average among the plastics so PP is the best representative of the plastic group, together with SAN. The metal group has Tin and Aluminium on the chart. The cardboard, bio-based plastics and biodegradable packaging materials represent the more sustainable group of materials.

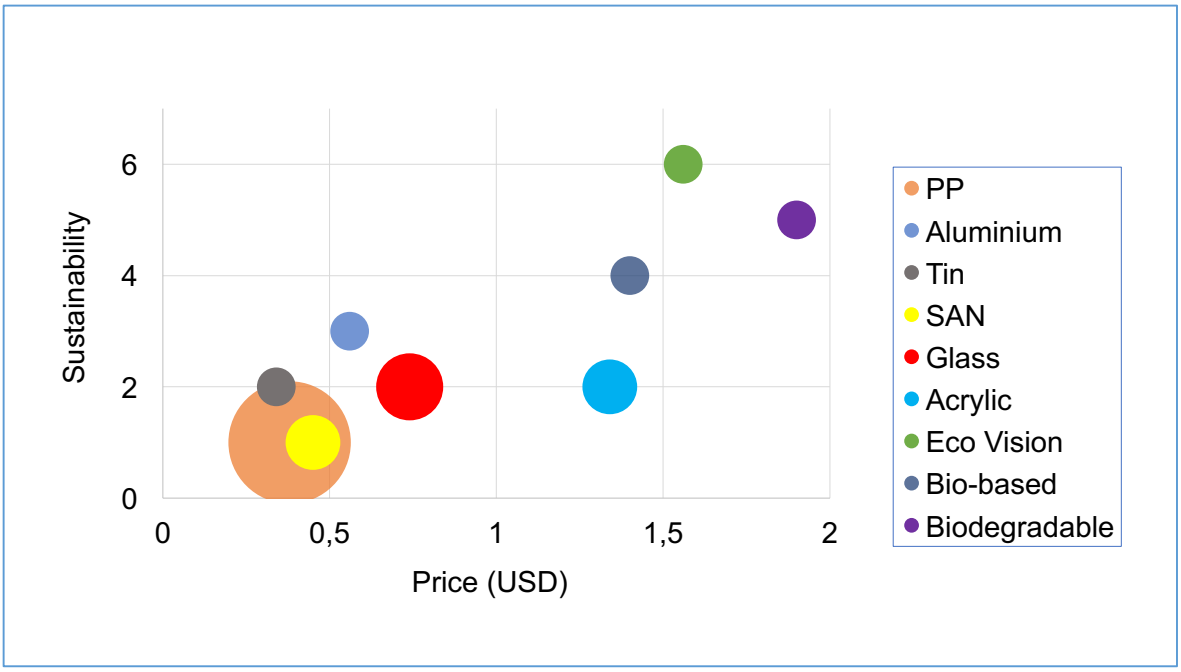

Figure 20. Price versus sustainability (0=unsustainable; 6= very sustainable)

Tin is the cheapest material among the compared ones, however it has low market share (less than 10%). Aluminium is less used than tin, however it has higher recyclability and the earth also has more aluminium than tin (Sicencing 2018). PP is the most used plastic with high market share (60% of rigid jars), but low in sustainability due to its low recycling rate in addition to its non-renewability. SAN is also often used in jar form and it has also low sustainability.

Glass is more sustainable than plastic due to its lighter use of natural resources. Also, glass used in cosmetic packaging is easier to recycle than plastic which often time has lots of different components made from different types of plastic or materials.

The more sustainable group (cardboard, bioplastics, biodegradable materials) score higher in the chart both in sustainability and price but low on market share.

From this chart, we can see that even though plastic, glass, metal are not categorized as direct competitors since they didn't share the resource similarity with Sulapac, but they are the biggest competitorfor their low price and big market shares. The biomaterials are direct competitors in the future in the segment of rigid jar, however they face the challenge of high price and low market share, which make them less of a competitive barrier for Sulapac.

5.4 Competitor matrix

The below competitor matrix (or competitive analysis grid) is the ultimate tool used for analysing the competitors based on multiple criteria. It provides a more complete comparision between different competitors.

The criteria used are price competitivity, durability, stability, recyclability, renewability, biodegradability, design possibility. The criteria evaluation is given a scale of 1* to 3*, with higher number of * being better and more preferred in the cosmetic packaging context. At the end of the matrix to the right is the “total score” for the accumulated scoring of each competitor.

Competitor	Price competitivity	Durability	Stability	Recyclability	Renewability	Biodegradability	Design possibility	Total score
Sulapac	*	***	**	*	***	***	**	15*
Bio-based biodegradable	*	*	*	*	***	**	*	11*
Bio-based non-biodegradable	**	***	***	*	***	–	*	13*
Oil-based biodegradable	**	*	**	*	*	**	*	10*
Oil-based non-biodegradable	***	***	***	**	*	–	***	15*
Cardboard/ paper	**	*	*	***	***	***	*	14*
Glass	***	**	***	**	**	–	***	15*
Metal	***	**	**	***	**	–	**	14*

Figure 21. Sulapac competitor matrix

Each competitor has their own strengths and weaknesses and they score differently in different criteria. Score the highest with 15* are oil-based non-biodegradable plastics (conventional plastics e.g. PE, PET, PP) and glass, on the same score with Sulapac. They score high in price competitivity, stability and design possibility with maximum 3*.

Second scorers on the matrix are cardboard/paper packaging and metal with 14*. While metal scores high on price competitivity, cardboard scores high on renewability and biodegradability. Both of them score high on recyclability.

Bio-based non-biodegradable plastics score the third with 13*. It has high durability, stability and renewability. Bio-based e.g. PE, PET, PA, PTT belong to this group.

Bio-based biodegradable has lower rank in the list with only 11*. It scores low on most of criteria, only high on renewability. Even though this group of material is biodegradable but it usually takes them a few years to biodegrade on average, that's the reason why they don't score the maximum 3* for the biodegradability. Examples of this type of material are PLA, PHA, PBS, starch blends.

Oil-based biodegradable stay the lowest in the ranking for being less stable, durable, renewable, recyclable with only 10*. This material canbe for example PBAT, PCL.

This competitor matrix is a short summary of the analyses done previously in the thesis. It provides a broader picture of the competitive advantages each competitor has. This matrix also serves as the basic template in which more extensive and detailed criteria can be added later on for a deeper understanding.

6 Market positioning

In order to be able to position oneself in a good place in the market, company ought to understand and predict the market. Merket trends are the signs that indicate the direction in the market that one must not ignore. This chapter answers the research sub-question 4 and discusses the market trends and later on give strategy recommendations on how Sulapac can position themselves in the market.

6.1 Market trends

In this highly competitive market, companies are increasingly attempting to differentiate themselves from others by getting “back to nature”. German maket have learned that one out of five adults purchased natural cosmetic products for their body and face in 2015. Brands are going after the sustainability in their every way possible: from raw materials to production to packaging to disposal. An effective sales argument for cosmetic companies is going green and that has something to do with not just ingredients but also the packaging. Being able to match the “outfit” with the “personality” of their products is what sought after by cosmetic brands. (Interpak 2017.)

With Corporate Social Responsibility (CSR) is being taken into consideration in operation activities by brands, packaging is one of important factors to be considered. L’Oreal has made a committment where it aims to improve the environmental and social impact aspects of its product portfolio. The increasing demand of an effective CSR approach by the consumers is the key driver for many brands who value their customer opinions and wishes as well as their benefits. (Cosmetics business 2018.)

Companies who cannot keep up with the CSR demand from the customer tend to find themselves in a not very favourable position compared to others (Packaging Digest 2018). The trend follows upward back to the packaging ompanies and the pressure to be able to provide customer with more sustainable packaging material options is also creating a competition among manufacturers. They are actively making effort to find and develop new materials that are sustainable, yet function the same way as conventional packaging materials do. The momentum is strong all over the beauty industry. (Packaging of the world 2013.)

One of the key competitive advantages of packaging companies is their ability to support cosmetic brands to deliver an excellent consumer experience through the packaging and at the same time responding to the increasing demand for a CSR approach. The demand for a sustainable business model doesn't just come from consumer but also from the governments. The new rules and regulations regarding the packaging and the ambition to make all packaging sustainable by 2030 by the EU drives packaging companies even forward. The supply chain of the whole industry needs to be effectively cooporated in order to succeed long term. (Euromonitor 2016.)

6.2 Focus strategy

On a business level, companies can implement between five strategies in order to position themselves in the market: cost leadership, differentiation, focused cost leadership, focused differentiation and integrated cost leadership/differentiation. (Hitt et al. 2015.)

By selecting the strategy, a company chooses their competitive advantage: either they want to be low cost, or they want to be different than the competitor. In Sulapac case, the right strategy is focused differentiation. Sulapac is a new invention and innovation and that is the factor which can differentiate Sulapac from the competitor. Sulapac was born to provide a solution to a problem and therefore, the solution is the focus. Due to new technology and high priced raw materials, the cost leadership strategy isn't the right choice at the moment, even though that currently the only barrier why Sulapac is not able to achieve a bigger market share yet. Focusing on its core competitive advantage, which is being the most sustainable cosmetic packaging in the market, and keep the marketing activities go in that same direction, will help Sulapac maximize its core capacity.

However, having a differentiated product feature doesn't guarantee Sulapac a long term success. As the analysis in the previous chapter showed, the future competitors are coming, and someone will be able to provide the exact same product as Sulapac has in very near future. Therefore, fighting direct competition requires Sulapac to be able to produce the products at competitive costs in the future. Meanwhile, gaining a customer loyalty from the existing customers is one increasingly important way to still have them in the future when the competition is fierce. By having a comprehensive understanding of what the customer value, the significance of need fulfilment they perceive and what makes them agree to pay a premium price; the differentiation strategy can be effective (Hitt et all 2015). A comprehensive marketing strategy following this differentiation strategy approach is extremely essential to build a solid foundation for a competitive advantage.

Having a niche market is what Sulapac has chosen and the focus differentiation could be utilized to the maximum so that when Sulapac decides and be able to integrate the cost leadership strategy together with the differentiation strategy, it has all the capacity and resources to do so. Even though having a small market segment is a reason for small companies to be tempted to reduce their costs immediately in order to be more cost competitive, Sulapac gains more benefits by staying in the nich segment where it is currently now and excel within that segment for now.

Keep targeting the group of customer who value the differentiated features over the product costs is the right direction for Sulapac at the moment. However, in a longer run, updating product portfolio with more differentiated features is the key driver for future success if Sulapac wants to keep its customer loyal. Changing the product lines, offering additional complementary products and understanding customer's contant needs can help Sulapac maintain its desired position.

The supportive marketing activities following the differentiation strategy approach include customer education. Sulapac ought to convey the message thoroughly to the customer of what makes it different from its competitors and what are the value the customer gains by buying Sulapac products. Sowing the seeds of sustainability in customers' minds and communicating effectively with the customers to find out their needs, their values and their purchasing capability can be utilized. Sulapac can focus primarily on investing and developing features that create more and more differentiated values for the customers to retain and gain their trust further.

7 Conclusion

This final chapter concludes the study. A summary of the research results is presented in section 7.1. Section 7.2 give some recommendation on the future studies that the case company can have in refection of this thesis. Learning outcomes are discussed in section 7.3.

7.1 Summary

The purpose of this thesis is to study about the competitors of Sulapac, how they position themselves in the EU market of cosmetic packaging. Thress sub-questions were given in order to break down the big research question into smaller parts, enabling easier understanding of the whole context.

Sub-question 1: Who are Sulapac competitors?
In order to answer this question thoroughly, the author used the secondary research method browsing different sources of information including books, packaging companies' websites, industry magazines, market reports, annual reports. After collecting the names of competitors, the author ultilized different frameworks in order to categorize the competitors in the purpose of easier analysis. Generally, the competitors are categorized into direct, indirect and future competitor groups. They are categorized based on their market commonality and resource similarity with Sulapac. Competitors with high market commonaity and resource similarity are likely to be direct competitors while low market commonality and resource similarity are the indirect competitors. The future competitors are the ones who have the potential to make an entry to the market, or the ones already exist in some other categories but not yet in this specific segment where Sulapac is operating.

The direct competitors of Sulapac are the Eco Vision packaging containers, with the future direct competitors being cosmetic packaging made from bioplastics, wood-based biomaterials, Ecologic Brands' paper bottles, algae water bottles, BioactiveLayer packaging, or materials resulted from the BioBeauty project funded by the EU.

The indirect competitors of Sulapac are the ones with high market commonality but low resource similarity. They are conventional packaging materials that have existed so long

in the packaging industry: plastics, glass, metal. Among the indirect competitors, plastics are the biggest competitor with the biggest market share.

Sub-question 2: What are the competitors' strengths, weaknesses, opportunities and threats?

This question has a straightforward answer: by analysing the SWOT analysis of each competitor. Each and every competitor has their own unique strengths and weaknesses and they have different market opportunities and threats. That's what creates the dynamics of the competition.

Plastic is the biggest controversy of the competition since it has so many great chracteristics in compatibility with what a cosmetic product needs about a packaging and at the same time being the most unsustainable material. Plastic is lightweight, cheap, instantly available and compatible with the majority of cosmetic products. As the cosmetic industry grows, the demand for plastic packaging will also grow but the increasing concern about environment is the threat for platic packaging. PP is the most popular plastic in rigid jar form.

While glass is a bit more luxury looking material for cosmetic packaging, it is quite fragile and heavy weight, also more expensive than plastics. Metals offer a good physical protection to the cosmetic products, but it also sensitive with strong ingredients as it is corrosive. Glass and metal are not so big indirect competitors of Sulapac.

Sub-question 3: What are the competitor prices?

The author answered this question by collecting reference prices from packaging companies and made a chart to illustrate the pricing competition. Generally, plastic is the cheapest material on average, followed by metal and glass. The paper, bioplastic and other bio packaging materials are at premium price level.

Sub-question 4: Where should Sulapac position itself in the market?

Positioning strategy can either be cost driven or differentiation driven or both. Even though small companies my find themselves tempted to become cost driven in order to gain more market share, the right positioning strategy for Sulapac lies on the differentiation stategy. Sulapac is a new innovation and technology and becoming price-wise competitive isn't feasible at the moment, especially with plastic (cheap and readily available) being the main competitor. Sulapac can keep focusing on the niche market that it has chosen, gain more trust from the customer and at the same time educate a wider audience about the sustainability approach. What makes Sulapac different from the competitors is what draws

the attention of buyers and consumers. The marketing actitivies should revolve around making Sulapac stand out for what it has: being the most sustainable packaging solution.

7.2 Recommendation on future

The information used in this thesis has been deployed from books, annual reports, industry reports, magazines, online articles to ensure the objectivity of the thesis. While there has been abundance of information from internet, there have not been many academic materials about the cosmetic packaging topic. A few books used in the process of this thesis were mainly about the cosmetics. This indicates a need for an academic research on the subject of cosmetic packaging.

The findings from this thesis can be utilized as the foundation for a more comprehensive and thorough strategic marketing plan for Sulapac. Startups are usually having lots of uncertainties in their business operations and sometimes reluctance in adjusting the business model. A marketing strategy can be used to pave the pathway for Sulapac and make the roadmap clearer for the decision makers, be it the founders or the investors of the company. A marketing strategy should go hand in hand with the business-level strategies that the company is going to make. A study on how Sulapac can combine both in order to gain their position in the market and more market share can be offered to the case company.

The study showed the increasing number of competitors in the near future, however did not dig deep into the analysis of this group of future competiors, as that was not within the scope of this thesis. The next person carrying out a study for Sulapac can research on this specific group of competitors in several aspects including their behaviour, their market positions and their market share, etc.

Another possible aspect of cosmetic packaging that could be studied is the consumer behaviour on the sustainable packaging topic. Gaining deep understanding about the consumer will surely support Sulapac in defining the trends and consumer perception, then reflecting the results back on the cosmetic brands for changes, thereofor gaining more momentum for the roll of their strtup business wheel.

7.3 Learning outcomes

After completing this thesis, the author has gained a more thoroughful understanding of the competitor analysis theories and frameworks, as well as their application into practical situation. The author was able to select among several tools of competitor analysis to find out the best tools for this specific thesis. The tools have proven to be a great choice and help for the empirical research.

The author was able to analytically comprehend the relationship between different components in a competitive environment. Being able to grab the essentials of how competitors behave in response to the actions by others was one of the key learning outcomes.

The amount of information was huge and the author has learned to handle them with critical mindset. Questioning the reliability and validity of the information and crosschecking the truthworthiness was performed well by the author. The ability to communicate, analyse, assemble and present several groups of data into one whole context for it to make sense was obtained.

Understanding the importance of the study for the company has been the key driver for the author to achieve the results quickly and at the same time ensuring its objectivity.

Overall, the thesis has been an interesting experience, as well as the limit test for the author to over come the short time challenge, with lots of support from colleagues and thesis supervisor.

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Appendices

Appendix 1. The SWOT analysis of most common types of plastic.

Polypropylene (PP)

As the research showed, PP is the most commonly used material for rigid cosmetics jars among European manufacturers.

Strengths

PP is commonly used for the production of cream jars due to its good resistance to fats and almost all other organic solvents, bases and acids (Frapak 2018). It also has excellent protection against moisture (MVTR 0.5) (Alpha Packaging 2018). Its high melting point provide an advantage for hot-fill liquids (Visiongain 2015). Many manufacturers choose PP because it is easy to add dye to it (Packaging Cosmetics 2018).

PP is 100% recyclable and still remains its beneficial properties after multiple recycling times. It is very flexible, durable, and hold on to its elasticity and toughness a lot longer than others, thus it is the ideal material for jar closures and lids. Also, for the production of PP less energy and resources are used than for the production of other types of plastic. (Comar 2017.)

PP stands out for being the lightest among commodity thermoplastics. This feature ensures PPs first place among other plastics for the rigid cosmetics packaging market due to the light-weight trend. (Packaging Gateway 2004.)

Weaknesses

PP is characterized by poor clarity, fair (but not good) resistance to letting gases through (OTR** 3500, COTR** 7000), fair (but not good) impact strength (Alpha Packaging 2018), poor resistance to chlorinated solvents and aromatics (Creative mechanisms 2018). PP is made of petroleum as well as any other plastic, which makes it not biodegradable or environmentally-friendly (Comar 2017).

Opportunities

Since PP is the most popular material on the European market, its market share is expected continue to grow with the growth of the market itself.

Threats

Due to its susceptibility to UV degradation, cosmetic brands might look for some other alternatives to PP, so that the cosmetic product can remain safe throughout its shelf life.

Polyethylene terephthalate (PET or PETE)

Strengths

PET jars are very strong but light-weighted due to the stretching to form long molecular chains in the production process (Frapak 2018). PET is clear, tough, and has good gas (OTR 75, COTR 540) and moisture (MVTR 2) barrier properties (Alpha Packaging 2018). PET is non-reactive, cost-efficient and shatterproof. PETs safety for jars with personal care products is recognized by health authorities worldwide (Petra 2015). PET is resistant to most solvents and can be used in hot-filling (Visiongain 2015).

Weaknesses

Despite barrier technologies, PET jars still allow more oxygen entering than glass. That means the product in PET jars has a shorter shelf-life (Scholar works. A preliminary analysis of PET barrier technologies and mechanical performance related to a 3L PET wine bottle 2008). PET is partially produced from petroleum (Comar 2017).

Opportunities

PET consumption is expected to volume 21.1 million tonnes by 2021 with the annual growth of 3.8% duting period 2016-2021 (Smithers Pira 2016).

Threats

In some research, PET has been linked with toxics release (antimony) if a content is contained for a longer period of time and in warm temperature. Also, workers in contact with PET during production might exhibit skin irritation and increase possibility of menstrual problems and miscarriage. Therefore, there might be a shift from using PET to other safer alternatives. (Life without plastic 2014.)

Styrene Acrylonitrile (SAN)

Strengths

SAN is rigid and transparent. It is resistant to fats, oils and high temperatures (East Hill Industries 2018). SAN is highly durable, has a great performance, simple and cost-efficient in production, provide excellent hygiene, sanitation, and safety benefits for the production

of cosmetics jars. Also, SAN offers good insulation qualities and is able to be recycled (Patterson Rothwell 2018).

Weaknesses

SAN has a blue or grey tint (Prospector 2018) and also, due to the nature of the molecular structure, SAN resin tends to get yellowish. SAN tends to absorb water and has a low impact strength. (Patterson Rothwell 2018).

Opportunities

It has easily printable surface and is easily colored, which makes it popular for producing cosmetic jars. SAN jars are usually used for waxes, lotions, creams, serums and lip products. (Patterson Rothwell 2018).

Threats

SAN jars can be facing is a little color diversity compared to other plastics options. It also haslow thermal capability and higher processing temperatures, and flammable with smoke generation. This makes SAN not a favourable product for cosmetic brands. (Prospector 2018.)

Polyethylene Plastic - PE

PE is the most widely manufactured polymer in the world and mostly used in packaging. The main types of PE are high density PE (HDPE), low density PE (LDPE) and linear low density PE (LLDPE) (European Commission 2015).

Strengths

PE is flexible, has a nice moisture control, good impact strength and chemical and oil resistance. The production of PE is very inexpensive. PE can be recycled (European Commission 2015).

Weaknesses

PE does not do any harm when in solid form, but it can be toxic in liquid form or when inhaled as a vapor or absorbed through the skin (Creative mechanisms 2018).

Opportunities

Because of cosmetic market growth, the cosmetics jar would need to have different look and cost. Thus, PE jars will perfectly fit the inexpensive segment. PE is one of the most widely used plastics in the world and billions of pounds are produced each year. (Packaging cosmetics 2018)

Threats

Competition with other bio-based packaging polymers such as PET, PLA and PEF will be tricky for PE because of lower design possibility (Packaging cosmetics 2018).

High Density Polyethylene (HDPE)

Strengths

"HDPE is a rigid, tough and strong resin of natural milky colour. It has very good stress crack and chemical resistance as well as high impact and melt strength" (Alpha Packaging 2018). Unpigmented jars are semi-transparent, provide nice barrier properties and are well suited to cosmetics products with a short shelf life. Pigmented HDPE jars have better stress crack resistance than unpigmented HDPE jars (Plastic Packaging Facts 2018). HDPE has excellent protection against moisture (MVTR 0.5) (Alpha Packaging 2018).

Weaknesses

HDPE is brittle, has poor clarity and poor resistance to letting gasses through (OTR 4000, COTR 18 000) (Alpha Packaging 2018). Like most plastics, HDPE is a petroleum-based material, which is not biodegradable or environmentally-friendly. HDPE is able to absorb odors (Comar 2017).

Opportunities

"The Global HDPE Packaging Market is poised to grow at a CAGR of around 5.3% during the forecast period 2016 to 2025" (PR Newswire 2017).

The market shows following trends:

- The HDPE recycling rate is increasing.
- The customer spending patterns are being altered.
- Recent technological developments in HDPE Packaging (PR Newswire 2017).

Threats

Some studies have shown that it can release endocrine disruptor nonylphenol (added to HDPE as a stabilizer) especially under exposure with sunlight and ultraviolet light. When this study becomes more powerful with concrete evidence then HDPE might become less used. The main threat to the growth of HDPE is appearance of new competitors on the low-price segment.

Polystyrene (PS)

“Polystyrene is a linear addition polymer of styrene resulting in a benzene ring attached to every other carbon in the main polymer chain” (Sematic Scholar 2014).

Strengths

PS is well-known for its glass appearance and rigidness. Though, compared to the real glass it is cheap. In cosmetics packaging PS is used to create a pure crystal-looking jar. To improve PS impact grades a lot of manufacturers add rubber or butadiene copolymer to PS (East Hill Industries 2018). Also, PS is easily formed (International Plastics 2018).

Weaknesses

PS has poor protection against moisture (MVTR 10), poor resistance to letting gasses through (OTR 6000, COTR 18 700) and poor impact strength (Alpha Packaging. Plastics Comparison Chart 2018).

Opportunities

PS can be widely used by designers to create beautiful and unusual looks appreciated by millennial consumers.

Threats

The material has poor water vapour and barrier properties, this is why it cannot be used to produce cosmetics jars for a long shelf life. This feature will have a negative effect on the development of PS rigid packaging market (Sematic Scholar 2014).

Acrylonitrile Butadiene Styrene (ABS or AS)

ABS is a thermoplastic polymer and can be processed usig standard thermalplastic processing method (Raepak 2017).

Strengths

ABS has a good impact resistance (East Hill Industries 2018) and a glass-looking appearance, and these features together make it a great option for rigid jar cosmetics packaging. ABS is easily recycled and it is common to produce ABS from other ABS plastic. It doesn't have any known carcinogens, or adverse health effects related to exposure to ABS, which makes it relatively harmless (Creative Mechanisms 2018).

Weaknesses

If a plastic manufacturer doesn't properly dry ABS before extruding it, tiny bubbles may form, compromising the integrity and good-looking of the final product. It is easily flammable when exposed to fire at high temperature. “The combustion of acrylonitrile butadiene

styrene results in the production of some toxic products such as carbon monoxide and hydrogen cyanide which are too hazardous. It also possesses poor weather ability and is poor solvent resistant" (3Dinsider 2017).

Opportunities

ABS is popular due to its low production cost and the ease with which the material is machined by plastic manufacturers (Plastics Insight 2017).

Threats

On the highly competitive market the unoriginal look of ABS, which is highly visible in other industries such as electronics, hardware, kitchen appliances, toys and in many other end-use products, would not attract millennial customers (Plastics Insight 2017).

Polyethylene terephthalate glycol (PETG)

Strengths

PETG is a rigid lightweight material that has great moisture and alcohol barrier properties and is fully recyclable (East Hill Industries 2018). PETG jars have a long life – they are heavy-walled, shatter-resistant and provide great gas barrier properties (CP Lab Safety 2018).

Weaknesses

Though the material is cheap, it does not provide enough esthetical look to be popular among the new millennial customers.

Opportunities

PETG jars can be modified for the new millennial market by using original taps and closures. PETG can be easily molded into clear jars, therefore this material is very cost efficient which makes it more attractive to companies. (CP Lab Safety 2018.)

Threats

Jars made from PETG have a cheap look compared to other plastic material option with the same price and better appearance. That prevents buyers from falling in love with the look, thus getting less popular among cosmetic brands.

Polymethyl methacrylate (PMMA)

PMMA is one type of plastic with glass-like look so it is called acrylic or acrylic glass and has other trade names - Plexiglas, Acrylite, Lucite and Perspex (Raepak 2017).

Strengths

PMMA is transparent exactly as glass but with a better shatter resistance, low cost, light weight and ease in processing. Also, PMMA is considered to be one of the clearest plastics on the market. PMMA is an organic material that consists of hydrogen, oxygen and carbon (Your Formula 2018). The surface hardness of PMMA is the greatest among all thermoplastics. It's also very resistant to weathering and UV light and is completely recyclable.

Weaknesses

PMMA is vulnerable to surface scratches and it is more flammable than glass (Your Formula 2018).

Opportunities

Because of great esthetical properties PMMA can be used for cosmetics jars for premium segment. It is very stable and can create a crystal effect of the jar. PMMA is also very colorable, which affords manufacturers and buyers a lot of creativity. It does not contain toxic materials like heavy metals and BPA that are harmful and hazardous to human and the environment, making recycling an easy and convenient process" (Sumitomo Chemical Asia 2018).

Threats

PMMA is a petroleum-based thermoplastic, manufactured by the derivation from natural gases. The need for switching to a more sustainable material can be a threat for PMMA.

There are also many other types of plastics, however the author only performed the analysis of most popular types for cosmetic packaging.