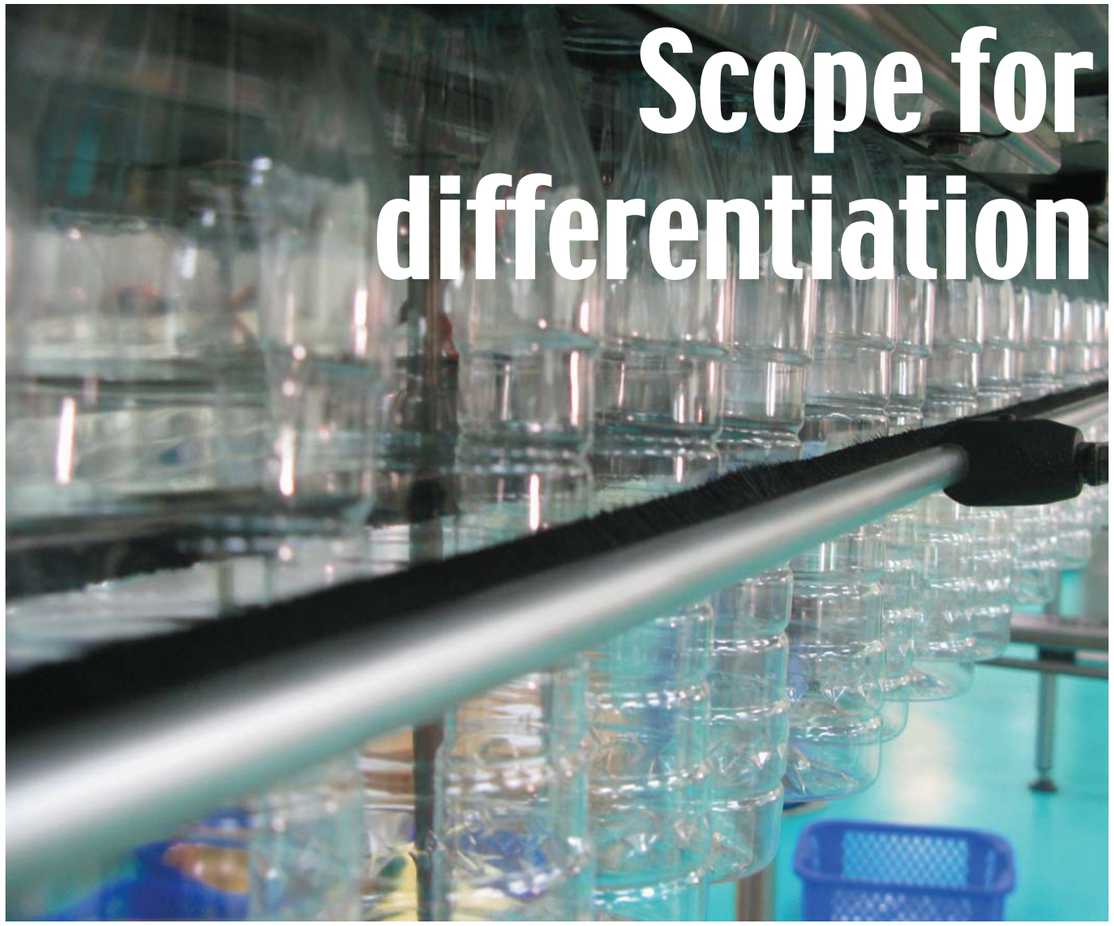

Scope for differentiation

With a strong focus on rigid packaging, Indonesian company PT Dynaplast is fast expanding its manufacturing network in the region, currently operating in Indonesia, Thailand and Vietnam — and the Vietnamese factory established only three years ago is fast picking up production technologies from its parent company to serve local requirements.
Keith Boi reports

The setting up of manufacturing operations by Dynaplast (www.dynaplast.co.id) in Vietnam was largely prompted by the growth momentum enjoyed by the Vietnamese plastics packaging industry over the past few years.

Dynaplast had long been able to serve customers mainly in the cosmetics and food and beverage packaging markets like Unilever, Dutch Lady, Kao and Sara Lee in Indonesia and this expanded with the manufacturing facilities established in Thailand and Vietnam.

To better serve the booming rigid packaging industry in Vietnam, Dynaplast Packaging started plant production at its facility located at the Vietnam Singapore Industrial Park, Binh Duong, in 2005.

"Our vision is to be the preferred plastic packaging company in the Asia Pacific region," says Bennett Jap, general manager of Dynaplast Packaging Vietnam. "Naturally we look to expand our presence in the region. After going into Thailand, Vietnam is a logical choice. The market is young, but growing at a fast rate."

At first, Dynaplast's Vietnamese operations were initially focused on serving the cosmetics and personal care market but have now branched out into other packaging segments.

A significant 15-20% of the production in Vietnam is directly exported to South Korea, China, Thailand and Indonesia. Jap explains: "This could be mainly due to the favourable business conditions in Vietnam, where labour is cheaper and there are other incentives in place to encourage exports."

Adapting to local needs

In 2008, Dynaplast has added two blow moulding machines to bring the total production scale in Vietnam to about ten extrusion blow moulding machines, featuring up to three-layer co-extrusion capabilities for making a variety of containers, and five injection moulding machines (in the 80-250 tonne range) to produce mainly closures.

Co-extrusion blow moulding processes are a key part of Dynaplast Packaging's production operations in Vietnam

The company plans to add another three more blow moulding lines and two injection presses before the end of this year.

The relatively smaller scale of the market in Vietnam requires a high level of flexibility when it comes to how Dynaplast adopt variable processing technologies to cater its plant operations to local packaging market needs.

The main key to sustaining their success in Vietnam though, Jap believes, is in transferring the plant technology and processing knowledge the Dynaplast group possesses to the local team that has been put together.

Hendra Syahputra and Bennett Jap of Dynaplast, at the Vietnam plant

"Besides injection moulding and blow moulding for processing, we have decoration processes such as labelling and hot stamping," Jap says. "The scale here is still small and we are the smallest factory in our group. There are also other markets that we serve in Indonesia that we do not yet have here such as motorcycle parts and home appliance components. But again, this market is growing."

Last year, Dynaplast Packaging Vietnam has installed an inline stretch injection stretch blow moulding line at one of its customer's premises. The line is catered to PET bottling production and filling for a leading cooking oil company supplying to the local Vietnamese market.

"That line is probably one of the most advanced in our group," says Jap of this inline production unit, which utilises Sidel's blow moulding technology. "It is interesting that while our scope of production is smaller and has simpler technology installations, some of the projects that we take on can be considered as highly advanced in the overall context of our group operations."

The advantages offered by the inline technology is that the bottle production and downstream processes can be conducted in one single line, the PET blow moulding integrated with the conveying, filling, labelling and final packaging processes. Jap is confident that inline processes will become more prevalent in Vietnam beyond oil packaging, such as for juice and tea products.

"Being a relatively new company also brings additional benefits to our customer," Jap says. "Instead of having to utilise old existing equipment which may not be ideal for the task, our approach is to make investments based on what is the best solutions for our customers, and to focus on their needs first. This can be in terms of machine size for the right demand quantity or certain processing technology that may be required."

Dynaplast Packaging Vietnam installed an inline stretch injection stretch blow moulding line at one of its customer's premises for PET bottling production and filling

Current challenges

The high cost of materials has been a key driver in the development of cheaper packaging solutions.

"We do have projects that are geared towards material savings and thus cost savings," Jap says. "The fact that Vietnam is very much a price-oriented market makes things more difficult. We are trying to change the industry mindsets, and we try to help our customers see the value in our offerings, in the same way we have convinced our customers the benefits of an inline processing unit."

While packaging market demand in Vietnam can be expected to grow in significant strides, uncertainties in Vietnam's economic developments, where the past few months have seen unprecedented inflation rates, are presenting companies like Dynaplast with its own set of challenges.

Jap explains: "The impact of inflation in Vietnam is affecting us. With some customers, orders are not as high as expected, while with others, inflation caused a shift in the bottle size that consumers tend to buy. The impact on us is the capacity as a function of bottle size that we previously planned no longer matches with current conditions. We have to learn to be flexible, and to continuously try to anticipate short term changes in trends."