



UNIT-6

Branding and Packaging

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Explain the term branding and packaging
- ✓ Describe various functions of packaging
- ✓ Discuss important legal requirements affecting packaging decisions.

Unit 6

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Some aspects of product mix have already been introduced to you, among them were the classification and definition of products, product line strategies, process of product development, and the life - cycle of products. Other than the basic product's design, the physical presentation of the product to potential customers, acknowledged as product presentation, is very important. This unit will cover the relevance of branding benefits and drawbacks of branding and the progression of choosing a brand name. In addition, the definition and significance of packaging, its functions, and legal aspects will be discussed.

Branding

The Meaning and Importance of Branding

A majority of the industrial and consumer products need to have a brand name. Brand names help customers to instantly recall products, this helps to serve the important function of allowing consumers to differentiate the various competing products with similar functions. The most critical step in branding policy is to settle on a brand name for the product that is to be introduced to the public. Previously, when the notion of branding was not too highly developed, frequently family names and surnames were employed. Some of these still exist today, such as, Siemens or Ford, which are just two examples. A second common way of branding was by focusing on the product's range of the company. Two well recognized examples in this category would be General Motors and General Electric. It appears that the purpose of brand name was to either indicate the origin of the product (family name) or allude to the product range. A brand name has, however, become one of the most important factors of merchandising in contemporary times, and it will become more critical as the level of competition rises. Firstly, let us try to comprehend what the terms brand and brand name imply.

Brand: this can be a word, symbol, mark, name, or a combination of these, which serves the purpose of identifying the product or services, of a seller and to separate them from other competitors. This definition centres on the utility of the brand, i.e., to identify, regardless of the means used for identification.

Brand Name: Brand name is the portion of the brand that is made up of a word, group of words, letter or letters that can be voiced. When this definition is compared with that of brand, we see that the function stays the same, brand name is just one way that brand can be employed for identifying a product. Brand name is a word or a group of words or letters that can be said out loud like Lux soap etc.

Brand Mark: Brand mark is another commonly employed term. Given that brand name is used for identifying a specific product among the competing products, it becomes obligatory for each brand to have a distinctive identity. This gives rise to the concept of brand mark.

A brand mark is an emblem that is employed for the use of identifying purposes. It may be a design, mark, or specific logo, a scheme of colours, or even, a picture. Hence, it is not something that can be voiced but still a means of identifying a product.

The Brand Name versus Trade Mark

Very frequently, the words brand names and trademarks are used interchangeably, but in reality, there is a difference between the two. A trademark is a legal form of a brand. In legal terms, brand comes in the category of industrial property rights and thus duty-bound to particular regulations and rules. A trademark may be registered thereby disallowing others from using it.

The American Marketing Association describes a trademark as a brand with legal protection, as according to law it is designated to only one seller. So, we can state that a trademark is a brand or a portion that is covered, legally, because it enjoys exclusive appropriation. It is basically a legal term. While all trademarks are brands, a brand can only be called a trade mark when it has legal protection and has been designated to one seller. Since all trademarks are brands, they can include words, letters or numbers that may be voiced or pictorial designs (the brand name). Upon registration, a brand becomes a trademark and is designated by the letter R surrounded by a circle.

Advantages and Disadvantages

Benefits and drawbacks of branding can be scrutinized from three differing view-points, those of the buyers, those of sellers and those of society.

The Advantage

The following advantages can be derived from branding by sellers, buyers, and society, at large.

Buyers:

Buyers benefit in the following ways:

- 1) A brand generally delivers uniform quality;
- 2) Makes for easier shopping;
- 3) Over time, competition between brands leads to better quality; and
- 4) Buying a visible brand provides psychological contentment for the buyers.

Sellers:

- 1) Manufacturer benefits in the following ways:
- 2) Aids in identifying the product;
- 3) In competitive markets, it can create a distinctive slot for itself; and
- 4) Brand loyalty can be established by through winning promotions.

Societal View:

From an overall view, a brand's part in improving or preserving quality is thought to be a positive point. Brands also helps in propagating better product information. This in turn can lead to more knowledge about the product and add to greater scientific and logical decision making in the buyers. All this contributes to wise allotment of limited resources which eventually leads to societal welfare.

Disadvantages

Buyers, sellers, and society also suffer shortcomings due to branding.

Buyers:

Buyers suffer the following disadvantages from branding:

- 1) Brand development is expensive, and product prices generally go up. So buyers have to pay higher prices
- 2) Using the popularity of a brand, the manufacturer can slowly, over time reduce quality.

Sellers:

To benefit from the advantages, sellers must bear large expenses in developing and promoting the brand name. This leads to higher production costs, which in turn leads to greater prices. With higher prices, manufacturers may find it difficult to achieve desired sales.

Society:

Spending money on promoting a brand is thought to be a social waste. These kinds of wasteful expenses tend to rise in costs of production and lead to higher prices. This is shunned from society's view point. It is also believed that consumers become loyal to time-honoured brands and are not willing to give newer brands a try. This can prevent new manufacturers from stepping into the market.

Branding Decisions

Branding has become one of the most valuable activities in the field of marketing, especially when it comes to consumer goods. A number of decisions have to be made, but at the same time, regarding brand selection and use. The following questions have to be considered when selecting a brand name:

1. Does a product have to be branded?
2. Who must sponsor it?
3. What qualities have to be constructed into the brand?
4. Do we brand each product individually or as a family? Should other products be given the same brand name?
5. Should there be two or more brands in the same product category?

6. Should an established brand be given a new meaning (repositioning)?

Let us look at each issue in some detail:

1. Branding a product or not is a decision that can only be taken after the nature of the product has been considered, the types of outlets where it is planned to be displayed, the professed advantages of branding and the projected costs of developing the brand.

It has been noted that brand development is closely associated with rise in disposable income, complexity of distribution system and the growing size of the national market.

Just a few years back no one would have considered the sale of branded rice or fine flour. However, a number of firms have become successful in selling just these types of products. The main reason for this is that consumers are willing to pay for standardized and better quality that a brand represents. Buying branded products means, no matter where it is bought the quality will be the same. Numerous other commodities, such as, spices, are not branded. It is obvious that this trend will only gain more acceptance in the coming years.
2. Sponsoring a brand mainly deals with the decision to whether it will be a manufacturer's brand (meaning a national brand), a private one (meaning a middleman's brand), or a mixture of the two. In countries where departmental or chain stores govern the retail distribution system, retailers purchase the goods from manufacturers and sell as their own brand. This is usually seen in the developed countries.
3. One very critical determination deals with the quality and other factors that have to be constructed into the product. The template for such features will determine the placement of the product. A manufacturer has the right to position his goods in any portion of the market- at the top, middle, or bottom. Surf, for example, is positioned as a top class quality wise and is a costly product. Other end of the spectrum has some washing powders positioned at the low price end, and still others fall in the middle somewhere.
4. A decision has to be made regarding whether to adopt a family or individual brand. In family branding all goods carry the same brand name. A family brand name has been cost effective in the tyre marketing niche. When one product performs well, other products with same brand will also get an affirmative influence. Following family branding requires caution. It will not be good advice to follow family branding, if the goods offered are of disproportionate quality. Also, it will not be a good plan if the markets are not similar on terms of customer profile. A bigger issue with this scheme is that it does not acknowledge the fact that each can be individualized with a specific identity with an apt brand which can carry it to success. This family branding weakness becomes the main strength of individual branding scheme. Consumer researchers have learned that name can have different associations and summon varied images. Such psychological factors have a great bearing on buying decisions.

5. A manufacturer can choose to establish many brands of the same product which to some degree will be competing with one another. The main reasoning, at least with consumer goods, is that the variety of benefits and appeals and the minor differences in brands can secure a large following.
6. Brand Repositioning: During the life - cycle of a product, a number of market constraints might experience change, such as, the introduction of competing product, changes in preferences of consumers, and new needs arise, etc. Each and every one of these changes requires a second look to determine if the original positioning of the product is still the best or not. Declining or languishing sales also indicate the need for re-evaluating of the original positioning of the product.

Selecting a Good Brand Name

Coming up with a proper brand name for a new product can be crafty work, for two main reasons. First of all the name has to be one that fulfils a number or marketing criteria, some of which are examined below. Secondly, the name has to be original and not one that is already in use. This requires in depth exploration. There is no easy way to select a brand name. But with wide-ranging investigations and previous experiences, market researchers have come up certain ideologies which can be followed when choosing a brand name. During brand selection, it should be noted that the brand fulfils the following aspects.

1. The brand name should directly or indirectly suggest some quality or angle of the product like function etc. The name 'Burnol,' for instance, immediately hints that the product is associated with burns;
2. A brand should indicate distinction, especially if the product needs it. Like the name 'Chancellor,' for cigarettes. brings to mind the idea of status, power and even, a posh lifestyle;
3. It is important that the name is easy to pronounce and remember; and
4. It should be one that can be legally protected if the need arises.

Packaging

What is Packaging?

Packaging serves a very vital function as almost all products in the market require packaging. Some marketers even give packaging a name, the 'fifth P', after product, price, promotion, and physical distribution. As previously mentioned, all marketers think of packaging as a factor of product mix. Packaging has been defined in a number of ways in both technical and marketing narratives. The most frequently quoted definition is packaging is the art, science and technology of preparing products for transfer and sale. Two significant aspects of packaging are brought out in this definition. These are:

1. Packaging has to aid in the physical transport and sale of the goods.
2. The function of packaging is made up to two aspects, (i) the affirmative aspects, viz., the science and technology relevant to the design, packaging materials selected, etc. an (ii) the behavioural aspects, viz., the art of product design that is related to motivation of the consumer research, research of buying etc.

The last aspect is brought out in another definition of packing. 'Properly designed, the package should enhance the value of its contained product, and impart that impression, either directly or subtly, to the customer'. The role of packaging in increasing the value of the product inside is becoming more and more important in consumer marketing these days.

According to marketing, packaging is understood as the activities of designing and manufacturing a container or wrapping for a product, where the container or wrapping become known as the 'package.' Philip Kotler and Gary Armstrong state that packaging can include a maximum of three levels of materials. The primary package is the one holding the product. In the case of shaving cream, the tube in which shaving cream sits is the primary package. The secondary package is composed of the material protecting the primary package and is discarded when the product is ready to be used. So the hard paper box holding the shaving cream tube becomes the secondary package. The shipping packaging is

The one required for storage, identity and shipment of the product. This makes the cardboard box holding many shaving cream tubes, the shipping package. Lastly the labelling is the part of the packaging that houses printed information appearing on or with the package.

Packaging Industry

To fully comprehend and appreciate the packaging revolution that has taken place in the consumer and industrial goods divisions, an insight of packaging industry is needed. The packaging industry is made up to separate parts: (i) firms that produce the packaging materials viz., paper, tin, plastics, etc. and (ii) firms occupied with formation of packaging, i.e. changing materials into unit/master packages. Other firms also play a role like printing of labels used on unit/master packages, and marketing research agencies that carry out special packaging research, usually for the purpose of package developing and modifications.

New materials are endlessly budding in the field of packaging and frequently nudge out or threaten the old materials. Things like wood or steel may be eliminated due to the costs, or performance traits. Valuable packaging materials currently in demand include:

1. Metals -- Aluminium, Tinplate, and Steel;
2. Plastics – PVC and HDPE, etc.;
3. Wood – Wood and Cellulose film;
4. Paper -- Paper, Board, and Corrugated Board, etc.;
5. Glass – Clear and tinted, etc.;
6. Laminates, Aluminium foils and plastic film, etc.;
7. Polyester – PET

Along with the branch out of packaging materials, the packaging formation has also transformed significantly. There is a huge variety of unit packages of consumer goods. The master cartons which house the unit packages are, however getting more and more standardized, in particular because of the need to use container in order to accommodate physical handling and shipment and to cut down on packing costs and reduce loss/damage in transit.

Functions of Packaging

The packaging must carry out the following main functions: it should

- (i) protect the product;
- (ii) be attractive;
- (iii) perform its functions;
- (iv) provide convenience for users;
- (v) Be economical

Protection

The first and foremost purpose of packaging is to protect the goods from the environment, the physical dangers to which the goods are exposed while being transported from manufacturing plant to the shelves of the retailer and while being displayed on retailer's shelves. The explicit kinds of danger against which protection is needed would vary according to the product.

However, some of these universal dangers include:

- 1) Breakage/damage due to rough mechanical or manual handling during transportation;
- 2) Extremes of climatic conditions which may lead to melting and freezing, etc.;
- 3) Contamination, either bacterial or non-bacterial, such as, by dirt or chemical elements;
- 4) Absorption of moisture or odours of foreign elements;
- 5) Loss of liquid or vapour; and
- 6) Pilferage during transit or storage.

Appeal

Packaging is being used as a marketing tool increasingly, especially in consumer goods, such as, perfumes and other gift items. Its significance is also rising due to the change in the retail business structure, in particular because of self-service stores. A package behaves like a silent salesman, where consumer products are concerned. This is true, regardless of whether it is a luxurious product, semi-luxurious, or an everyday need product.

The below mentioned features have been acknowledged in helping packages carry out self-selling duties:

- 1) The package has to attract attention;
- 2) The package has to relay the product's story to customers;
- 3) The package needs to build confidence;
- 4) The package has to look clean and hygienic;
- 5) The package needs to be convenient to handle, to carry out, to store, and to use;
- 6) The package must reflect good value.

Packaging holds greater significance in case of some types of products than others. Studies carried out in several different countries indicate that packaging expenses are much higher in cosmetics industry than others. This abnormally high occurrence is not due to the need for packaging to carry out the protective duty, but to make the product more appealing, a status symbol and ego fulfilling. Other goods like chocolates in gift boxes are also examples of cases in which packaging carries out basic marketing duties by making the product more attractive.

Research on consumer packaging has concentrated on two main factors which are assumed to have effect on consumer buying habits. The first is colour and the second is the design of the container. Virtually all researchers have come to the same conclusion that colour contributes its own specific features and thus has to be employed so there is no chance of disparity in what is expected of the package and the colour utilized in packaging.

One issue that arises with colour preferences is the fact that individuals in different countries have varying colour preferences, due to various socio-cultural-religious environments. Likewise, research dealing with appealing properties of containers was conducted. Slim and cute boxes are frequently employed for beauty-care goods for the feminine sex, because such boxes are expected to give a suitable image of the product inside. Graphics, as well as, Logo types also play an important role in designing and help to imparting the overall product image.

Performance

This is the third purpose of a package. It has to be able to carry out the function for which it is designed. This factor turns rather crucial in some types of packaging. For instance, an aerosol spray has to fulfil function of being a package and an engineering device. If the package does not work, the product also becomes absolutely useless.

Convenience

The package has to be crafted in such a way that it is convenient to use. The point to note here is that it must be convenient for not only the end users but the middle-men who form the distribution channel, like wholesalers, and retailers. From the standpoint of distributors, convenience relates to handling and stocking the packages.

The precise traits they are looking for in a package include:

- I. The package needs to be easy to stock;
- II. The package has to be easy to display;
- III. The package should be such that no shelf-space is wasted;
- IV. The package has to maintain its looks during the shelf-life;
- V. The master packages/cartons have to be easy to dispose of.

Due to the growing apprehensions about solid-waste disposal, the last point has taken on a great significance in developed countries, but India has not gotten to that point yet. It is none the less, an important issue when decisions on the packaging transport for export markets are being considered.

From domestic or institutional end - user's point of view, convenience refers to the ease with which the package may be opened or closed and how it holds up in repetitive use and disposability, etc.

Cost Effectiveness

Last but not least, the package must be cost-effective. The value of packaging cost represented as a percentage of the cost of the product, varies greatly between different industries. On average, it stands at less than one percent in engineering industry to more than 10 percent in the cosmetics industry. When analysing packaging costs, it is insufficient to just consider the cost of the package. This is just one, even if the most substantial factor of the total costs involved in packaging.

Cost in packaging sequence is made up of:

- I. The costs that occur during the incoming delivery to the factory when product is bought from outside;
- II. Handling and storage when packages are empty;
- III. Cost of filling packages, quality control, and handling of full packages;
- IV. Costs associated with storing filled packages;
- V. Cost of transporting and distributing filled packages;
- VI. Insurance cost for the transit period; and
- VII. Breakage/spoilage costs of the product.

Criticism of Packaging

Packaging can be subjected to criticism for reasons listed below:

1. Upon consumption of the product, the containers may be discarded in public places leading to environmental issues. Disposal of used packages is a major issue;
2. Limited raw materials are utilised when producing containers. This exhausts the supply of natural resources. This criticism, however, is dwindling as greater numbers of recycled materials are being employed for packaging;
3. Packaging raises the cost of the product, which ultimately leads to greater prices for the consumer. On the other hand, it is countered that effective packaging cuts down on transport costs and losses from spoilage. The benefits gained in this way are offset by the packaging costs;
4. Certain types of plastic packaging and aerosol cans pose health hazards; and
5. It is thought that at times packaging can be deceiving. The highly attractive packaging leads customers to believe that the product inside is of good quality. Products of inferior quality may be presented in eye-catching containers to attract customers.

Legal Dimensions

Management of packaging requires that particular attention be paid to the numerous regulations the government has set in place. There are a large number of government regulations and many of them cover use of precise packaging materials for defined products, protection of consumer, transporting hazardous cargo etc. The most persistent of these is the ruling related to the information the manufacturer is required to put on the package. Known as the labelling requirement, it encompasses a number of commodities. The main among these are cosmetics, pharmaceuticals, and food products, etc.

A label is described as the display of printed, written or graphic material on the container or package holding the container.

A label does not have to be a mere fulfilment of a legal obligation. In reality, a thoughtfully perceived label can become a vital sales instrument. A label is the closest source of information about the product. A potential buyer, who may be ignorant about the product or may be loyal to another brand, can be influenced to read the label. This can lead the consumer to actually try out the product even when there was no previous intent to do so. This is particularly true of items bought in departmental store and super markets. A good label will aid a perspective customer to reach a decision about buying a product by providing useful and accurate information. This is beyond the information that has to be displayed for legal reasons. Additional information a label should provide includes:

1. Picture showing the product which is accurate for size, colour and appearance;
2. Details of the raw products used and the processing methods involved;
3. Directions for use, including cautions against misuse;
4. Possible adverse effects, if any; and
5. The brand name.
6. Statutory requirements,

which usually relate to:

- I. The net weight, when packed;
- II. The date of manufacturing;
- III. The date of expiration, if there is one;
- IV. Maximum retail price, including or excluding local taxes;
- V. The directions for use, including dosage requirements; and
- VI. The directions for storage.

Further Reading:

- ✓ *Packaging Design: Successful Product Branding From Concept to Shelf, (2012), By Marianne R. Klimchuk, Sandra A. Krasovec*
- ✓ *International Marketing: Strategy and Theory, (2007), By John Shaw, SakOnkvisit*
- ✓ *MODERN MARKETING: PRINCIPLES AND PRACTICE , (2010), By D. CHANDRA BOSE*