
UNIT 13 BRANDING AND PACKAGING DECISIONS

Objectives

After reading this Unit, you should be able to:

- appreciate the importance of branding and packaging decisions in the marketing of products
- understand the alternative approaches in branding products
- understand the various functions of packaging
- familiarise yourself with important legal requirements affecting packaging decisions.

Structure

- 13.1 Introduction
- 13.2 Brand Name and Trade Mark
- 13.3 Branding Decisions
- 13.4 Advantages and Disadvantages of Branding
- 13.5 Selecting a Brand Name
- 13.6 Packaging
- 13.7 Packaging Industry
- 13.8 Functions of Packaging
- 13.9 Legal Dimensions of Packaging
- 13.10 Summary
- 13.11 Key Words
- 13.12 Self-assessment Test
- 13.13 Further Readings

13.1 INTRODUCTION

Most consumer products and many industrial products, besides their basic features, need attractive packaging and a name. The packaging, besides protecting the product, also enhances its value and often justifies a higher price, as in the case of perfumes. Similarly, the brand name helps a consumer in instant recall, and this serves an important function for differentiating competing products of similar nature. Branding and packaging of products have undergone tremendous change in Indian context. From the days of mostly international brand names, we now have our own Indian names. Similarly now we have increasing use of colourful thermo plastics in the packaging of products. In this unit we would discuss these two important extrinsic attributes of a product i.e. branding and packaging.

13.2 BRAND NAME AND TRADE MARK

A crucial step in the branding strategy is deciding on a specific brand name for the product that is being introduced. In the earlier times when the concept and practice of branding was much less developed, very often the family name/surname was used. Some of those are still very much alive, for example, Siemens or Ford. The other common method of branding was by way of addressing the product range of the company. Two famous examples are General Motors and General Electric. It seems the function that brand was supposed to perform was either to indicate the source or the origin of the product (family name) or indicate the product range. However, a brand name has emerged as one of the most important elements of the merchandising function in the recent times and will become more and more crucial as the competition becomes more severe in India. Let us understand what the conceptual meaning of the terms brand and brand name is.

Brand: Brand is a word, mark, symbol, device or a combination thereof, used to identify some product or service. The definition clearly focuses on the function of a brand, that is, to identify, irrespective of the specific means employed for the identification.

Brand Name: The American Management Association defines it thus: "Brand name is a part of a brand consisting of a word, letter, group of words or letters comprising a name which is intended to identify the goods or services of a seller or a group of sellers and to differentiate them from those of competitors."

Comparing this definition with that of a brand, it is found that the function remaining the same, brand name is only one of the means that the brand can use for identification. Brand name is a word or a combination of words/letters that is pronounceable, e.g., **Promise** toothpaste, **Rexona** soap, etc. Sometimes you must have also heard words like brand mark and trade mark. Since a brand name is used in identification of a product amongst a competing set, it is necessary that each brand must have only a unique identity and it must also be protected by law. This brings in the concepts of brand mark and trade mark.

A brand mark is a symbol used for the purpose of identification. It can be a mark, a design, a distinctive logo type or a colouring scheme, a picture, etc. In other words, it is not a name but a means of identification, e.g., picture of an elephant in a distinct frame used by the Department of Tourism, Government of India or the famous star-circle of a Mercedes Benz car, or T in circle which you must have seen on buses and trucks made by TELCO. A trade mark is the legalised version of a brand. Brand falls under the category of industrial property rights and, therefore, subject to certain rules and regulations, it can be registered and protected from being used by others. 'A brand or a part of a brand that is given legal protection because it is capable of exclusive appropriation' is defined as a trade mark. It is strictly speaking a legal concept, even though brand and trade mark are quite often used synonymously.

Activity 1

Select a series of 20 brand names of various products and identify their respective brand mark of trade mark.

	Brand Name	Brand/Trade Mark
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Branding Decisions

Having an appropriate brand has emerged as the most important activity in the area of marketing of products especially consumer products. Several decisions need to be taken, though not simultaneously, with regard to brand selection and its use. These are:

- 1) Should the product be branded at all?
- 2) Who should sponsor the brand?
- 3) What quality should be built into the brand?
- 4) Should each product be individually or family branded? Should other products be given the same brand name?
- 5) Should two or more brands be developed in the same product category?
- 6) Should the established brand be given a new meaning (repositioning)?

Let us consider each of these issues:

- 1) Whether to brand a product or not is a decision which can be taken only after considering the nature of the product, the type of outlets envisaged for the product, the perceived advantages of branding and the estimated costs of developing the brand. Historically, it is found that brand development is closely correlated with the increase in the disposable income, the sophistication of the distribution system and the increasing size of the national market. The same trend is visible in India now

Even few years back, nobody could have thought of selling branded rice or refined flour and Iodised Salt, but several firms in the recent past have become successful even in such product categories. The basic reason is that a class of consumers are willing to pay more for uniform and better quality product represented by the brand. Irrespective of the location and from which retailer they buy, customers are always buying the same product attributes when they buy a branded product. Many other commodities, such as spices are also now being branded. There is no doubt that this trend will become stronger in the coming years.

- 2) The question of sponsorship of a brand refers basically to the decision as to whether it should be a manufacturers' brand, also known as a national brand or a private brand, also known as a middleman's brand. This is a major decision in most developed countries where large chain/departmental stores dominate the retail distribution system. This is, however, largely a hypothetical question in India, where retail distribution system is highly fragmented. Only Super Bazars have started marketing a few products which are specially packed and sold under their names. However, if outlets of Super Bazars, Mother Dairy and National Consumers Cooperative Federation increase in sufficient numbers, it is possible that private brands will also become a reality in future. Some retailers' brand names in the product categories of sarees and car accessories have already been established.
- 3) A very crucial decision is with regard to the quality and other attributes to be built into the product. The matrix of such attributes will decide the product positioning. A marketer has the option to position his product at any segment of the market: top, bottom or the intermediate. Taking an example, Surf is positioned as a premium quality and high priced product. At the other end of the scale, Nirma is positioned as low priced, while products such as Det or Key are somewhere in between.
- 4) The marketer also has to decide at the outset whether he would like to adopt a family brand under which all the products of the company would be sold or he would like to brand each product separately.

Companies like GE or Philips follow the family name strategy, while GM follows the individual brand strategy. In India, L&T and Kissan are examples of the former, while Hindustan Lever follows the latter.

These are advantages in either approach:

- a) **Family Brand**
 - i) One basic advantage of using the family brand is that it reduces the costs of product launching and on going promotional expenditure substantially. The firm has to promote only one brand which, if successful, would be able to sell the entire product line. Lining up the distribution channel members also becomes comparatively easier. A family brand name has been found to be very cost effective in tyre marketing.

- ii) If one product does exceptionally well, it is perfectly possible that there would be positive fall-outs for other products being marketed under the same brand.
- iii) It is, however, necessary to be cautious in following this strategy. It will be a very ill-advised strategy if the products being offered are of highly uneven quality. It may not also be a good strategy if the markets are quite dissimilar in terms of consumer profile.
- iv) A greater weakness of this strategy is that it does not recognise that each product can be given a specific identity by a suitable brand which can go a long way to make it successful.

b) Individual Brand

- i) The weakness, as pointed out above, becomes the principal strength of this strategy. Recent consumer researches have irrefutably established that a name can have varied associations and conjure diverse images. These psychological factors can immensely influence the buying decisions. Individual brand strategy is in a position to take care of this aspect of marketing.
- ii) The second advantage of this strategy is that if there is a product failure, its damaging effect will be limited to that particular product and will not extend to the entire product line.
- iii) The basic disadvantage lies in the economics of developing an individual brand. It is obviously a costlier strategy than the other.
- iv) The other disadvantage is that the brand does not directly derive any benefit from the reputation of the firm.

To take care of these problems, some firms follow a slightly modified strategy. This involves using individual brands but also giving prominence to the company name or logo in all promotional campaigns as well as in product packaging. For example, TOMCO follows individual brand strategy but displays prominently the words, 'A TATA PRODUCT' In many cases a brand extension strategy is adopted. This really is an effort on the part of the manufacturer to secure additional mileage from a particularly successful product for launching either similar or even dissimilar product under the same brand. A recent successful example is the decision to introduce Maggi range of sauces to capitalise on the image of Maggi brand of noodles.

- 5) A firm may decide several brands of the same product which to some extent are competing inter se. The basic reason is that, at least in the consumer products, various benefits and appeals and even marginal differences between brands can win a large following. Do you recall that in Unit 11 we discussed the illustration of a company which has several soaps, under different brands for different segments?

Brand Repositioning

Over the life cycle of a product, several market parameters might undergo a change such as introduction of a competing product, shifts in consumer preferences, identification of new needs, etc. All and each of such changes call for a relook as to whether the original positioning of the product is still optimal or not. Stagnating or declining sales also point to a need for reassessment of the original product positioning. For example, Thums Up has been repositioned several times in the recent past, from the young to the professionals to the kids and back to the young.

Activity 2

- i) Prepare a list of five family brands. Carefully analyse their products sold under each of these brands.

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ii) Prepare a list of five companies which use different brands for their respective products. Identify their products.

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iii) Based on (i) and (ii), find out what kinds of products have family and individual brands.

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iv) Do you think branding decision in each case is a rational one? If yes, why? If not, why not?

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13.4 BRANDING: ADVANTAGES AND DISADVANTAGES

Branding as an aspect of product marketing can be analysed from two different standpoints: that of buyers and of sellers. It is also possible to have a societal viewpoint.

a) Buyers

The buyers can derive several advantages:

- i) A brand generally denotes uniform quality.
- ii) It makes shopping easier.
- iii) Competition among brands can, over a period of time, lead to quality improvements.
- iv) Purchasing a socially visible brand can give psychological satisfaction to the buyer.

There are, however, some negative aspects as well.

- v) Since brand development costs money, product prices tend to go up.
- vi) Taking advantage of the popularity of a brand, a manufacturer may reduce quality gradually.

b) Sellers

A marketer can also derive certain advantages such as:

- i) It helps in product identification.
- ii) In a highly competitive market, it can carve out a niche for itself through product differentiation.
- iii) If brand loyalty can be developed through successful promotion, the firm will be able to exert quasi-monopolistic power.

But to obtain the advantages, it is necessary for the manufacturer to invest resources in promoting the brand name.

c) Societal view

From a macro-standpoint, a brand's role in improving and maintaining product quality can be considered as positive. Brands also help in better dissemination of product knowledge; better knowledge can contribute to more scientific and rational decision making.

There is, however, an opposite view as well. Many critics feel that branding often leads to higher costs and therefore prices. It can also allow the manufacturers to get higher returns than normal through excessive or strong brand loyalty.

Activity 3

Identify a leading brand in respect of the products mentioned below. What image is usually associated with these brands by their users?

Product	Leading Brand	Associated Image
1 Tyre
2 Pen
3 Toothpaste
4 Television
5 Bread
6 Electric Fan
7 Sewing Machine
8 Bicycle
9 Washing Soap
10 Scooter
11 Electric Motor
12 Lathe
13 Personal Computer
14 PVC Resin
15 Intercom Instrument

13.5 SELECTING A BRAND NAME

Finding an appropriate name for a new product is a tricky job, basically for two reasons. Firstly, the name should be one which satisfies several marketing criteria some of which are discussed below. Secondly, the name should not be one which is already being used by another firm. This necessitates extensive investigations.

Marketing Criteria: There is no simple solution to the name selection problem. However, through extensive research and accumulated past experiences, market researchers have developed certain principles which should be followed:

- 1) A Brand name should reflect directly or indirectly some aspect of the product, viz. benefit, function, etc. For example, the name 'BURNOL' immediately connotes that the product has to do something with burns.
- 2) A Brand should be distinctive, especially if the product requires such distinction, e.g., a name like 'CHANCELLOR' for a cigarette conjures up ideas of status, power and opulent life style.
- 3) A Brand name should be easy to pronounce and remember. Examples are VIMAL, HAMAM, etc.
- 4) It should be such that it can be legally protected, if necessary.

A firm invests substantial amount of money on a brand. It should, therefore, ensure that nobody else takes advantage of the brand illegally. Though there is no fool-proof system for trademark protection, the steps, as outlined below, can be of substantive help.

- 1 Use the generic name of the product in association with the trade mark. An example is PEARL PET where PET is the acronym for generic technical product i.e. Polyethylene Terephthalate while PEARL is the brand associated.
- 2 Designate the brand name as a trade mark by actual notice. If the mark is registered, the proper form of notice is the letter R enclosed in a circle.
- 3 Display the mark with some form of special graphic treatment. A trade mark is not a noun; therefore it can be capitalised. If it can be printed in some distinctive logotype, so much the better.
- 4 Do not use the trade mark in the wrong grammatical form. It should not be used as a noun, verb, in the plural, or in the possessive.
- 5 The trade mark should not be altered by additions or abbreviations?
- 6 Use the trade mark for a line of products.

13.6 PACKAGING

Packaging has been variously defined in both technical and marketing literature. One of the most quoted definition is 'Packaging is the art, science and technology of preparing goods for transport and sale'. This definition brings out two salient aspects of packaging. These are:

- a) It has to help in the physical transportation and sale of the products packaged.
- b) Packaging as a function consists of two distinct elements, (i) the positive aspects, viz., the science and technology related to package design, selection of packaging materials etc. and (ii) the behavioural aspects, viz., the art of product design which is associated with consumer motivation research, buying research, etc.

The last aspect has been highlighted in another definition of packaging. '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 value enhancement is increasingly becoming important in consumer marketing today.

13.7 PACKAGING INDUSTRY

An understanding of the packaging industry is necessary to fully appreciate the packaging revolution that has occurred in the consumer and industrial goods sectors. The packaging industry consists primarily of two distinct segments, firms which manufacture the packaging materials, viz., tin, paper, plastics, etc. and firms engaged in the formation of packaging, i.e., converting the packaging materials into unit/master packages. In addition there are other firms engaged in the printing of labels to be used in the unit/master packages, and the marketing research agencies which conduct specialised packaging research, generally for package development and adaptation.

Newer materials are constantly emerging in the packaging field and in many cases have eliminated or threatened the older materials, such as wood and steel, because of the relative cost advantage or better performance characteristics. The important packaging materials today are:

- | | | |
|-------------|---|--------------------------------------|
| a) Metals | — | Aluminium, Tinplate and steel |
| b) Plastics | — | PVC, HDPE, etc. |
| c) Wood | — | Wood and cellulose film |
| d) Paper | — | Paper, board, corrugated board, etc. |

- e) Glass — Clear, tinted etc.
- f) Laminates — Aluminium foils, plastic film etc.
- g) Polyester — PET.

In line with the diversified packaging materials, the packaging formation has also undergone a revolution. The unit packages of consumer goods consist of a bewildering variety. To appreciate the new introductions that have come into the market, let us review the exhibits 1 to 4. These exhibits present the copy of the advertisements released by various manufacturers of packaging. Exhibit 1, refers to unbreakable, foodgrade jars, bottles and containers. Exhibit 2, describes the polyester film. In Exhibit 3, we have focused on lamitubes. Exhibit 4, refers to Kraft paper lined HDPE bags.

Exhibit 1 : Pearl Polymers

Clearly the Safest, Lightest and Strongest Way to Establish Leadership in your Industry.

PEARLPET(R)
JARS, BOTTLES & CONTAINERS

PEARLPET Jars, Bottles and Containers made from the versatile Polymer-Polyethylene Terephthalate, that has revolutionised the concept of packaging the world over—ARE NOW USED IN INDIA by leading manufacturers such as CAMPA COLA, POSTMAN, SAFFOLA, GINNI, MAZOLA, PAKWAN and soon several more shall be launching their products in PEARLPET containers.

PEARLPET can be used for packaging almost anything from liquors, beers, pharmaceuticals, cosmetics to carbonated beverages edible oils, and sherbats—it's an unending list! PEARLPET is UNBREAKABLE, weighs only 1/15th the weight of glass, has EXCELLENT GAS BARRIER properties and is MOST HYGIENIC for packing edible products. AS CLEAR AS GLASS. PEARLPET can be MOULDED INTO ANY SHAPE, SIZE and COLOUR TINT to suit specific product requirements. All these unique properties of PEARLPET result in TREMENDOUS COST SAVING. Their use results in reduced packaging, handling and transportation costs and prevents loss due to breakage. And, the ENHANCED VISUAL APPEAL of the product packed in PEARLPET JARS, BOTTLES AND CONTAINERS leads to HIGHER SALES. PET has been internationally approved and complies with the Food and Drug Administration Regulations in most parts of the world. THE INDIAN STANDARDS INSTITUTION vide their Specification No. IS: 10171 (1982) include PET as a safe material for contact with food. PEARLPET bottles have been tested at the Central Food Technological Research Institute, Mysore and found suitable for packaging of foodstuff.

For detailed specifications of PEARLPET Products, please write to:

EXHIBIT 2 : Polyplex

A material change.... towards better living.

Invest today in the products of tomorrow. That's the Polyplex philosophy. And it makes good business sense. Take Tensilised Polyester Film. It has any astonishing range of attributes and applications. Yet is produced in only 5 countries... by just 10 companies worldwide. Now this new wonder material will soon be manufactured for the first time in India—by Polyplex.

A many-splendoured pioneering venture. Providing the material for change to better products. Stimulating industry and employment saving foreign exchange. Transforming the very substance of a host of items that are part of daily living.

Yes, Polyplex is proud of its project. And sure of its prospects!

Exhibit 3 : Essel

WHICH COMPANY RECENTLY GAVE A FACE LIFT TO HINDUSTAN LEVER'S COSMETICS EXPORTS?

ESSEL OF COURSE!

ESSEL offers fourth generation tube packaging innovations to India. And Fair & Lovely, the face cream you're familiar with is using ESSEL PACKAGING'S special LAMITUBE for the export market.

ESSEL'S LAMITUBES are made from high grade polymers, aluminium foil and paper. 100% squeezability, facility for superb reproduction of print for both tonal designs and colour photographs. Superior collapsibility, complete protection against moisture, gas etc. No crinkling or cracking problems. No metal dust or black oxide particles in the tube.

To wrap it up, simply the latest and the finest packaging technology available in the world.

ESSEL'S LAMITUBE is packing in success stories for the food, toiletry, dentifrice, pharmaceutical and many other industries. After all, ESSEL'S technology comes from American National Can Co., U.S.A. and KMK, Switzerland. WHEN CAN WE DESIGN A LAMITUBE for your packaging requirements?

Exhibit 4 : Kanpur Plastipack

**TODAY,
WHAT CEMENT NEEDS
IS NEW IMPROVED
PACKAGING**
(And you, the user need good value for money)

INTRODUCING THE LATEST IN CEMENT PACKAGING

Kraft paper lined HDPE bags—the best thing to have happened to the cement industry in decades. Based on international technology, the benefits of this packaging are so many they become difficult to count on your fingertips.

So we would rather recount a few obvious ones on a comparative chart.

KRAFT PAPER LINED HDPE BAGS	CONVENTIONAL PACKAGING MATERIAL
<ol style="list-style-type: none"> 1. Moistured proof. Therefore there's no caking of cement and shelf life increases tremendously. 2. There is no loss in cement strength, at all. 3. No seepage whatsoever you get as much as you buy. 4. Pilfer proof. You get the original as intended. 5. Bright multicolour printing available. 6. Transportation in open wagons is a possibility, as there is no damage through exposure to natural elements. 	<ol style="list-style-type: none"> 1. Caking of cement takes place on exposure to moisture which means creating special storage facilities. And anyway storage life is limited. 2. Cement loses its strength after a while. 3. Some seepage invariably leading to losses in weight and money. 4. Tampering is a possibility to pilferage becomes easy. 5. Printing not legible after cement is packed. 6. Transportation only in covered wagons. (remember wagon scarcity!)
<p>That leaves little to imagination and even less to choice. It makes so much more sense calculating long term benefits by saving on cement loss and money.</p>	
<p>And besides, Kraft paper lined HDPE bags is the packaging material of today not yesterday's world.</p>	
<p>Think about it.</p>	

The master cartons in which the unit packages are packed are, however, getting increasingly standardised, especially due to the necessity of using containers in order to facilitate physical handling and shipment as well as to reduce packing costs and loss/damage to the goods during transit.

13.8 FUNCTIONS OF PACKAGING

Packaging should perform the following basic functions: it should (a) protect; (b) appeal; (c) perform; (d) offer convenience to the end-users; and (e) be cost-effective.

Protection

Of the five functions, this is the one which is the oldest and most basic. The primary function is to protect the products from the environmental and physical hazards to which the product can be exposed to, in transit from the manufacturer's plant to the retailer's shelves and while on display on the shelves.

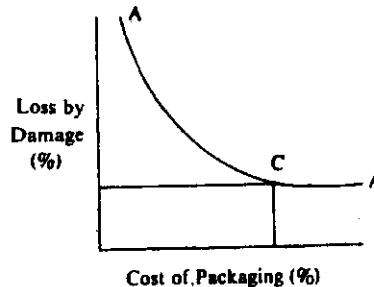
The specific types of hazards against which protection has to be sought would obviously vary from product to product. It is however possible to identify the principal hazards which are almost universal. These are:

- a) Breakage/damage due to rough mechanical or manual handling during transportation,
- b) Extremes of climatic conditions which can lead to melting, freezing,
- c) Contamination, either bacterial or non-bacterial, such as by dirt or chemical elements,
- d) Absorption of moisture or odours of foreign elements,
- e) Loss of liquid or vapour,

Packaging Cost versus Damage to the Goods

While it may be technically feasible to identify the total risk profile of a product with regard to its physical and distributional parameters, it will not be necessary or economically desirable to develop and adopt a zero-risk package. After a certain stage, the reduction in the probability of loss due to the damages to the goods will not be commensurate with the increase in the packaging costs. Necessarily, firms are willing to accept a certain amount of risk arising out of possible damage to the goods rather than going for a fool-proof packing. The firm has to take a managerial decision as to the level of risks that it is willing to trade-off against the increase in packing costs. The relationship between the packaging costs and loss due to product damages is shown in Figure I.

Figure I: Trade-off between Damage and Packaging Costs



The vertical axis measures the loss sustained due to physical damage to the goods because of insufficiency of packaging, expressed as a percentage of the total value of the consignment while the horizontal axis measures packaging cost as a percentage of production cost.

The curve AA which depicts the bilateral relationship clearly indicates that there is an inverse relationship between the two variables. More significantly, there appears to be a point, C in the above figure, to the right of which further increases in packaging costs are not proportionately reflected in the loss reduction. It may be desirable to stop at that point. However, several other factors, apart from this marginal cost-loss reduction relationship, need be considered, while taking a final decision, e.g., the effect on consumer goodwill, availability of alternative packaging or materials which ensures higher protection at the same level of costs, etc.

Appeal

The package is increasingly being used as a marketing tool, especially in certain types of consumer products such as perfumes or several other gift articles. The importance is also substantially due to the changed structure of retail business, especially the emergence of self-service stores.

In the case of consumer products, package serves as a silent salesman. This is true, irrespective of whether the product is a luxury, semi-luxury or an ordinary everyday use product. The following characteristics have been identified to help a package perform the self-selling tasks:

- a) The package must attract attention.
- b) The package must tell the product story.
- c) The package must build confidence.
- d) The package must look clean and hygienic.
- e) The package must be convenient to handle, to carry out, to store and to use.
- f) The package must reflect good value.

Packaging, however, is of greater importance in the case of certain specific types of articles. Industry-wise studies in several countries show that packaging costs in the cosmetics industry far outrun other industries. This excessively high incidence is not due to the packaging which is required for the protective function, but for making the product attractive, a status symbol and ego-satisfying. Other products such as chocolates in gift packs also are instances where packaging performs a basic marketing function by making the products more appealing.

Consumer research on packaging has basically concentrated on two aspects which are presumed to have an influence on consumer purchase decisions. The first one is colour and the second is the package or container design. Almost all researchers have come to the conclusion that each colour has its own distinct characteristics and, therefore, has to be used in a package so that there is no mismatch between what is expected of the package and the colour used in the packaging.

One additional problem in this area is that nationals in different countries display divergent colour preferences, due to their diverse socio-cultural-religious backgrounds. Similarly, research has been carried out on the desirable properties of a container. Slender, cute containers are often used for beauty-care products for the feminine sex, as these are expected to create an appropriate image of the product. Graphics and Logotypes are also important in designing and conveying the total product image.

Packaging and Sales Promotion

Product package often plays an important role in implementing sales promotion campaigns. Promotion is defined as a short-term special measure to boost sales of a specific product. There are several accepted promotional packaging techniques. Some of these are:

a) **Money-off Pack:** A 'flash' in distinctive colour is superimposed on the package, announcing the special price discount being offered. This is the most widely used form.

b) **Coupon-pack:** A coupon, either as a part of the package or placed separately in the package, of a certain value can be redeemed after the purchase of the product.

c) **Pack-in-Premium:** A premium, i.e., the gift is packed within the original product package, viz., a handkerchief in a cosmetic product package.

d) **Premium-package :** A specially made package having either a re-use or prestige value. Instant coffee packed in glass tumblers having closures is an example of the first type. The set of audio cassettes of Tagore songs released by the Gramophone Company of India in 1986 which is presented in a specially designed wooden box is an example of the second type.

e) **Self-liquidator:** The buyer has to send a number of packages or part thereof as evidence of buying the product to the company. In return, he may purchase additional quantity of the same product at reduced prices or be rewarded with a different product. Several companies in India, in the processed foods and beverages industry, occasionally use this technique.

f) **Other Applications of Packaging as a Marketing Tool:** There are several other innovative ways in which packaging can be used for achieving higher sales. In the area of processed foods, the shelf-life of the product is an important consideration. Any firm which can guarantee a higher shelf-life would be one-up on its competitors. A new Indian Company, **Tasty Bite Eatables** which is in the area of frozen and pre-cooked foods, identifies the 18th months shelf-life of its products as the major strength. The increased shelf-life is to a large extent due to better packaging.

Introduction of a new package can also be used as a promotional technique. Till the very recent past, edible oils were packed in tin cans in India which looked messy and dirty. Most of the larger firms have now started using transparent one litre PET (polyethylene terephthalate) bottles which look gleaming and fresh. The companies are using this change of packaging quite effectively as an additional element in their advertising campaigns. About two decades back, 'Panama' cigarettes were introduced in a soft packet of twenty for the first time in India. The instant popularity of the brand was substantially due to this novelty.

Packaging can also be used ingenuously to avoid direct price comparison with the competing products. This is done by a deliberate choice of odd size, while the competing brands follow a standard size. A recent example in India is the case of **Maggi Ketchup** which was introduced in the market in 400 grams bottle, while the industry-wise standard size is 500 grams bottle.

Performance

This is the third function of a package. It must be able to perform the task for which it is designed. This aspect becomes crucial in certain types of packaging. For example, an aerosol spray is not only a package but also an engineering device. If the package does not function, the product itself becomes totally useless.

Convenience

The package must be designed in a way which is convenient to use. The important point to be appreciated, however, is that it should be convenient not only to the endusers but also to the distribution channel members, such as wholesalers and retailers. From their standpoint, the convenience will relate to handling and stocking of packages. The specific attributes they would seek in a package in this context are:

- a) the package must be convenient to stock,
- b) the package must be convenient to display,
- c) the package does not waste shelf-space,
- d) the package retains its looks during the shelf-life,
- e) the master packages/cartons are easy to dispose of.

Because of the increasing concern with solid-waste disposal, the last factor has assumed importance in the developed countries, though India has not yet reached this stage. This, however, becomes a matter of importance while deciding on the transport packaging for export markets.

From the standpoint of the domestic or institutional endusers, the convenience would refer to the ease of using the package, such as opening and closure of the package, the repetitive use value, disposability, etc.

Cost-effectiveness

The package finally must be cost-effective. Packaging cost as a percentage of product cost varies dramatically from one industry to another, from less than one per cent in engineering industry to more than 10 per cent in the cosmetics industry. It is important to appreciate that while analysing packaging costs, it is not enough to consider only the costs of package. This is only one, though the most important element of the total costs associated with packaging. Cost in this chain consist of:

- i) Package costs incurred in inward delivery to the factory when the product is purchased from outside.
- ii) Storage and handling costs of the empty packages.
- iii) Filling costs, including quality control and handling of filled packages.
- iv) Storage costs of the filled packages.
- v) Transport cost for distributing filled packages.
- vi) Insurance cost for the transit period.
- vii) Losses due to breakage/spoilage of the product.

Activity 4

1 Many new types of packaging have been introduced in recent times in case of edible oil, vanaspati, fruit juices, coffee and milk additives, and shampoo. Given below is a list of these products along with their old and new types of packaging. Evaluate both the old and new forms of packaging on the basis of their function of providing protection, product appearance and convenience.

Product/Packaging

- 1 a) Edible oil in tin
- b) Edible oil in HDPE polyjar
- c) Edible oil in transparent PET bottle

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- 2 a) Vanaspati/ghee in tin
- b) Vanaspati in plastic pouch

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- 3 a) Fruit juice in bottle
- b) Fruit juice in tin
- c) Fruit juice in tetrapack (e.g. frooti)

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- 4 a) Coffee in tin
- b) Coffee in glass jar
- c) Coffee in metallised foil pouch

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- 5 a) Shampoo in glass bottle
- b) Shampoo in plastic bottle.

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2 In case of each of the above product categories (on the basis of your evaluation of each functional attribute) which is the best packaging form which you would recommend to the manufacturer of these products?

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Check from the member of the family who makes purchases for these products and his/her most preferred type of packaging. Find out the reasons for differences in your recommended choice and his/her choice.

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- 3 Colgate recently introduced a small size packaging for its toothpaste and backed it with heavy advertising. Despite Colgate's market strength its small pack did not perform as expected in the market.
 - a) Find out the differences between the existing and the new packaging.
 - b) Do you think the specific attributes of the new package were in any way responsible for the failure of this small pack? If yes, identify the specific package attributes which contributed to the failure.

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13.9 LEGAL DIMENSIONS OF PACKAGING

While managing the packaging function, constant attention needs to be given to the various regulations that the government has laid down in this respect. Government regulations are many and encompass areas such as the use of a specific packaging material for certain products, consumer protection, transportation of hazardous cargo, etc. The most pervasive among these is the regulation relating to the information a manufacturer is obliged to provide in the package itself on the product. This is commonly known as labelling requirement and covers a host of commodities. Principal among these are food products, cosmetics, pharmaceuticals, etc. Label is defined as a display of written, printed or graphic matter on the container or the package of the container.

A label need not be only a fulfilment of legal requirement. In fact, properly conceived, a good label can be an important sales instrument.

Since a label is the nearest source of information on a product, a buyer who otherwise may be ignorant of the product or loyal to a different brand, can be persuaded to read the label, and may in fact try the product, even if he had no such premeditation. This is especially true of purchase made in super markets or departmental stores.

A good label is one which helps a potential buyer to make his decision by providing relevant and correct information. Apart from the information which must be statutorily given, the label should therefore provide:

- i) Picture of the product, accurate as to size, colour and appearance.
- ii) Description of raw products used along with methods of processing.
- iii) Directions for use, including cautions against misuse.
- iv) Possible adverse effects, if any.
- v) Brand name

Statutory requirements relate generally to:

- i) Net weight, when packed.
- ii) Date of manufacture.
- iii) Date of expiry.
- iv) Maximum retail price including or excluding local taxes.
- v) Directions for use, including dosage requirements.
- vi) Directions for storage.

13.10 SUMMARY

Brand management is one of the most important areas of marketing especially with reference to consumer products. The name gives the product its unique personality, and is so well associated with the product that the brand name sometimes even takes the place of the generic product name **Surf** and **Dalda** are two classic examples where the brand names connote the generic product category, i.e. detergent and vanaspati respectively.

The selection of brand name is an important decision. You can choose any brand name you like as long as it is unique, easy to read, write and pronounce and remember, and does not have any unfavourable or negative meanings associated with it. You may choose a common family brand name for all your products or give each product its own distinctive brand. Each choice has its advantages and disadvantages and there are enough cases of success and failure to justify your choice. Sometimes even the most difficult sounding brand names succeed (e.g. **Vicco Vajradantl**) while catchy and simple brand names fail.

Packaging is another crucial aspect of marketing which plays an important role in determining the success of a product. Marketing decisions such as those related to pricing, distribution are not so obviously critical from the customer's viewpoint simply because he is not so aware of them, but the implications of your packaging decision are obvious since the customer confronts it face-to-face. There are so many instances of good products having failed because of poor packaging.

A good package must protect the contents stored inside it, be attractive to the customer, be convenient to handle, store and use and perform the functions required of it. The Indian market is today flooded with exciting new types of packaging materials which have replaced the traditional packages. These new packaging materials have made it possible to market products such as potato wafers, snacks, and other fragile food items.

If you are manufacturing or marketing drugs, insecticides and pesticides and hazardous chemicals, your package must fulfil all the conditions specified by the government. The other legal requirement is regarding labelling wherein you are required to provide complete and accurate information about the product contents, its usage, possible side effects, and date of manufacture and expiry.

13.11 KEY WORDS

Brand name: A word, letter or a group of words or letters representing a product or service of the company.

Branding: Use of a name, term, symbol and/or design to identify a product.

Family brand: A brand name which is used for several products belonging to the same company.

Trade mark: Only those words, symbols or marks that are legally registered by a company which has the exclusive right to their use.

13.12 SELF-ASSESSMENT TEST

- 1 Identify the basic factors that prompt a company to brand its products. Select any well-advertised brand of your choice and define the personality of that brand.
- 2 What are the brand strategy options open to a firm? Discuss their relative strengths and weaknesses.
- 3 Select a branded consumer product of your choice. Analyse in detail the factors that have contributed to its success.
- 4 Do you consider branding to be of identical importance in marketing (a) industrial products, (b) consumer products, and (c) agricultural products? Give supportive arguments.
- 5 Sometimes even a well-established company tries to promote only the individual brand and keep its own name as inconspicuous as possible. Can you explain this strategy?
- 6 One marketing expert strongly urged every manufacturer to adopt a 'nonsense word' as the brand. What can be the reason for this recommendation?

13.13 FURTHER READINGS

Kotler, Philip, 1987. *Marketing Management*, Prentice-Hall of India Limited: New Delhi.

Diamond, S.A. 1962. 'Protect your Trade Mark by Proper Usage' *Journal of marketing*, July, pp. 17-22.

BLOCK 5 PRICING AND PROMOTION STRATEGY

In this fifth block, we will shift our focus to two other major decisional areas in marketing, namely, pricing and promotion. Pricing, as you know, is concerned with the monetary value of the product and is really determined not purely in terms of the cost but also major objectives of expected market share, rate of return and price competitiveness of the product. Pricing decision constitutes a critical dimension of the marketing strategy. Unit 14 will introduce the scope and practices in respect of pricing decisions.

Closely related to product and pricing decisions are the promotional decisions. They are the means to communicate and justify the product and its price. In a multi-lingual developing society like ours, communication and promotion pose a major challenge to a marketer. In this respect, methods, coverage, impact and cost effectiveness are some of the major decisional areas and have been covered in Units 15, 16 and 17.