



Linking packaging to marketing: how packaging is influencing the marketing strategy

Linking
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marketing

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Received 13 December 2011
Revised 4 April 2012
Accepted 16 April 2012

Abstract

Purpose – The purpose with this paper is to investigate the relationship between packaging and the influence it has on marketing from a management point of view.

Design/methodology/approach – Based on case studies different packaging solutions are discussed in relation to requirements by customers in the supply chain. Data for the cases were collected by different means including narratives and personal interviews.

Findings – New packaging solutions offer the prospect of improved functions in the supply chain, delivering protection and preservation before reaching the ultimate customer. It also offers improved opportunities for better information and communication with the customer. However, the possibilities for innovative packaging solutions must be analyzed in relation to increased costs for packaging and the influence they can have on the environment.

Research limitations/implications – This study extends previous research by linking packaging to the marketing strategy. Even though it is based on four case studies it combines different data sources including both qualitative and quantitative data.

Originality/value – This paper evaluates the implementation of new packaging solutions in the supply chain from a managerial point of view, discussing benefits against challenges. This paper therefore fulfils an identified need for recognising the importance of packaging in relation to the marketing strategy.

Keywords Marketing strategy, Supply chain, Packaging

Paper type Case study

Introduction

Intensive competition requires firms to develop innovative solutions in order to remain competitive and survive in the long term. Entrepreneurial activities and creative marketing contribute to such initiatives. Packaging and packaging design have therefore come increasingly to be seen by firms as an effective way of differentiating product offerings from those of competitors (Rettie and Brewer, 2000). Well-designed packages can in addition build brand and drive sales. Major retail chains devote considerable resources to packaging, in-store promotion and visual issues to remain competitive and packaging has developed from a silent salesperson to a brand builder (Clement, 2007). New packaging solutions have also contributed to more efficient distribution systems in several packaging industries and to customer convenience in others (Packaging Federation, 2008). Packaging innovation has also contributed to a revolution in distribution within the food sector (e.g. TetraPak), as well as the development of packages for meeting new customer demands (take-away food). Further, new packaging design has helped to provide better opportunities for customer information and marketing communication at the store level (Underwood and Klein,



2002; Young, 2004). Packaging innovation has even played an important role in achieving better logistic solutions such as conforming packaging size to pallet sizes. Despite the importance of the subject area product marketing, packaging has generated little research interest among scholars from a management point-of-view (Rundh, 2005). Basic textbooks in marketing include packaging as an important variable for the decisions of marketing managers, but treat it in a general way and ignore the importance of the possibilities that packaging can offer for marketing purposes (De Pelsmacker *et al.*, 2007; Kotler and Keller, 2009). However, packaging is also an important aspect of trade in industrialized countries and is becoming more significant for logistic purposes in developing countries (World Packaging Organisation, 2009). Large quantities of food are now wasted due to poor logistics and packaging processes. The packaging industry accounted for a turnover of \$485 billion including machinery sales in 2004 and the turnover was estimated to reach \$564 billion in 2009 (World Packaging Organisation, 2008). Studies in the US market show that many new packaging solutions reach the market annually. This development is especially important for the distribution and protection of food products in emerging market areas. This paper reviews packaging research and relates it to marketing theory. The empirical section consists of four case studies. The main aim of the paper is therefore to highlight the importance of packaging within the marketing concept and link packaging to marketing strategy. The rest of the paper is organised and structured as follows. First, there is a discussion of the contribution of packaging to business success, followed by a review of the literature in the packaging area. Then, the research method used in the study is presented. Two subsequent sections discuss the research findings in four case studies together with other research material. In the final section the conclusions and implications for managers are drawn.

Packaging contributes to business success

Numerous factors have made packaging an important marketing tool. The main function that companies have traditionally assigned to packaging has been related to the protection of products during distribution from a producer to an end consumer. However, new customer needs have led to a consideration of new requirements for the design of a package and a development process involving the logistic, commercial and environmental functions of packaging. The logistic function includes the way a product travels from a producer to the consumer and the physical requirements that packaging must fulfil within the actual supply chain. The commercial function concerns the different requirements for marketing communication, the necessary information to the consumer (e.g. about the content; how to use the product), knowledge of customer demand and its potential impact on the purchase-decision process. The environmental function relates to the re-utilisation, recycling and reduction of packaging materials as well as general ecological awareness. The function also includes the market environment with consumer, competition and legislative requirements (see Figure 1).

The basis of competitive advantage entails meeting customer's needs in a way that is superior to that of competitors (Day, 1994, 2011; West *et al.*, 2010). Among the factors leading to competitive advantage are better user convenience, better in-use characteristics and superior design. Competitive advantage may result from a reinterpretation of product functions or an emphasis on one of the functions. Packaging



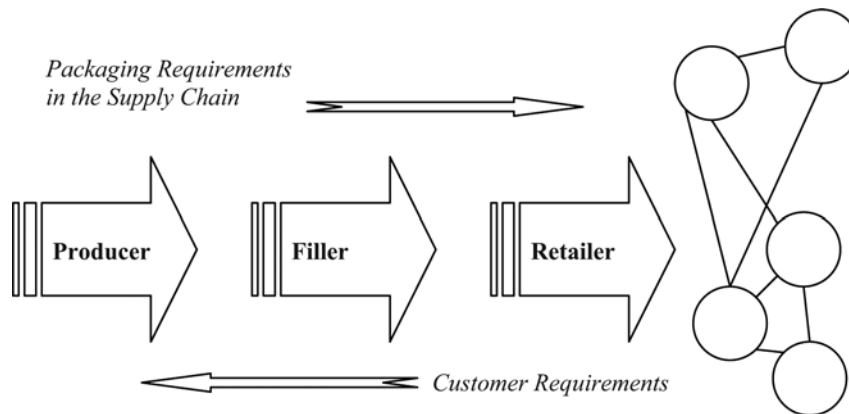


Figure 1.
A conceptual model of the
packaging chain

can therefore be an important source for creating competitive advantage in a company's offering. Developing an integrated marketing strategy including packaging as a marketing tool requires several important decisions about the packaging and its relation to other marketing tools. One issue is to establish a packaging concept defining what the package should be, or do for the particular product. Decisions must also be made on additional factors such as size, shape, material, colour, text and brand mark. This is especially important for the international market depending on whether the company is working with a standardised or adaptive marketing. However, all decisions depend on where the activities take place in a supply chain. The research question in this study can therefore be formulated as follows: how can packaging contribute to fulfilling competitive advantage in relation to the marketing strategy? To answer this research question a qualitative study has been carried out based on different product cases within the packaging industry.

Theoretical context

The distribution of products and commodities has become an even more important function in our society today. Without packaging, we would not be able to export or supply food products over long distances. According to the Swedish research organisation Innventia (2011), "the packaging material costs for Fast Moving Consumer Goods (FMCG) can be as much as 20 per cent of the sales price. Every day, a consumer faces – and handles – 20-30 packages, some of them several times". However, even if there are arguments for using less packaging, large quantities of food are now wasted in developing countries. This is often due to poor packaging and packaging processes, resulting in damage during logistics and storage, as well as the lack of cold chain facilities. Up to 10 per cent of all fruit and vegetables at an estimated value of 10 billion Euros are also destroyed during transport within the European Union (World Packaging Organisation, 2009). Even if packaging has become a recognised marketing tool, relatively few studies have been devoted towards the theoretical work in marketing literature. Some of the early research was done in the area of general characteristics and the role of packaging design as a variable influencing product evaluation (Banks, 1950; Schwartz, 1971). Packaging related research has also included studies of its communicative role (Nancarrow *et al.*, 1998;

Underwood and Ozanne, 1998; Underwood *et al.*, 2001) and ethical packaging matters (Bone and Corey, 2000). Another research area has discussed packaging design with respect to the use of material (Lee and Lye, 2003); advertisement and package coordination (Garreston and Burton, 2005) and packaging size and shape (Wansink, 1996; Raghbir and Greenleaf, 2006). Packaging design and its contribution to creating competitive advantage has been studied by others (Rundh, 2009). The multi-function of packaging has been investigated by Prendergast and Pitt (1996) and Rundh (2005). Despite these works, little is known about packaging and its relation to marketing strategy. The intention with this study is to contribute to this area.

Packaging innovation

Previous studies show that more than 15,000 new food products are introduced annually in the US market, which all require new packaging solutions even if the contents are just line extensions. Innovative packaging can obviously produce large benefits for the consumer and profits to producers. Innovative solutions can be achieved by incorporating new materials and unique features such as resealable materials and new ways of opening a package (Selame and Koukos, 2002; Young, 2004). A new packaging design can also revitalize the sales of a brand such as Heinz's unique colourful and upside-down bottle for ketchup.

Competitive advantage through packaging

Competitive advantage can be achieved in any function of a firm's activities (Aaker and McLoughlin, 2007). Several factors have contributed to a growing interest in and use of packaging for differentiation and the possibility of achieving competitive advantage. For this, it is necessary to analyse and develop packaging as a creative marketing tool and not only as an element in the product strategy. Packaging and the packaging process consist of all the activities that different actors perform to add value in a supply chain from the design of a package, to its re-cycling by the end-consumer. This can include, for example, the primary package for a product, the secondary package and the transport or shipping package. The package can be the first contact a presumptive buyer has with a product in a store or at a supermarket and a well-designed package can function as the silent sales representative, leading to the sale of the product. Previous research also stresses the importance of the communicative aspects and brand-building functions of the package (Rettie and Brewer, 2000; Underwood, 2003). Packaging can also contribute to influencing the consumers' later experiences of a product through their use of the package for other purposes. Various factors can obviously contribute to an increasing use of packaging for marketing purposes. Among those factors is the increased importance of self-service, where an effective package needs to perform many of the sales tasks such as attracting attention, describing the contents of the box, or the product's features. Since 50 to 70 per cent of all purchase decisions are made in a store, the packaging concept must even create consumer confidence and provide a positive overall impression of the content in the package (Rettie and Brewer, 2000).

Packaging as a marketing tool

Apart from the functions of protection and facilitating distribution, packaging has become a tool for fulfilling several other marketing purposes. Another important



function is for communication purposes such as facilitating brand and product recognition. Customer information about price and ingredients, together with information about how to handle and use the product are other necessary functions of a package (Schoormans and Robben, 1997). To be effective in advertising a package needs to attract and keep the customer's attention. This can be achieved through the format of the package, its colour, size and shape. Previous research shows that a moderate alteration in the package design may be the best solution for drawing attention and generating a favourable judgement of a package (Schoormans and Robben, 1997). The results from five studies by Wansink (1996) show that large packages of familiar branded products also encourage more use of the product than small packages. In these studies large package sizes consistently increased the usage volume of a product. An important reason why consumers may use more from larger packages is because they perceive such packages as less expensive per unit than smaller packages of the same products. Wansink (1996) also argues that from a managerial point-of-view "it is important to realize that packaging influences consumer behaviour long after it influences purchase" (p. 10). The shape of the package has been investigated by Bloch (1995); and in another study, Raghubir and Greenleaf (2006) examined the effect of the proportional ratios of packages. In their research they found that consumer reactions to rectangular forms of the package may influence purchase intentions and preferences, but also that this is related to marketplace demand. The results from their study support the importance of considering product form in marketing strategy, as previously suggested by Bloch (1995). The use of colour to attract customers' attention has been investigated by Kauppinen (2004). The role of colours on packages for low-involvement purchasing was found to have an impact on consumers' decision-making at the point of purchase. Kauppinen's (2004) study implies that the role of colours is threefold. Colours on packages attract attention, they have an aesthetic function and they communicate meaning. The findings also suggest that an "additive effect may be gained when the functions of colours on packages support each other" (p. 166). The communicative importance of packaging has been studied by Underwood and Klein (2002) and Underwood (2003). In these studies, they investigated the communicative power of packaging for creating and communicating brand identity. This research supports the importance of the packaging component and the proposition that for products that are not bought in their final form "consumers often rely more on the package than other forms of marketing communication to develop an impression of the product in its prepared state" (Ülger, 2009, p. 106). New technological devices in relation to a packaging solution can also improve the possibilities for market communication within a store by digital signage or RFID technology.

Packaging in marketing strategy

Intensive competition provides an opportunity to use packaging as an integrative tool in marketing strategy. New packaging design can be the marketing tool for achieving marketing objectives and satisfying consumer desires. This can be achieved by using the aesthetic and functional components of a package. Aesthetic considerations relate to a package's shape and size, material, colour, text and graphics. Packaging design is not just crucial for branding purposes but also for the function of the package. Innovation has played a role in the design of many new packages that are re-sealable, tamperproof and more convenient to use, e.g. for take-away food. These innovations have resulted in

packages that are easy to hold, easy to open or more convenient for storage at home. However, packaging must harmonize with other functions in the marketing mix such as pricing, advertising and other aspects of marketing strategy. In a traditional marketing program, packaging can be treated together with labelling as a function of the product strategy. Warranties and guaranties are other important elements of the product strategy which often appear on a package. From a marketing perspective, packaging needs to fulfil a number of objectives within a marketing strategy:

- Innovative design to create customer awareness (Vazquez *et al.*, 2003; Ampuero and Vila, 2006).
- Identification of a brand (Selame and Koukos, 2002; Clement, 2007).
- Conveying descriptive and persuasive information (Selame and Koukos, 2002; Underwood and Klein, 2002).
- Facilitating product transportation and protection of the content (World Packaging Organisation, 2009)
- Aiding at-home storage (Bloch, 1995).
- Ease of opening and closure (BSI, 2011).
- Supporting product consumption (Wansink, 1996; Underwood and Klein, 2002).
- Clever dispensing and recyclability (Incepen, 2011).
- Increasing awareness of environmental issues (World Packaging Organisation, 2009).

The importance of safe and convenient packaging solutions can obviously be an important element in the marketing strategy for any producing company. Well-designed packages can build brand and drive sales, and obviously become an important element for building customer value and competitive advantage.

Marketing tactics

In the development of a marketing strategy, marketing managers devise strategies and tactics aimed at providing satisfaction by adding value for customers. This must be done in relation to the existing competitive situation and the various variables, or elements, are blended into a suitable marketing mix (controllable variables). Packaging has become an important element for innovation and product differentiation at the retail outlet. One way to describe the necessary variables is by using Lauterborn's (1990) four Cs – convenience for the customer, customer value and benefits, cost to the customer, and communication including customer relationships.

Propositions

The framework presented in this study suggests that packaging can be of strategic value for a firm's marketing strategy and tactics. In some product areas it can also be the decisive factor in creating a competitive edge. Packaging is also important for quality purposes in logistic functions such as distribution and export of food products to distant markets and innovations in packaging solutions can make the difference in the marketplace. This discussion leads to two research areas. The first is related to whether packaging contributes to the marketing strategy and the second to how packaging is linked to the outcome.



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- P1.* Packaging can have a measureable impact on market performance (*ceteris paribus*).
- P2.* This specific/unique capacity is appreciated by marketing practitioners.
- P3.* This appreciation is expressed through the systematic incorporation of packaging issues into product/brand planning at an early stage.
- P4.* The systematic incorporation of package issues into planning can be linked to positive performance outcomes.

We address these issues by examining the role of packaging in different areas of packaging solutions within the food and beverage-packaging industry. The different packaging solutions concern both primary and tertiary packages. Our main concern is the contrast of products and customers using them.

Research method

To gain more detailed knowledge of packaging for marketing purposes, a multiple-case study was conducted in accordance with Yin (1994) and Eisenhardt (1989). Multiple cases are used rather than a single case since, as Eisenhardt (1991) argues, multiple cases encourage the researcher to study patterns common to cases and theory and avoid chance associations. Even though there is no ideal number of cases in a multiple case study approach, the recommendation is to use between four to ten cases. In this study, we use four cases on the basis of innovative packaging solutions. When a study has less than four cases, theory might be difficult to generate, whereas with more than ten cases the volume of data can be difficult to handle. Meredith (1998) defines a case study as a method that “typically uses multiple methods and tools for data collection from a number of entities by a direct observer(s) in a single, natural setting that considers temporal and contextual aspects of the contemporary phenomenon under study, but without experimental controls or manipulations [...] The goal is to understand as fully as possible the phenomenon being studied through perceptual triangulation, the accumulation of multiple entities as supporting sources of evidence to assure that the facts being collected are indeed correct” (pp. 442-3). Meredith (1998) gives example of suitable sources such as financial data, interviews, memoranda, business plans, questionnaires and observations of managerial or employee actions and interactions. Lyons (2005) has also discussed the value of case studies for the communication of applied research within the food industry. A major contribution to the case stories has been “corporate stories” from three companies where two corporate stories relate to the same company. The use of “corporate stories” has been discussed by Benjamin (2006) and Denning (2006). “The story typically consists of narrative that is interspersed with quotations from key informants and other important evidence” (Eisenhardt and Graebner, 2007, p. 29). We have also interviewed the marketing director, the communications manager and sales people at exhibitions. Together with other documents, this has provided us with an extensive basis for developing the cases. In this study we have used the following sources:

- Written documents.
- Web-pages.
- Interviews.

- Packaging exhibitions (Pack and Emballage, 2008, 2009, 2011; Scanpack, 2009, 2010).
- Field visits.

Research into packaging is well suited for the use of a multiple-case study since it is a current phenomenon on which limited academic research has been conducted and published. The four cases were selected through purposeful sampling in relation to packaging board products (Patton, 1990). The first case A is an improved packaging material to better fulfil customer requirements, whereas case B is the development of the material for a premium brand. In case C the supplier of the packaging material is introducing an innovative material with improved properties for new end-uses, whereas in case D the secondary packaging has become an important factor in relation to the branding of the product.

Findings in the case studies

In order to conduct the research and answer the research question four “corporate stories” have been used. The empirical context in these narratives has been obtained from the communications manager in each company (Billerud (2011), Korsnas (2011) and Stora Enso (2010, 2011)). Together with other data about the products and interviews with sales people at exhibitions, these data have been categorised in a short description in the form of a case study and then interpreted and analysed in a matrix. The unit of analysis has been the product package. The cases are presented in the following, and the first case with a product based on a white packaging board for a liquid product.

Case story A

Packaging creates feelings among customers and is a crucial factor for the brand experience of the purchased product. Tine, the biggest supplier of dairy products in Norway have had some problems with the sustainability and taste of their milk products and asked their packaging supplier Elopak to develop a new packaging solution. Elopak is one of the leading converters in the field of liquid board packaging around the globe with 16 production units and with activities in more than 100 countries. The requirements from the filler were that the new package should have a better barrier for light and be more environmentally friendly. Elopak re-considered the whole concept and evaluated different packaging materials for the new package with a screw cap at the top of the package. The choice of material was made and two new types of packaging board (with two customized substances) were developed for the Norwegian customer by the Swedish material supplier. “The main aim of the change of material was to eliminate the slight flavour, but also to improve the environmental issues” (Market Unit Manager for Elopak Norway). A growing awareness on the Norwegian market made it also necessary to search for solutions that reduced the level of carbon dioxide pollution. “When we introduced the new packaging solution we also printed information about it on the package” (ibid). The material supplier had also developed a coated surface that was suitable for printing.

Interpretation: After a long period of testing different types of packaging boards, the converter found a simple solution with several advantages; a more efficient barrier for light, a whiter surface for printing due to the coating and a reduced effect on the environment.



Together with the material supplier, the converter played an important role in the development of the new package to meet the market requirements.

Case story B

Chivas Regal, already introduced in New York in 1909, has become a “global icon” for many whisky connoisseurs and its premium brand Chivas Regal 12-year-old whisky sells more than 30 million bottles a year. The whisky brand is sold worldwide and “enjoys a strong consumer and brand loyalty”. Even though the whisky brand was introduced as early as 1801, it is the modern design of the bottle and gift carton that has contributed to its success. The distinctive shape of the bottle together with its label and the gift carton have always been important features in creating the brand portfolio for a premium brand of whisky. “The packaging design is both bold and distinctive, with an air of nobility and heritage. As for the gift carton, the powerful design with its metallic feel and proud heraldry requires a material that is consistent with that solid, robust visual appearance” (Communication Manager). In 2008, the Chivas Brothers were searching for a further improvement to enhance their shelf presence and improve consumer “grip stiffness” since gift cartons are handled a great deal in the retail stores. The strength of the carton board had to cope with the daily interest among the consumers for the brand and its design, which required an even heavier material. In a joint process, the converter, the foil laminator and the producer of the packaging board developed a 480gsm board for the customer. By the end of 2008, the converter was running the first trials and found that the weight of the new board compared favourably with other higher grammage board tested and available at the time. The new packaging board material was introduced at the same time as the latest brand graphics during the summer of 2009. The packaging design is revisited every few years to ensure that the consumers are engaged with the brand and that the packaging is appropriate. A common trend in recent years has been to increase “premiumisation” and the overall strengthening of the gift carton played a key role in this company strategy.

Interpretation: New customer habits and requirements in the store required the filler and brand owner to develop an improved package in co-operation with the converter and the board manufacturer. This resulted in a material with higher performance and consistency. A closer look at the conversion and packaging process made it clear that the filler needed a high-performance board material. The board is first foil-laminated in a reel-to-reel process and then run through a flexographic printing press, where it is printed on both sides, varnished, embossed and then glued at a high speed. At the filler’s, it then goes into a demanding bottle packaging process before its distribution to retailers. This requires a package that can protect a precious product and the brand image.

Case story C

It is the appearance of the packaging that determines how much attention a product will get and how well it attracts customers in a purchasing situation. Since the number of products is increasing, the competition is fiercer and it is a question of getting customer’s attention in the store. A unique packaging solution can attract the consumer and increase sales since 80 per cent of purchasing decisions are made in the store. FiberForm is a new and innovative product concept with unique properties that makes it possible to design creative and personal packaging solutions in new and exciting shapes. It is also possible to create deep embossing that can reinforce a product brand. An anonymous product can



be given a fresh breath of life and thus stand out from other products on a shelf, or in a display format. FiberForm is a paper that is expected to replace plastic in a variety of packaging solutions that require formability and purity, e.g. for trays and blister packs for food, consumer products and pharmaceuticals. "FiberForm is a lightweight product, suitable for food packaging. It also has sustainable credentials through FSC accreditation," says a representative, responsible for all technical aspects of food packaging at Marks and Spencer. Another company that has tested and found the material interesting and suitable for their packaging is Sony Ericsson. "FiberForm enabled us to create a unique design that communicates environment" ... "We are always looking at the packaging. Both printing methods, colours and volume are reviewed and improved" says Senior Manager Creation Communication Design at Sony Ericsson. Even though the packaging in the form of a leaf is not available on the market, the response from the market has been very positive.

Interpretation: The new material with great capacity to form and stretch the package offers the possibility of developing new packaging solutions where traditional paper qualities previously had their limitations.

Case story D

Transport packaging is an important function in the distribution of products before they reach the shelf in a store. It includes all packaging for the containment and protection of goods during handling, storage and transportation in the supply chain. Absolut Vodka is one of the most well-known vodkas in the world and requires real packaging during its transportation from its producer in Sweden to its 126 different markets in the world. "For our volume products the challenge is to find the right level in the relation between cost and quality [...] for the campaign products we can be more adventurous [...] and the various packaging types must speak the same language. This places great demands on the supplier's creativity and technical abilities," says a representative, responsible for Transport Packaging. A preferred product for the secondary packaging is boxes based on paperboard (Korsnäs Design), which is used in the transport/display units for the overseas export of Absolut Vodka. The board material has a top layer of white chemical pulp and a double coating that provide a fine print surface, as well as the strength and stiffness to protect the bottles products during distribution. The secondary packaging material is converted in Nybro, which is an integrated plant including flexo printing facilities. "But it's never just a matter of printing. No single property is decisive – what matters is the sum total of all the characteristics. We do not sell print, we sell function. Here, the customer has chosen a packaging material that is tuned to the brand. If you are Absolut Vodka, for instance, you never want to be number two. You set out to be number one at all times. So you choose a packaging material that's in harmony with your number one position," says Business Area Manager for Smurfit Kappa LithoPac. Strength is an important factor in the choice of board material but also the capacity to run it smoothly in the converting machines "it is imperative that the liner's gluing side has a surface with the right absorption properties to produce plain flat board" (ibid). A packaging board based on recycled material has shorter fibres and the surface may break when it is being processed. "A package is not just a package, it's a communication channel, an ergonomic tool, a packed unit, a brand builder, an environmentalist, a piece of



craftsmanship and thus a fun challenge for co-operation” (ibid). This means that, apart from product specification, other factors such as relationships and human interaction form part of the process. The supplier’s service level and logistics also contribute to the choice of supplier.

Interpretation: Secondary packaging has also become an important ingredient in the packaging concept especially if it is used for display purposes in the retail outlet. This includes branding aspects and the design of the package. A basic pre-condition is that the exterior appearance maintains the level that is expected of a design-strong brand such as Absolut Vodka. The 15 basic flavours are bottled in up to 12 different sizes that are packed in boxes and distributed to the 126 different markets (see Table I).

Discussion

Even though the primary function of packaging is protection from damage and contamination during distribution in the supply chain, other factors have become more vital. From a consumer perspective packaging plays a major role when products are purchased and packaging has become more crucial since this is the first thing a consumer sees before making the final decision to buy a product in a store. This function has also increased with the increasing level of self-service systems in most retail branches. In this situation, packaging provides suppliers with the last opportunity to persuade presumptive buyers before product and brand selection. Recent studies show that more than 70 per cent of customer decisions to purchase a product are made at the point of sale (POPAL, 2011; GfK, 2011). Packaging and packaging design has therefore been recognised as an important ingredient for marketing purposes. All packaging elements such as selection of packaging material, design in the form of shape and colours, text, structures and image need to be combined to provide the consumer with visual sales arguments when buying and using the product. This is in line with what Ampuero and Vila (2006) found in their research on consumer perceptions of product packaging. The possibility of designing innovative and consumer-friendly packaging is obviously only limited by the creativity and imagination of the design team, although material properties and costing can place limitations on the packaging solution. One of the major contributions of a successful packaging concept lies in the role that packaging

Case	Type of product packaged	Packaging material	Stage	Influence on marketing
A	Liquid	Packaging board with plastic coating and plastic cup	Product development	Distribution/logistics
B	Liquid	Packaging board with embossing and printing	New material	Distribution and storage. Positioning and branding. Pricing
C	Consumer goods	Packaging board with 20 per cent ability to stretch the material	Innovation	Innovative – gives opportunity to new market areas
D	Liquid	Packaging board for secondary packaging	Product improvement	Distribution/storage/ displaying. Branding

Table I.
Type of packaging in the case studies

plays, for instance, in a supply chain for the distribution of food products. The distribution of liquid products has been considerably improved by innovations in the product package and its role in increasing cost effectiveness. Another contribution has been the reduced risk of contamination and damage to the liquid product (compare Case A). This supports *P1* that packaging enhances market performance for actors in a supply chain. Another important benefit of packaging is its function as a marketing tool. In the competition between similar products on a shelf, a package can be effective in attracting and retaining the attention of the customer through its format in terms of colour, size or shape. Previous research has shown that a moderate alteration in the package design may be the best solution for attracting attention and generating a favourable judgement of a package (Schoormans and Robben, 1997). This has been proven in cases B and C, which also support *P2* and *P3*. A communicative capacity in the packaging concept is a necessity for marketing in a competitive environment. Further, close co-operation between material suppliers (packaging board material), fillers and converters also supports *P4* in this study. However, the study also reveals diverse factors that will contribute to, or limit, a packaging solution in relation to marketing strategy (see Figure 2).

Product requirements

Among the factors that are crucial to the packaging solution are the requirements that depend on the product characteristics as such (solid/liquid/gel/cream/tablet). The risk of a reaction in some packaging materials must also be tested. Another critical factor is

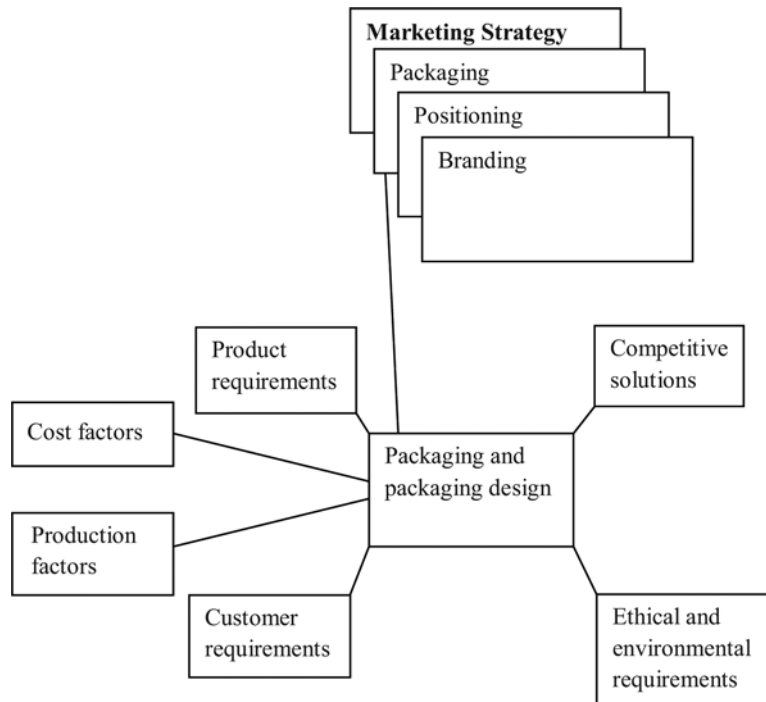


Figure 2. Influencing factors on the packaging concept

how fragile the product is and how this risk of physical damage will affect packaging requirements during distribution in the supply chain. For food products the requirements are even dependent on product degradation, where moisture, temperature and light are critical. Further, the risk of contamination, affecting smell and taste among other things, needs to be considered in relation to the product concept. The requirements that the necessary product shelf-life time entails must also be fulfilled. Finally, from a marketing point-of-view, the anticipated pack size (weight/volume) in relation to consumer preferences has to be taken into account.

Production limitations

The choice of suitable packaging material and design depends on the ability to actually produce it in a cost-efficient manner. Any new innovative pack needs to fit the existing production facilities without investing in new equipment. The projected product sales may either contribute to or limit such investments. Filling and weighing the product in a new innovative package together with closing and sealing are other vital production factors influencing the production process. On-line printing and labelling and the number of primary packs in relation to secondary packs are further requirements on the packaging solution that could limit the possibility of producing the package in an efficient manner. In some areas, furthermore, the packaging needs to withstand a sterilisation process.

Cost limitations

The design of innovative packaging solutions requires more than creative ideas in order to meet production and cost factors. There is a limited value in developing innovations that cannot be realized due to cost factors. Such cost factors can be hidden in the complexity of producing, filling or sealing the package. The combination of materials can also make the packaging material too expensive in relation to the value of the product.

Customer requirements

The many changes in society and the emergence of new technologies affect how products are sold. One of the most important drivers is the development of self-service systems, which have had an important influence on customer requirements and packaging design. Customer requirements can take many forms and it is essential for retailers and their suppliers to be aware of what is essential for the end consumer when selecting and buying a particular product at the retail outlet. One important factor is product visibility prior to the purchase of a ready food product, which Findus (2011) have found in their market research among their customers. Change in household size is another factor affecting the specific package size (weight/volume). Storage capacity in the home as well as a suitable size for ease of carrying to the home are other significant factors. Safety aspects together with the disposal of the product can influence the choice of a particular brand.

Environment and ethical requirements

Environmental requirements from organisations and individual consumers have become crucial in marketing any product these days. This is particularly important in relation to packaging since many consumer products are considered over-packed. Even though paper-based packaging materials have an advantage over many other materials since they are produced from sustainable and renewable resources suitable for re-cycling.

Product dispensing and consumer disposal (reusable/recyclable/compostable) of the product are important issues in the debate. There is also the requirement that food products be produced locally in order to reduce the effects of distribution and storage.

Competitive factors

Most products face aggressive competition, which requires consumers to select a certain item among other products in the store. Competitive packaging solutions can have different forms which enable the consumer to either see or estimate the value of what they can get for their money. An established practise in a market segment can reveal the specific configurations (pack size/weight/volume) that need to be followed. However, an innovative packaging can change the rules.

The findings in the case studies emphasise the importance of market research in relation to developing new packaging solutions. Many packaging design projects have a short lead time, but new requirements compel management to ensure they are well-informed about the market segment by listening to consumers and analysing the results from other actors in the supply chain. The intensive competition on the retail side requires innovative design to create customer awareness, as Ampuero and Vila (2006) point out. It also requires that a customer can identify a certain brand, as other researchers (Selame and Koukos, 2002; Underwood and Klein, 2002; Underwood, 2003; Clement, 2007) have argued. This identification should be possible in a situation where the product is competing with several other brands. A supermarket may store more than 40,000 items. Another requirement from customers and authorities is that the information is clear and readable. The packaging should convey descriptive information, as Selame and Koukos (2002) have shown. Criticism from environmental organisations and governments about over packaging products has also focused interest on environmental and ethical issues. This has become an important factor in the marketing of many products.

Conclusions and managerial implications

This study has highlighted some factors that managers need to consider when developing new packaging solutions. The case studies show the importance of innovative packaging solutions in order to stay competitive. This is underscored by changing consumer behaviour and a number of other factors which have a direct or indirect effect on packaging demand irrespective of the size and growth of the market (World Packaging Organisation, 2009). Packaging has become more than a logistic function to protect and preserve the product during its distribution in the supply chain and, to be successful, it must fulfil several marketing functions before reaching its ultimate customer. A functional packaging must also contain the product, maintaining the quality of the product without any spillage. Another major function is communication in relation to the customer. A package must communicate the content of the product and how it can be used, together with other necessary information. In international trade the use of unambiguous text and symbols is essential. Proper labelling includes information about the content and other premium data. The significance of packaging in relation to branding and other marketing variables has become increasingly recognised among managers, especially within the wide range of consumer products, but also for industrial products. Almost every product on the market requires some sort of packaging and it is often the first thing a customer will see when



they consider purchasing a product. Selecting the right packaging for a product requires time and effort on the part of marketing management. The consumer must feel that they will receive some benefit from using the product in relation to competitive offerings and this needs to be presented on the packaging. An effective and convincing packaging is the best way to present the product to the consumer.

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