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BFJ
107,9

The multi-faceted dimension of packaging

Marketing logistic or marketing tool?

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Abstract

Purpose – The increasing internationalisation and globalisation of business has forced many firms to reconsider what contributes to their competitive advantage. Despite the importance of packaging it is rather anonymous and has received little or marginal research. The purpose of this paper is to study how packaging can contribute to competitive advantage.

Design/methodology/approach – Aspects of the packing industry and market are reviewed. Five case studies covering different packages in the supply chain are presented and analysed.

Findings – Structural changes within the European food industry are reinforcing a need for competitiveness where packaging can make the difference for many consumer products. The findings from the case studies and the literature review underscore the importance of packaging and packaging design for fulfilling multi-functions in relation to logistics and marketing in the supply chain from filler to end consumer. New demands due to changes in consumption patterns and habits are requiring innovative packaging solutions in retail outlets.

Practical implications – The main implications for management is to understand and take advantage of packaging as a strategic weapon and marketing tool for the entire business, especially within a highly competitive food industry. This is important in every stage of the supply chain either for the transport packaging or as a consumer package in the supermarket.

Originality/value – This paper fulfils an identified need for recognising the importance of packaging in business strategy.

Keywords Marketing strategy, Packaging, Supply chain management

Paper type Research paper

Introduction

The increasing internationalisation and globalisation of business has forced many firms to reconsider what contributes to their competitive advantage. For some companies the package can make the difference, e.g. a superior design of a bottle like the export success of Absolut Vodka (cap, seal, text and form of the bottle), which has become the second largest brand in the Vodka market. An innovative packaging can even change product perception and create a new market position. Pringles potato chips provide an excellent example of packaging innovation that differs from most competitive packages. Despite the importance of packaging and the packaging industry it is rather anonymous and has attracted little research interest from a managerial point of view. However, packaging is an important trade in the industrialised part of the world and is becoming more important for logistic purposes in developing countries. The value of the global packaging market is estimated at 500 billion US dollar, accounting for 1-2 per cent of the gross national product (GNP) (Packforsk, 2001). The food industry is the largest single end-use market accounting for 35 per cent of the global packaging industry (The Packaging Federation, 2004a).



British Food Journal
Vol. 107 No. 9, 2005
pp. 670-684
© Emerald Group Publishing Limited
0007-070X
DOI 10.1108/00070700510615053

Since packaging can take many forms the consumption is unequal between different regions in the world and the per capita consumption is considerably higher in industrialised countries than in developing countries. The potential for further growth in the packaging industry is due to increased global trade, new life styles, smaller households and consumers searching for convenience.

From a managerial point of view packaging needs to fulfil several functions and previous research emphasises the logistic function, the marketing function and that the package provides convenience in handling and storing the product (Prendergast and Pitt, 1996). In the marketing literature it is also obvious that packaging is playing an important role as a marketing tool in many market areas by protection, promotion and user convenience. For exporting companies packaging will vary as a function of transportation mode, transit conditions and time of transit.

In the 1990s additional demands have been placed on packaging especially in relation to environmental issues and in December 1994 the European Union (EU) accepted the proposal for a packaging directive. The aim of this directive is to minimise packaging waste wherever appropriate and to reuse and recycle material so that less goes to final disposal. Consumers have also been demanding more environmentally friendly packaging, reduced packaging and packaging that is possible to be recycled and reused. Another important issue for packaging in the marketing function has been eco-labelling where consumers are searching for environmental friendly products.

Even if one of the main functions of packaging is to protect the product in movement it is obvious that packaging is important both for marketing and logistic issues. The main emphasis of this paper is therefore to focus on the managerial issue of packaging as a matter of competitive advantage. The paper is structured as follows. In the next section the packaging market is described followed by a short description of the packaging industry. After that follows a section about theoretical points of departure ending by two research propositions. Two subsequent sections discuss the research method and the findings in five case studies together with other research material. In the final section the conclusion and implication for managers are drawn.

The packaging market

The distribution of commodities is a vital ingredient in our society. Without packaging we could not manage the supply of everyday commodities and packaging makes it possible to distribute perishable foods over long distances. Even the most distant places can enjoy the same products and products are imported and exported all over the world. However, packaging consumption is unequally distributed between different materials and regions in the world. The per capita consumption in industrial countries is considerable, but the potential for further growth is expected in the developing countries where there is the highest growth of population (see Table I).

The regional packaging expenditures are estimated in 1998 to be 27 per cent in Europe, 21 per cent in North America and 16 per cent in Japan. The rest of the world accounts for 36 per cent. Paper, corrugated board together with other paper board products are the most used packaging materials, accounting for one-third of the consumption. The use of plastic packaging has grown due to its low weight and excellent barrier properties. However, plastic is often used in combination with other materials creating products with other properties. Another important packaging material is metal for different purposes such as food and beverages, but also for

industrial purposes such as liquid products. The consumption of packaging material is built up in different steps. The first one is by industry users who consumes either the packaging material in relation to a packaging system or empty packages in which the products are packed. The retail side use empty packages for the packaging purposes of grocery products and other commodities. Plastic and plastic bags are important packages. Another usage is restaurants that use empty packages for take-away meals. In many developed markets the food industry (including beverage) accounts for 50 per cent of the total material costs for packaging. In other parts of the world large quantities of food are destroyed by inferior packaging materials.

The packaging industry

The core of the packaging industry is the manufacturer of packaging material and packaging machinery, but in the business network there are also sub-contractors depending in which industry the products are sold. The main customers are the companies who pack or fill their own products. A lot of development work is also executed to design the appropriate packaging for the fillers. This development work is either done by the supplier of packaging material or by an independent sub-contractor in close relationship with the buying company and their packaging experts. Suppliers have also created their own packaging design studios in order to develop efficient packaging solutions in relation to requirements from buyers and end customers. Ergonomic and environmental issues are of utmost importance to be competitive in the international market.

The packaging solution then serves during the distribution system all the way to the consumer who expects to receive the products safely, in functional and labour saving packages. If the packaging material is not re-used by the consumer, requirements from the packaging legislation state that the waste is collected and re-cycled for a new packaging material (see Figure 1).

Theoretical points of departure

The multifunction of packaging

Different researchers point to diverse functions of packaging and some of them relate either to logistic or marketing functions (Prendergast and Pitt, 1996). Several factors and market trends are also suggesting an increased importance for packaging of products as a marketing tool. One change is new media habits and the role of brand building by media advertising, but also the importance of buying decisions at the store.

Type of packaging	Value (USD billion)	Percentage
Glass	30	6
Packaging machinery	25	5
Metal	120	24
Plastics	140	28
Paper and board, corrugated	160	32
Others	25	5
Total	500	100

Note: Packforsk (2001)

Table I.
The global packaging market

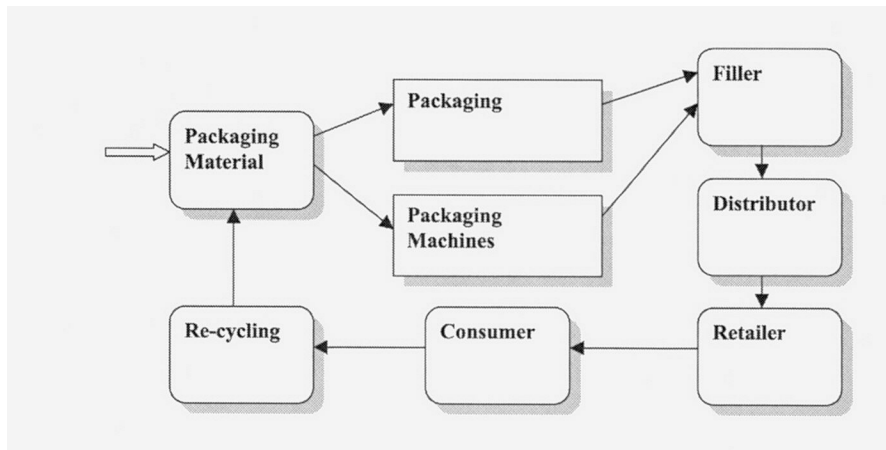


Figure 1.
The packaging industry

Structural changes within the retail side are also affecting the whole supply chain and creating new demands on the distribution system that concerns both consumer and industrial packaging. Another important factor is growing management recognition of the capacity of using packaging to create differentiation and identity for homogenous consumer non-durables (Underwood *et al.*, 2001).

Even though the managerial focus toward packaging has increased, a review of the marketing literature reveals few theoretical contributions in the area of packaging and relatively few efforts in relation to its impact on the marketing function. Early research in the field of packaging (Schwartz, 1971) focused on the general characteristics and the role of packaging design (Prone, 1993; Vasquez *et al.*, 2003), but also as a variable (McDaniel and Baker, 1977) influencing product evaluation. Other researchers have focused on the communicative aspects of packaging (Underwood and Ozanne, 1998; Underwood *et al.*, 2001) and ethical issues (Bone and Corey, 2000). Wansink (1996) focused on the impact of package size on consumer usage. Packaging as a source of profit has been studied by Will (1990), and a need for understanding perceptual processes for packaging design by Nancarrow *et al.* (1998). Schoorsman *et al.* (1997) have examined the visual impact of packaging such as packaging appearance (e.g. colour) on consumer attention, categorisation and evaluation. Despite these studies little is known about the managerial impacts of packaging on marketing strategy (see Table II).

From the packaging literature it can be revealed that packaging is fulfilling a multiple purposes in relation to a firm's external activity, even if this cannot be found to the same extent in different studies. If compared with its relevant functions in the marketing literature a theoretical framework has been worked out where previous research efforts are considered. Packaging can be considered as an integral part of the product and is the first point of contact with the brand for a consumer product. For an industrial product the packaging is fulfilling other purposes in the supply chain. Packaging is therefore regarded as an essential component for our lifestyle and the way business is organised. Depending on where in the supply chain the business is conducted packaging can either be in the form of a sales or primary packaging which constitutes a sales unit to the final consumer or consumer at the point of purchase. For many consumer products a grouped or secondary packaging is used for distribution

Functions of packaging	Functions of marketing
<p><i>Packaging protects</i> Packaging must be able to withstand robust physical handling during distribution so that the goods are received by consumers in the same function they left the factory</p>	Physical distribution and storage. Product quality
<p><i>Packaging preserves</i> There is a form of packaging that will preserve each product from deterioration</p>	Physical distribution and storage. Product quality
<p><i>Packaging facilitates distribution</i> Well designed packaging and effective packaging methods are key elements in ensuring that goods reach their destination in optimum condition</p>	Physical distribution and storage. Supply chain management
<p><i>Packaging promote customer choice</i> Packaging enables and promotes brand identification and competition</p>	Promotion and selling. Marketing communication
<p><i>Packaging sells</i> Packaging is industry's silent salesman. It displays and describes the product it contains; leaving the consumer to choose which product is best suited his or her taste. This, together with the visual appeal of the package, is often a decisive feature in the purchasing situation</p>	Promotion and selling. Marketing communication. Design
<p><i>Packaging informs and instructs packaging</i> communicates additional messages to the consumer.</p>	Marketing communication
<p><i>Packaging provides consumer convenience</i> Changing lifestyles have created a demand for packages that offer time-saving features and easy efficient handling</p>	Standardisation/differentiation and distribution. Customisation
<p><i>Packaging help contain prices</i> Consumer goods would be more expensive if it were not for cost-effective packaging. The packaging of products in packs of various sizes allows the consumer to purchase the most convenient quantity</p>	Pricing
<p><i>Packaging promotes hygiene and safety</i> Improvements in standards of hygiene and medical care in hospitals are in large a measure due to the use of pre-packed medical products for usage and disposal. The same goes for food products</p>	Physical distribution and storage. Promotion
<p><i>Packaging is innovative</i> In many cases, the packaging industry responds to new demands which arise for specifically packaged foodstuff products</p>	Packaging/package development. Customisation. Package design in relation to relevant market demand/need

Table II.
Packaging as a marketing tool – a theoretical framework

purposes. In most cases a transport or tertiary packaging is used i.e. packaging designed to facilitate handling and transport of a number of sales units.

Competitive advantage

There is no common meaning of competitive advantage in the marketing strategy literature, and the subject has been researched by many scholars. Day and Wensley

(1988) argue that superior skills and resources taken together represent the ability to create an advantage. Superior skills are the distinctive capabilities of employees that can be the source of a difference in relation to a competing firm. Superior resources are more tangible requirements for an advantage that enable a firm to exercise its capabilities. The basis for a sustainable competitive advantage can be:

- the way you compete by different functional strategies;
- basis of competition such as assets and competencies;
- where you compete in the form of product-market selection; and
- whom you compete against (Aaker, 1998).

Other scholars have investigated core intangible resources (Carmeli, 2004), or how a firm can create and sustain competitive advantage (Flameholtz and Hua, 2003) from the strategies it employs and in particular its infrastructure. The resource-based view of the firm has also emerged as a research field in this area (Fay, 2000, 2001). Other particular areas concern the importance of added value (Walters *et al.*, 2002), how firms can reach competitive advantage in export markets (Kaleka, 2002) and the importance of entrepreneurship (Weerawardena and O'Cass, 2003) for reaching sustained competitive advantage. In the process of creating a competitive advantage (Asch and Bowman, 1994) a firm needs to understand the key success factors in the particular industry (e.g. end-use of the product), but also to have resources and capabilities to fulfil them. As long as the firm adopts a competitive strategy where it utilises these resources and capabilities in a superior way of its competitors it should be possible to establish and keep a competitive advantage. The sustainability of the competitive advantage will depend on different factors eroding the advantages within areas of the firm's activities. The sustainability will depend on, e.g. durability (cost of raw material, product innovation, and product brand), transferability (transfer of technology or knowledge) and replicability (complexity of capabilities).

The framework presented here suggests that packaging can be of strategic value for the firm's marketing strategy and that competitive advantage can be reached by using suitable packaging solutions in relation to market requirements and competition. The packaging is also important for quality purposes and entrepreneurship in packaging issues can be the difference in the marketplace. This discussion leads to two areas of research. The first and second relates to whether packaging contributes to the marketing strategy and the third to how packaging contributes to a competitive advantage for the firm:

- P1.* Packaging is to a growing extent becoming a marketing tool for the firm.
- P2.* Packaging is to a growing extent contributing to the market performance for the firm.
- P3.* Packaging can be the competitive advantage that makes a difference in the market place for the firm.

We address these issues by examining the role of packaging in two different areas of packaging solutions. The first one concerns a transport or tertiary packaging solution and the second a primary or sales packaging solution. The main reason is the contrast of products and customers using them.

Research method

This study uses the case study method according to Yin (1994) and Eisenhardt (1989). Within the two different areas studied multiple cases are used rather than a single case. Yin (1994) mentions multiple cases but it is Eisenhardt (1989) who has written about their theory building properties. Eisenhardt (1991) found that multiple cases encourage the researcher to study patterns common to cases and theory and avoid associations by chance. Eisenhardt (1989) also stated that in the multiple cases approach there is no ideal number of cases, but recommends four to ten cases. When the study has fewer than four cases theory is difficult to generate and with more than ten cases the volume of data can be difficult to cope with. The products were selected since they have different characteristics as recommended by Eisenhardt (1989). Each case was selected carefully so that it predicts different results for expected reasons (theoretical replication). The unit of analysis was the product. This means that questions had to be pertinent to this unit of analysis otherwise the data collected would be irrelevant. Structured interviews with four firms were conducted during 2001-2004 relating to the product chosen. The interviews lasted two to three hours. The interview results were then combined with other documents provided by the firm to produce a detailed case study of each firm and the product for analysis. Material has also been provided by the firm's official internet site. The interviewed person typically a marketing manager then checked the reports for accuracy and when that was confirmed the case evidence was suitable for analysis. In order to keep in accordance with the case study method multiple sources of data were used to provide triangulation. In addition to the interviews described, data were also collected from other sources by field visits at competitors, customers, suppliers and at packaging exhibitions. Direct observation was done through onsite visits. Yin's (1994) pattern matching and explanation building was then used for analysing the available data. According to Yin's (1994) and Eisenhardt's (1989) approach, each case was analysed as a separate entity in order to find unique patterns which can be generalised among the cases. This has been arranged in tables in the form of key words in order to find similarities and differences among the cases.

Results and discussion

There is hardly any application area where packaging has contributed more to our lives than in the case of food packaging (marketing manager).

A great many shopping decisions are made at point of purchase, where packaging is your brand's key communication tool (product manager).

The five different products are categorised by a short description in the form of a case study and then analysed in a matrix. The first two products are based on corrugated board and used as transport packaging solutions with different requirements and properties on the product. The three others are based on packaging board material and represent consumer packages mainly for the retail outlet:

- (1) *Case 1*. The first category of product or products is material developed for usage in industries where the packed products have a high moisture content and there will be some vaporising through the packaging material during the transport from the filler to the supermarket. These are packaging products used

for vegetables or fish where the filler previously has been using wooden or plastic boxes. Owing to product development it has been possible to develop boxes of corrugated material for seafood products. Fresh fish is a sophisticated and complex product to transport since it needs to be cooled by ice and the fish products are vaporising fluid. At the same time it is necessary to exhibit the products in an attractive way for the consumers and all this happens in a combination of a long transport from the fishing boat to the consumer. Dry Pack is a standard box delivered in a flat sheet of corrugated board with a waterproof coating. A unique construction does not give any leakage when the box is raised to an upright position and the material is absorbent with a capacity up to 6 litres. Since the box is tight it can be delivered by ordinary trucks to the supermarkets refrigerators and is also suitable for the export of fresh fish by airfreight. With the help of different coatings of the layers in the corrugated board it is also possible to transport vegetables and flowers directly from the filler at the farm to the sales outlet at the supermarket. This would not have been possible without product development for handling the moisture content in the box material but even for taking care of watering flowers during the distribution of the products. Packaging design have been necessary for constructing stiff construction for stapling purposes, but also for producing attractive boxes that could be delivered directly to the floor of the shop.

- (2) *Case 2.* Another category of products are constantly developed for heavy transport packaging functions such as motors, gear boxes or other spare parts for the car industry. A gear box from SAAB has a weight of 45 kilos and they are packed four in a box of corrugated material and stapled with another box on a pallet for shipment to the USA. Behind this unique solution is a lot of research and development together with the customer where it was necessary to find a box that was stiff enough for handling into the container. The package should also be optimised for movements during the transport and be insensitive for moisture which was solved by different coatings. Spare parts from Volvo's stock in Gothenburg are also delivered around the world and it is giant number of spare parts which makes each shipment unique. The only thing that it has in common is the sensitive goods that are packed in a cost efficient manner and big boxes that can be stapled are a necessity. The sea transport is done in ordinary containers with changes in temperature, which is a risk for an attack of moisture coupled with mechanical movements during the sea transport. Volkswagen is even using boxes for export of different components that can be recovered after the shipment and these boxes can be folded to a single sheet even if the box consists of a triple layer of corrugated board. Other products that are transported in heavy boxes (700 kilos) are green peas, which are frozen one by one in an inner layer of plastic into a container of corrugated material (octagon). Plastic granule and liquids (bag-in-box) are also products that are exported in such big containers based on corrugated material.
- (3) *Case 3.* Packaging board based on virgin fibre is a material that has been developed for many packaging purposes within the area of consumer packaging such as chocolate, perfume, tobacco and for graphical applications. A growing market segment is packaging of pharmaceutical products due to an older population and increased consumption of these products. This market

consists of two categories of products and the first is pharmaceutical products sold only by prescription by a doctor and the other for products available without prescription (over-the counter products). For these products the appearance is of utmost importance as a silent salesman of the product, and there is an increasing demand for complexity in both product design and printability. It is also important with careful description of dosage and application on the package which requires a good printability. New market segments for packaging board have been developed during recent years for CD discs and postcards including a CD disc with a lot of digital information. Several museums and tourist offices within Europe are supposed to use this innovation. The Royal Academy of Art in London is using the card for presenting some of its classical art treasures accompanied by music by Handel and a smell of oil paint. The construction of the package requires a good printability, but also stiffness and strength for the converting process which is high speed. Even if new market segments are developed for packaging board the main demand comes from traditional areas of food packaging including deep frozen products, but also from an increasing demand within the tobacco industry. New products within the perfume and cosmetics industry also require exclusive packaging solutions and the highest quality and possibility for design of the package have been deciding factors. One main reason for the increase of packaging board within the tobacco industry is requirements for "hard packs" instead of "soft packs", especially within Asia, Central- and Eastern Europe. China has become the greatest market with one-third of the global consumption of tobacco products. Another new market area has been combined materials, e.g. bag-in-box for wine where the consumption for this packaging is 60 per cent of the total sales on the Swedish market.

- (4) *Case 4.* There are few applications where packaging has contributed more to our lives than in the case of food products. The evolution of elaborate packaging materials and supporting technologies has made it possible to make full use of the functions food has from providing basic nourishment to a variety enjoyment. Packaging becomes an essential product for the food product concept when it gives full protection for the content and enables efficient distribution in the supply chain to the retail outlet. At the same time it should serve as vital source of information and create a powerful shelf presence and actively promote the brand image. Packaging solutions based on packaging board cover a multitude of forms, designs and sizes in major product segments of chilled and frozen foods, dry foods and also for pet foods. Packaging board is also used for detergent and household, beverage and multipack, chocolate and confectionary, liquid, cosmetics and luxury, media, pharmaceutical, graphical and food service. Ensuring safety of the food is one of the key functions for the packaging board by protecting (cold, heat, moisture, contamination) the content and keeps it fresh and untainted during the distribution process. The package must also help to guarantee that the product is not tampered with between the supplier and the sales outlet. Innovative and special food packaging takes its base in the properties (smooth, strong, bright and light) of the paperboard itself by using the possibilities for superb performance in an elaborate printing, finishing and converting process. This makes the board an excellent

communication media for creative designers to enhance shelf presence and long term customer loyalty. New technologies such a digital printing and coatings makes paperboard cartons a dynamic tool for sales promotion and segmentation but also for integrated applications of metal detectors and other solutions such as radio frequency identification (RFID) tags placed into cartons. These tags can be used for verification of origin, logistics and antitheft purposes. The use of sophisticated artwork can also be used to prevent piracy a problem within the global trade of many industries.

- (5) *Case 5.* The possibility to coat and laminate different materials has created many new products and applications for packaging based on paper and paper board. Extrusion and laminating made it possible to combine paper and plastic with other materials such as aluminium foil. These developments have created products with properties which were not possible with a single material and have radically changed the distribution system for liquid products and are closely connected with the emergence of the supermarkets in the 1950s. Coating of board has also been a necessity for the development of packaging material for deep frozen food products but the combination of paperboard and plastic coating (LDPE, HDPE, PP, PET) must be matched according to many different requirements and needs to give the best functional and economic results. Plastic coated paperboard has many different applications such as for ice-cream, deep frozen fish and vegetables, convenience foods, bakery products, convenience foods for warming-up in the pack, cake mix for baking in the pack and drinking cups. When the paperboard is plastic coated on the inside only, the clay coated outside is used as a print surface. Even when the paperboard has a double sided coating special inks are used to reach a high quality of the print. For ready cooked dishes which are reheated in the pack the choice of plastic material is dictated by the demands of heat sealing, heat and fat resistance. Lamination with aluminium foil gives the board properties which make it practically impermeable to light, moisture, flavours and gases. The properties can be improved by a polyethylene coating on the top of the aluminium foil for printability and can also be applied on the reverse side for higher barrier purposes. This kind of material is suitable for packages where decorative applications are requested in combination with superior barrier and sealing properties such as for biscuits, dairy products, ice cream or wine spirits. The development with metal print has generated possibilities to develop board products with applications for decorative and with a luxurious appeal for perfumes, cosmetics, personal care and hygiene and for wine and spirits.

The five case studies with reference to different product categories emphasise the importance that different packaging materials plays for the distribution and sales of most products in our society. This is also in accordance with previous research where packaging was found to fulfil several functions and where the modern lifestyle will require even more packaging, but also with more functionality in the future (Prendergast and Pitt, 1996). The packaging needs to (The Packaging Federation, 2004b):

- protect products through longer supply chains;
- preserve products to longer shelf life;

- deliver products in quantities and formats tailored to suit how and when they will be consumed;
- dispense products conveniently and safely (easy-open features, reclosability and child-resistant closures);
- add convenience to the products; and
- improve sales since packaging is one of the key components that can provide a commercial advantage in the competitive arena of fast-moving consumer goods.

This has been manifested by an increased demand on properties for printability among the buyer's of packaging board. Suppliers of packaging material are also inviting customers to special design studios and experience rooms for participation in the packaging development. The requirements are due to development in printing technology and brand owners' interest in printing quality for marketing purposes. This is confirmed by the growing number of dairy and juice brand owners who are catching customers with attractive on-pack advertising right at the point-of-sale. "On-pack promotion offers endless possibilities for building a brand and generating more sales, not just for the product but also for other items belonging to the same brand family" explains the marketing manager for SIG Combibloc, Christine Erbler (2005). The European dairy and juice market provides excellent examples of how an on-pack promotion has become a highly effective marketing tool. "The juice and dairy industry have recognised that on-pack promotions increase brand loyalty and also persuade customers to test new products. We see tremendous growth opportunities for the concept of on-pack promotion" concludes Erbler (2005). The high demand on package design has also created new initiatives and during the Packaging Design Challenge 2005, the competition organiser invited several leading Scandinavian fashion designers to submit entries to the competition. "This initiative from Stora Enso Inno-Centre provides an insight into how top fashion designers view the potential in beverage packaging design and it has also contributed concrete models and designs showing how packaging can be differentiated in the marketplace. The packaging industry has been accused of being too traditional, maybe this kind of project can change the view" explains the business coordinator for Stora Enso, Per Fjellström (2005). Unlike advertising exposure, which can be relatively brief, packaging continues to build brand values during the extended usage of the product and can drive brand equity and loyalty. Packaging plays even a more important role for brands with low advertising support; impulse purchase categories and categories with low brand loyalty. From the case studies it also possible to observe that packaging plays a multi function in the marketing of different products (see Table III).

Except protecting the content of the product during the physical distribution and storage in the supply chain packaging has also the function of displaying the product on the shelf and getting the customer attention to make a choice among many competing products. Research has revealed that the marketer has less than a second to get the attention of the customer (Sara, 1990). Packaging design is therefore an important issue in the growing use of packaging as a marketing tool for the self service since an increasing number of products are sold on self service basis. In an average supermarket the typical shopper passes about 300 items per minute. The package must therefore perform many of the sales tasks for making an overall favourable impression. A rise in consumer affluence is leading to the fact that consumers are willing to pay a

Category	Packaging function	Marketing function
Transport packages for consumer products	Package must protect products with high moisture content, possibility to staple the packages	Handling physical distribution, storing and display in consumer outlet
Transport packages for industrial products	Package must protect products during changing conditions (sea transport in containers), possibility to staple heavy items	Handling physical distribution, storing and display in business-to-business situations, prevent theft
Packaging board for consumer products (pharmaceutical and media products)	Package must prevent the product and give safety and hygiene. Display the content and prescription of the use of the product	Physical distribution, storing, marketing communication, preventing copying, design, branding, pricing
Packaging board for consumer products (dry food products)	Packaging must preserve taste and safety of the content	Physical distribution, display and communication with consumers, design, branding, pricing
Coated or laminated packaging board for consumer products (frozen food and liquid products)	Packaging must preserve taste and safety of the content	Physical distribution, display and communication with consumers, design, branding, pricing

Table III.
The multi function of packaging

little more for the convenience and prestige of better packages. Packages contribute to the instant recognition of the company and brand image. The opportunity to design innovative packaging can bring large benefits to consumers and producers. The multi function of packaging is therefore not only a device for protecting the content during the distribution system, but even an important tool in the marketing mix. Sara (1990, p. 30) argues that "it is the consumer's subjective perspective that counts in his or her purchasing decision, not the product's objective reality, and this in fact highlights the importance of packaging in the marketing mix. Consumers assess all the benefits of a product or supplier before making the final choice. The fact is that 95 per cent of all retail purchases are made at prices higher than the lowest possible". The packaging of the product is the representative for the company either the product is on a shelf or in the shelf of the freezer. Many of the food products are concealed from view due to preservation demands since the products need to be protected from light or the surrounding atmosphere. The pack then becomes the main interface between the supplier and the consumer usually describing the prepared product by a drawing or a picture in an effort selling the benefits to the consumer. The importance of the package and that it can make the difference in a highly competitive market has been shown by the success of Absolut Vodka and Tetra Pak among others. Various factors have contributed to the use of packaging as a marketing tool. In this paper we have comprised that packaging can have an influence on most variables in the marketing mix by increasing customer value or lowering cost due to:

- reinforcing the packed product's concept by packaging design;
- ensuring product safety;

- affecting customer value and possibilities for price differentiation;
- reducing costs for transport and storage handling;
- increasing customer convenience;
- contributing to innovativeness by new solutions;
- supporting market communication; and
- supporting promotion of other products.

Developing an effective package requires a number of decisions concerning package design to support the product's position and consistent with other elements in the marketing strategy. Changing market conditions and competitive pressure are current factors to be recognised in the marketing strategy (see Figure 2).

Conclusion

Packaging has several important functions in the supply chain from the filler to the consumer in the retail trade. The first and most obvious function is to protect and contain the product from the filler to the end-user, but new consumer demands have also put many other requirements on the package. A second function is to display and promote the product on the supermarket shelf by attracting the consumer's attention and creation of a positive impression in order to get the consumer buying the product in a highly competitive environment. Research has shown that demand from the market also requires that many products can be bought in different sizes of the package due to smaller households. The demand for products that can be heated directly in the packaging can also be a competitive edge in relation to products that need to be unwrapped and transferred into an ovenproof dish. The increased demand for take away food has also created many new package solutions for the consumer. By using design to develop concepts that improve customer value, sales packaging is one of the key components that can provide a competitive advantage for many consumer products. Mergers and acquisitions within the European food industry are also a factor that increases the importance of branding within many sales outlets. The importance of that cannot be underestimated and management need to take part and understand various aspects of packaging in the firm's business strategy. Packaging can be the

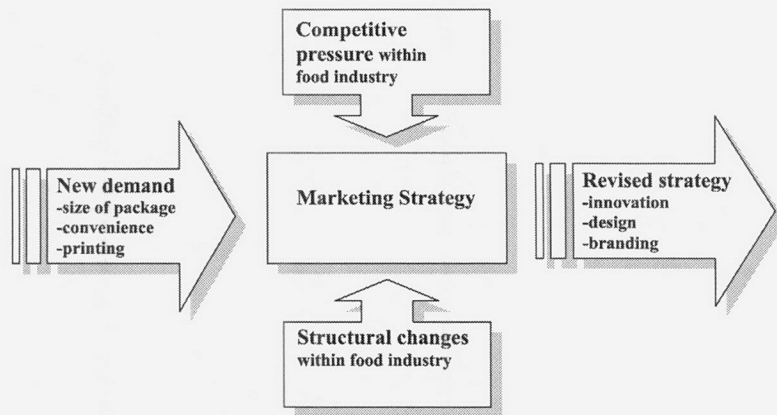


Figure 2.
The need for revising marketing strategy by the strategic tool of packaging

competitive edge that makes the difference in the marketplace. Cases studies and previous research have pointed out the multi function of packaging where competitive advantage can be reached within each function. Even a low investment in changing the package can drive significant gain in brand sales compared to advertising and promotion activities.

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