MARKETING: PACKAGING AND BRANDING

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Abstract

A total product is much more than a physical product. If a product is involved, it probably needs packaging. Further, physical products and services probably should be branched to make sure that they are clearly identifiable and that satisfied customers will know what to ask for next time. There is much more to packaging and branding than just buying a cardboard box and sticking on the company’s name. In some cases, the packaging and branding decisions may be more important than physical product decisions. They enable a firm to differentiate its homogeneous physical product or service and avoid pure competition. They may sell the product.

Key Words: physical product, packaging service, branding, differentiating, promotion.
Introduction

Sometimes a distinction is made between packing and packaging – the former being concerned with protection and the latter with promotion. The importance of packaging is partially illustrated by its cost. In the USA for example, USD14 billion was spent on packaging materials alone in 1981. This total was estimated at USD31 billion in 1997 and is expected to continue rising in the coming years. For perspective, this is roughly equal to the total amount spent on advertising. The actual cost of packaging might be twice as high, if all costs of handling, storing and moving containers were included. Those rising outlays for packaging are due in part to a shift from an earlier emphasis on protection to the current interest in protection and the promotional potential of the package.

The purchasing agent was used to be in charge of packaging in many companies when protection was the major function of the package. But now, some companies are establishing corporate packaging staff. In some, the product manager or a specialist in packaging has taken over the job.

Packaging occurred in part because of the growing competitiveness in many markets. The status of specialists in packaging also reflects the costliness of packaging errors and the difficulty of correcting them. A poor package could have long-term effects, killing the product for customers who try it and creating ill will among middlemen. In other words, packaging can have great strategic importance.
THE STRATEGIC IMPORTANCE OF PACKAGING

Strategic planning tries to match target market needs and attitudes with the marketing mix offered and packaging is definitely a part of the mix. In some cases, it may be a vital part.

A new package can become the major factor in a new marketing strategy by significantly improving the total product. A better box, wrapper, can or bottle, may even enable a relatively small, unknown firm to compete successfully with the established competitors.

A new package change often creates a (new) product by giving either the regular customers or new target markets the existing product in a new form or quantity that is more satisfactory. Packaging frozen vegetables in 1 litre instead of 10 millilitre package served larger families
better. The small package held too little for them, while two packages held too much. Some producers are carving large turkeys into parts to stimulate year-round sales.

Multiple packs can be the basis of a new marketing strategy too. Consumer surveys showed that some customers were buying several units at a time of products such as soft drinks, beer and frozen orange juice. This suggested an overlooked market. Manufacturers tried multiple packaging of units in 4-, 6- and 8-packs and have gained wide acceptance.

Better protective packaging is especially important to manufacturers and wholesalers, who may have to absorb the cost of goods damaged in transit. Sometimes the cost of such damage can be charged to the transportation agencies. Moreover, goods damaged in shipment may delay production or cause lost sales.

Packaging is vital to retailers. They benefit from both the protective and promotional aspects of packaging. Packaging which provides better protection, supermarket operators claim, can reduce store costs by lessening breakage, shrinkage and spoiled, preventing discoloration and stopping pilferage. Packages that are easier to handle can cut costs by speeding price marking, improving handling and display, and saving space. Packaging can increase sales by such promotionally-oriented moves as offering smaller or larger sizes more multipacks, better pictures of the product itself, illustrations of the product in use and more effective use of colour.
Packaged goods are regularly seen in retail stores and may actually be seen by many more potential customers than the company’s advertising. An effective package sometimes gives a firm more promotional impact than it could possibly afford with conventional advertising efforts.

Promotionally-oriented packaging also may reduce total distribution costs. An attractive package may speed turnover so that total costs will decline as a percentage of sales. Rapid turnover is one of the important ingredients in the success of self-service retailing. Without packages that sell themselves, self-service retailing would not be possible.

In other cases, total distribution costs may rise because of packaging and yet everyone may be satisfied because the packaging improves the total product, perhaps by offering much greater convenience or reducing waste.

Packaging expenses as a percentage of the manufacturer’s selling price vary widely, ranging from 1 to 70 percent. Consider sugar as an example. In 100 gram bags, the cost of packaging sugar is only 1 percent of the selling price, in 2 – to – 5 gram cartoons, 25-30 percent, and for individual serving envelopes 5- percent. Yet most customers do not care to haul a 100 – gram bag home, and are quite willing to pay for more convenient packages. Restaurants use one serving envelopes of sugar, finding that they reduce the cost of filling and washing sugar bowls and that customers prefer the more sanitary little packages. In both cases, packaging adds value to the total product – or more accurately, it creates new products and new marketing strategies.
A GOOD PACKAGE DESIGN

Experience shows that a specific package must safely transport its contents, serve in a specific climate (especially if the product is to be exported), and last for a specific time. To provide such packaging the manufacturer must know the product, the target customers and how the product will be delivered to them. Under-packaging costs money for damaged claims or poor sales, but over-packaging also costs money because dollars are spent when no gains are realized. Glassware for example, needs to be protected from even relatively light blows that might smash it. Heavy-duty machinery seldom needs protection from blows but may need protection from corrosion caused by moisture.

Packaging suppliers have recognized the importance of packaging and their sales people are usually highly trained to help a firm do a better job. Typically, they will insist on knowing something about the needs of the potential customers and the middlemen who are likely to be handling the packages. With this kind of information, they will make recommendations about how to blend the package into the whole marketing strategy.

SOCIA LLY RESPONSIBLE PACKAGING

Despite all the time and money spent on packaging, there is still room for improvement. In one American survey, 85 percent of the homemakers interviewed told of having been hurt when
opening a package. They were especially vocal about having to use knives to open containers of frozen strawberries. Complaints were general about the bottles that break, metal containers with sharp edges, realizable baby-food jars that are practically unopened, sardine tins without keys, sugar bags that are almost impossible to open and flour bags that invariably spill. The result is unsatisfied target markets.

Some consumers complain about partially filled packages. Others are confused by the many and varied sizes. Critics of business allege that some package designs are misleading, perhaps deliberately so. They feel that the great variety of package designs makes it difficult for consumers to make value comparisons readily.

Consumers’ criticism finally led to the passage of the Federal Fair Packaging and Labeling Act of 1966 in USA. This law basically requires that consumer goods be clearly labeled. The law also calls upon government agencies and industry to try to reduce the number of package sizes. The Food and Drug Administration is made responsible for foods, non-prescription drugs and cosmetics. The Federal Trade Commission in USA is responsible for non-food items. The Commerce Department is expected to seek voluntary agreements by industry groups with respect to package proliferation and labeling.

The Commerce Department wants consumer goods manufacturers to come up with tags answering such basic questions as: How long a particular vacuum bottle will keep its contents
hot? How much usable storage space a refrigerator contains and How effectively a vacuum cleaner picks up dirt? Industry participation is still voluntary, but some firms are moving to supply this information.

Some progress has been made in reducing the number of package sizes. Industry representatives reduced the number of toothpaste sizes from 57 to 5, and the number of paper towel packages from 33 to 8. But major problem areas still exist with products such as toiletry goods like hair sprays, deodorants, mouthwashes and after-shave lotions. Producers of these products have not shown much interest because they feel consumers are more concerned with how products feel, smell or look than with price comparisons.

Food products must now carry information labels showing nutrients as well as weight or volume. But there is some question as to whether many consumers understand this information or know what to do with it, or even whether this is the information they are seeking. At the same time, it may be difficult or impossible to provide the kind of information they do want – for example, regarding taste, colour and texture.

Weight and volume are not completely irrelevant, however. There is in the U.S. continuing interest in unit-price which would facilitate comparison shopping, using weight and volume standards. Unit-pricing involves placing some indication of the cost per litre or some other
standard measure on or near the product. Some large supermarket chains have voluntarily adopted unit-pricing and it is claimed that many consumers do appreciate this service.

**Branding – Why it has developed**

Brands are so numerous and common-place that we are inclined to take their significance for granted. In the grocery products area alone, there are many thousands of brands, even though a large supermarket will carry a few thousands.

Branding started in the Middle Ages when craft guilds (similar to labour unions) and merchant guilds formed to control the quantity and quality of production. One requirement was that each producer marks goods so that output could be restricted when necessary. This also meant that inferior quality, which might reflect unfavourably on other guild products and discourage future trade, could be traced back to the offending producer.

Early trade-marks also were a protection to the buyer, who could now determine the source of the product.

More recently, brands have been used primarily for identification rather than restriction of output.
The earliest and most aggressive brand promoters in American were the patent medicine manufacturers. They were joined by the food manufacturers, who grew in size after the Civil war. Some of the brands started in the 1870s are still going strong.

Today, a good brand usually assures high or at least consistent quality and encourages repeat purchasing. This works where there is some trust of sellers by buyers. This is generally true in Zimbabwe but much less so elsewhere.

Customers are willing to buy by brand rather than by inspection when there is some assurance of quality. In many countries, however, the consumer doesn’t feel any such assurance. In India, for example, inspecting the product is common because there is a complete lack of confidence in packaged goods and brands. This distrust has a solid foundation. Foods are often adulterated with sawdust, husks and coloured earth, which may account for 10-50 percent of the weight of packaged or prepared foods. An Indian car battery manufacturer has had great success with his brand by correctly advertising “The battery you don’t have to test” and delivering a dependable product.

**BRANDING AND CUSTOMERS:**
Well-recognized brands make shopping feasible in a modern economy. Think of the problem of buying groceries, for example, if you had to consider seriously the advantages and disadvantages of each of 10,000 items every time you went to a supermarket. Many customers are willing to buy new things, but having gambled and won, they like to buy a ‘sure thing’ thereafter. Customers may even be willing to pay a premium for brands which they have tried successfully.

There is considerable evidence that if consumers used well-known brands rather than high prices as an indication of good quality, they might be further ahead. One American study of grocery products found that the known brands usually had fairly consistent quality, but there was little assurance that a high price meant high quality.

Lower-class customers may buy well-recognized manufactures’ brands, not for status, but for assurance of quality within their more narrowly perceived range of choices. Other customers, however, seem to be less concerned with the symbolic value. They seem to derive psychic satisfaction from the use of well-known branded articles, perhaps because they feel some of the status or prestige of the product may rub off on them.

BRANDING AND BRANDERS

Brands obviously would not be used so aggressively by companies if target customers did not respond to them. Many advantages of brand promotion to the branders are related to the
advantages to customers. A good brand speeds up shopping for the customer, and so reduces chases by brand, promotion costs are reduced and sales volume is increased. A marketing manager who consistently attempts to provide a good buy and maintain quality can be assured of a regard by using brands.

Another important advantage of successful branding is that the brander may be able to carve out a market among loyal customers. Whether the brander is a manufacturer, wholesaler or retailer, this brand loyalty protects against competition, because the brander, in effect, is given a customer franchise by the customers. In other words, the brander achieves a monopolistic and competitive situation or even a little monopoly, and this gives greater control over marketing mix planning.

A brander also can use various brands to segment markets and meet the needs of various middlemen. Instead of just selling ‘motor oil’ for example, the marketing manager could offer three grades (and brands) to cater to final consumers’ varying demands for oil quality. Or when selling oil to various competing wholesalers and retailers who do not want to compete directly with each other, the producers can offer them identical or almost identical products under different brand names. Such practices help explain why there are so many brands on the market.

By offering customers what amounts to a ‘guarantee’ of quality, branders may be able to obtain a premium that is higher than the cost of giving this guarantee. This is important because
maintaining quality and providing a guarantee do, in fact, cost something. One study showed that customers were willing to spend approximately 13 percent more for well-known food brands.

Good brands can enhance the company’s name, simplifying the introduction of additional products. Or the company may use its own name as a brand for many of its products. This is of special importance in the industrial goods area, where branding of individual products is more difficult. Here, it is really the company’s total personality which it would like to project positively.

**CONDITIONS FAVOURABLE TO BRANDING**

Most marketing managers accept branding as desirable and are primarily concerned with assuring the success of the brand name of the product(s) they are marketing. The following conditions would be favourable to successful branding:

1. The demand for the general product class or in the selected target market(s) should be large enough to support a profitable marketing plan.

2. The demand should be sufficiently strong so that the market price will offer a large enough margin over additional promotion cost to make the effort worthwhile.
3. It is best when there are economics of mass production. If the branding were really successful, the cost of production would decline with additional volume, thereby increasing profits.

4. The product quality being offered should be the best for the price in the market being served and the quality should be easily maintained.

5. The product should be easily identifiable by a brand or trade-mark. This is easier said than done. Many products do not lend themselves easily to conspicuous marking. Few consumers would like to have a furniture manufacturer’s label sewn conspicuously on their sofa or lounge chair. But if the label or mark is inconspicuous, then much of the brand prestige value is lost.

Some producers are ingenious in placing labels. Walnut and Orange growers stamp their brand names directly on their products; and large meat-packers place metal foil brand labels inside self-service meat packages.

6. Consistent and wide-spread availability is necessary. When customers start using a brand, they should be able to continue finding it in their stores.

7. Brand promotion will be more successful if the brander can be assured of favourable positioning in stores. For some manufacturers, this is just a hope or a goal for their sales people. But when wholesalers and retailers brand their own products, this is something they can control.
Five degrees of brand familiarity are useful for strategic planning;

1. rejection
2. non-recognition
3. recognition
4. preference, and
5. insistence.

These are self-explanatory. The degree of brand familiarity achieved by the brander (and competitors) obviously affects the planning for the balance of the marketing mix. It especially influences decisions on where the product should be made available and what promotion is needed.

While the degree of brand familiarity achieved will have an important bearing on the development of a marketing mix, marketing research may be necessary to determine exactly what the firm has achieved and in which target markets. In many situations, company executives feel their products have achieved or will achieve a higher degree of brand familiarity than is really the case, and they develop their marketing mixes accordingly. This self-delusion can only lead to overburdening the other ingredients in their marketing mixes. Studies show that some brands do not reach even the brand recognition stage. One study, for example, revealed that two out of every five homemakers could not even name the brand of furniture they owned.
CHOOSING A BRAND NAME

Brand name selection is still an art, but management judgment has to enter because the matter is important. It is difficulty to pinpoint what constitutes a good brand name, because some of the successful brand names seem to defy even the obvious rules. Many of these names, however, got started when there was relatively little competition.

A good brand name can make a difference, helping to communicate something important about the company or its product. Just using the company’s name or a family member’s name is no longer adequate in our highly competitive markets. A good brand should be:

- Short, simple and easy to spell and read;
- Easy to recognize and remember;
- Pleasing when read and easy to pronounce;
- Not disagreeable sounding;
- Pronounceable in only one way;
- Always timely (does not get out of date);
- Adaptable to packaging or labeling requirements;
- Available for use (not in use by another firm);
- Pronounceable in all languages (for gods to be exported);
- Not offensive, obscene or negative;
• A selling suggestion;

• Adaptable to any advertising medium (especially billboards and television).

WHAT IS A BRAND?

We have used the terms branding, brand names and trademarks interchangeably so far, but it is important to distinguish among them because of the legal implications each term has.

Branding refers to the use of a name, term, symbol or design (or a combination of these), to identify goods or services of one seller or a group or sellers and to distinguish them from those of competitors. This is a broad term that includes the use of brand names, trademarks and practically all other means of product identification.

Brand name has a narrower meaning. It is a word, letter or a group of words or letters than can be spoken. Trade mark however, is essentially a legal term and includes only those words, symbols or marks that the law designates as trademarks.

The word “Buick” can be used to illustrate these distinctions. The “Buick” car is branded under the brand name ‘BUICK’, whether it is used orally or printed in any manner. When ‘BUCK’ is printed in a certain kind of script, however, it becomes a trademark. A trademark needs not be attached to the product. It needs not even be a work. A symbol can be used.

These distinctions may seem technical, but they are very important to business firms that spend much money to protect their brands.

PROTECTING BRAND NAMES AND TRADEMARKS:
Common law assures the rights of the true originators and users of trademarks and brand names, stating that the ownership of brand names and trademarks is established by continued usage without abandoned.

Clearly, by now, Coca-Cola, Fanta, Parker and Stork are unmistakably identified with the particular products. It is necessary to show that the firm was the first to use the particular trademark and that the trademark of product actually has been offered for sale on a continuing basis. Further, registration does not imply that the government endorses the product or that the product has passed any government tests of quality. Neither does registration mean that the government will police the owner’s rights to a mark. He himself still must bring suit against any infringers.

A legally valid trademark can be real asset to a company. Every effort should be made to develop a trademark that will not become a common descriptive term for that kind of product. A unique product may come to be known by its leading brand name rather than its common descriptive name. When this occurs, the brand name or trademark becomes public property, and the owner loses all rights to it. This happened with the names cellophane, aspirin, shredded wheat, and kerosene, and there was concern that Teflon, Scotch Tape and Frigiadaire might become public property. A Miller Brewing Co. is trying to protect its “Life” beer by using Brewers that would use the word “Light”.

THE KIND OF BRAND TO USE:
Branders who manufacture or handle more than one item must decide whether they are going to use the same brand name for all their items called a “family brand” – or individual brands for each item.

The use of the same brand for many products is sensible if all are essentially the same in maturity and quality. The goodwill attached to the one or two products may reflect on the others. This reduces the promotional overhead, tends to build customer franchise for the family brand, and paves the way for the introduction of new products.

Examples of “family brands” are the Heinz ‘57’ food products, Kodac etc.

Individual brands frequently are used by manufacturers when their products are of varying quality or types. If the products are distinctly different, such as meat products and glue, individual brands are preferable. Or the quality and higher price of one of the company’s well-known names may be protected while another brand (perhaps identifying a lower-priced line) is used as a fighting brand to meet competition. Use of individual brands is preferred, too, if there is any risk of the failure of the product damaging the reputation of others.

Sometimes firms use individual brands to stimulate competition within the organization. Each brand is the responsibility of a different group. The theory is that if anyone is going to take business away from them, it ought to be their own brand. This kind of competition is found among General Motors’ brands in the U.S. where Chevrolet, Pontiac, Oldsmobile, Buick and even Cadillac compete aggressively with one another in some markets. Lever Brothers’ soap product is another example here in Zimbabwe.

**WHO SHOULD DO THE BRANDING**
Frequently wholesalers and retailers decide to use their own brands in preference to manufacturers’ brands commonly called National Brands because of their promotion across the nation or in large regions. Such manufacturers’ or national brands include Kellog’s, Stokely, Whirlpool, International Harvest, Sheetrock and IBM.

The term national is not always accurate, however, since many wholesalers’ and retailers’ brands have achieved in national distribution and are advertised nationally, while some manufacturers’ products have only regional distribution. For this reason, instead of the term national brands, we can use manufacturers’ brands. These latter brands’ frequently are called ‘Private brands’. But to reduce confusion, we call the wholesalers’ and retailers’ brands dealer brands.

So far we have been focusing on the value of branding in general but branding has some special advantage and disadvantage for dealers. This is especially relevant with respect to whether they should use manufacturers’ brands or develop their own dealer brands. These advantages and disadvantages are discussed below.

**MANUFACTURERS’ BRANDS:**

The major advantage of selling a popular manufacturer’s brand is that the product already is pre-sold to some target customers. Furthermore, it may bring in new customers. It can encourage higher turnover with a reduced selling cost, and some of the prestige of the manufacturer’s brand may rub off on the dealers. The dealer does not lose his customer.

Since manufacturers’ brands usually are readily available at the wholesalers’ or manufacturers’ warehouse, the dealer needs to carry fewer inventories. Another major advantage for some retailers is that the retailer can advertise special prices on items which are carried in other stores and thereby call attention to his store as source of bargains.
The major disadvantage of manufacturers’ brands is that manufacturers normally offer a lower gross margin than the dealer might be able to earn with its own brands. This, however, may be offset by higher turnover.

Another disadvantage is that the manufacturer maintains control of his brand and may withdraw it from the dealer at any time. Wholesalers are especially vulnerable in this respect. If customers become loyal to a manufacturers’ brand and the dealer does not or cannot carry the product, then the customers may go elsewhere. Here, loyalty may be tied to the brand rather than to the dealer.

DEALER BRAND:

In some respects, the advantages of dealer brands are the converse of the disadvantages of manufacturers’ brands. The dealer may be able to buy products at lower prices and so be able to obtain higher gross margins even with lower retail prices. He can have greater price flexibility with his own brands because price comparisons are not as easy as with manufacturers’ brands because there is no manufacturer to dictate pricing policy.

Another advantage of dealer brands is the dealers easily can change from one supplier to another if any one firm can’t offer the quality and price needed. By using their own brands, dealers may be able to protect themselves from the arbitrary action of manufacturers. Dealers’ brands protect wholesalers from the defection of their sales representatives and their customer following to other wholesaling firms.

Why? Dealer brands give the wholesaler, rather than the sales force, and claim to customer loyalty.
Since the dealer’s own brand ties customers to him, he may be able to estimate demand and buy more effectively. His sales people may also control the point of sale and be able to give their products special shelf position of displays.

Dealers must stimulate their own demand and this may be costly, especially if turnover is typically slow in these lines. They must take the blame for inferior quality. They may have difficulty getting consistently good quality at low prices, especially during times of short supply such as war-time or inflationary periods. And dealers must purchase in fairly large quantities from suppliers, assuming the risk and cost of carrying inventory is favourable.

Branding by dealers begin to move them into the traditional role of a manufacturer. They must assume all of the marketing responsibilities of a manufacturer and plant their marketing strategy accordingly. Therefore, the decision to go into dealer-branding should not be made lightly. The changes of dealer-brand being successful are helped if a number of conditions exist.

1. If there are several manufacturers’ brands in the market, none should be strongly entrenched.

2. A dependable quality and quantity of ingredients or raw materials for the dealer brand should be available at a reasonable price to ensure a good margin in case the brand meets with acceptance.

3. It helps if manufacturers’ brands are over-priced so the dealer can be priced under them, yet with a larger than normal marginal, to cover higher promotional costs.

4. Although the dealer’s brand must be promoted, the promotion should not be so expensive as to use up the extra gross margin.
5. There should be an adequate, well-established market-dealers may find it expensive to pioneer the introduction of new products.

6. Product quality should be easily and economically determined by inspection or use – customers will be more willing to experiment if a dealer’s brand does not present too much of a risk.

7. If the dealer brand is lowly priced, depressed business conditions may help its sale-customers are more price-conscious then.

Dealer brands in the food and drug lines usually are offered at slightly lower prices than manufacturers’ brands. Dealer brand, however, are not always priced lower. Sometimes dealers, having analyzed their target market, choose to offer a prestige-laden, higher-quality product and then price it even higher than major manufacturers’ brands.

**CONCLUSION**

Packaging and branding can create a new total product. Variations in packaging can make a product saleable in various target markets. Branding can be used by the marketer in creating and building a customer franchise for a given product.

A specific package must be developed for each product. Both under-packaging and over-packaging can be expensive. Although the final customer remains the ultimate factor, the packager also must remember the needs of wholesalers and retailers. A small retailer might prefer smaller package units that a supermarket operator would resist. Both promotional and protective packaging can cut total distribution costs.
To customers, the main significance of brands is an assurance of quality. This confidence leads to repeat purchasing. For marketers, such “routine” buying means reduced promotion costs and increased sales.

Should brands be stressed? The decision depends on whether the costs of brand promotion and honouring the brand guarantee can be covered and made profitable by higher price or more rapid turnover, or both. The cost of branding may reduce other costs by relieving pressure on the other three Ps.

In recent years, the strength of manufacturers’ brands has declined and dealer brands have become more important. The dealer labeled-products may win in the battle of the brands, because dealers are closer to customers and may choose to promote their won brands.

Branding gives marketing managers’ considerable latitudes. They can add brands and use individuals or family brands. Ultimately, however, customers express their approval or disapproval or the total product (including the brand). The degree of brand familiarity obtained is a measure of management’s ability to carve out a separate market, and has considerable impact on Place, Price and Promotion decisions.
REFERENCES


