

Chapter 9

Packaging and Labelling Decisions

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INTRODUCTION

Physical products require packaging considerations to provide protection, economy, convenience, and promotion, among other benefits. Marketers must develop a package concept and test it functionally and psychologically to ensure that it meets the required objectives and conforms to public policy. Physical products require labelling for identification, possible classification, description, and marketing.

Packaging has been defined differently in marketing and technical literature.

“Packaging is the art, science, and technology of preparing things for transport and sale”

“Properly designed, the package should improve the value of the product it contains and convey that perception to the customer, either directly or indirectly”

This definition highlights two essential packaging characteristics (**Figure 9.1**). These are as follows:

- It must aid in the actual transportation and selling of the packaged goods.
- Packaging as a function consists of two distinct elements: (i) the positive aspects, namely the science and technology associated with package design, selection of packaging materials, etc., and (ii) the behavioural aspects, namely the art of product design associated with consumer motivation research, buying research, etc.

- The role of packaging in enhancing value is becoming increasingly significant in consumer marketing today.

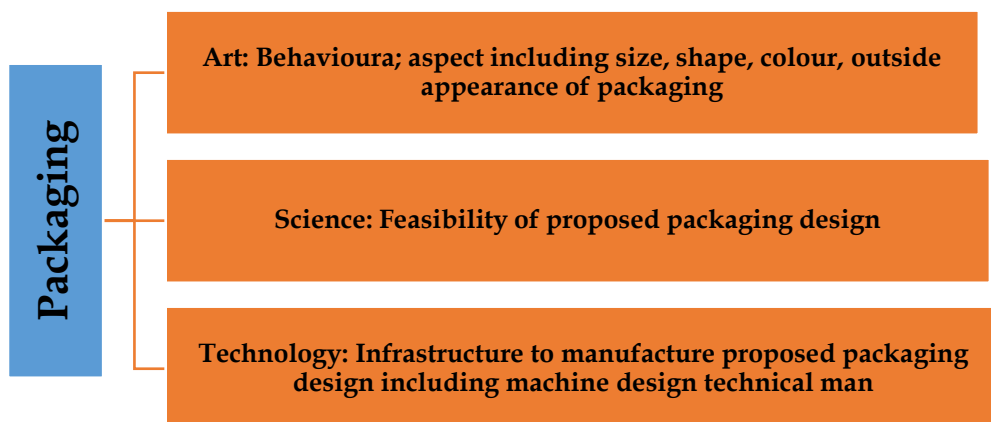


Figure 9.1: Packaging definitions

PHARMACEUTICAL PACKAGING

The wholesalers get the tertiary package from the manufacturers, and it is the package that is then distributed to the retailers. Inside of the tertiary package are many unit packages. These packages are opened by retailers, and the products within are given to patients in accordance with the prescriptions written by registered medical practitioners (Figure 9.2).

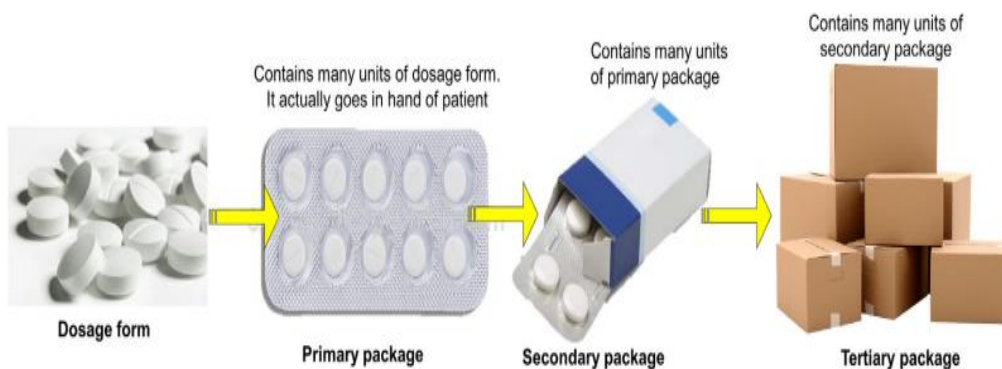


Figure 9.2: Packaging definitions

ROLE OF PACKAGING IN MARKETING

In the past, packaging was mostly a production-oriented task that most companies did to protect and make things easier for customers. Today, however, the marketing relevance of packaging is widely acknowledged, and packaging is in fact a significant competitive force in the war for markets. Due to the extensive use of self-service selling, the package must perform the selling function at the point of sale. Shelf space is frequently at a premium, making it difficult for manufacturers to even get their items exhibited in a store. The majority of merchants are willing to cater to producers with efficient packaging.

The greater usage of branding and the public's rising health and sanitation requirements have also added to the significance of packaging. In recent years, safety in packaging has become a crucial marketing and social problem.

Packaging design requires management's ongoing attention due to the quick occurrence and seemingly infinite flow of new advances. We observe new packaging materials replacing traditional ones, as well as novel forms, closures, and other characteristics (measured portions, metered flow). All of these factors boost consumer convenience and provide marketers with new selling opportunities. The aseptic container, a "paper bottle" comprised of laminations of paper, aluminium foil, and plastic, will be a particularly intriguing packaging innovation to follow in the future years. It costs roughly one-half as much as cans and thirty percent as much as bottles, and its airtight design keeps perishables fresh for five months without refrigeration. Importance of packaging and labelling are shown in **Figure 9.3**. However, the primary roles of packaging are (a) protection, (b) aesthetic appeal, (c) performance, (d) end-user convenience, and (e) cost-effectiveness.

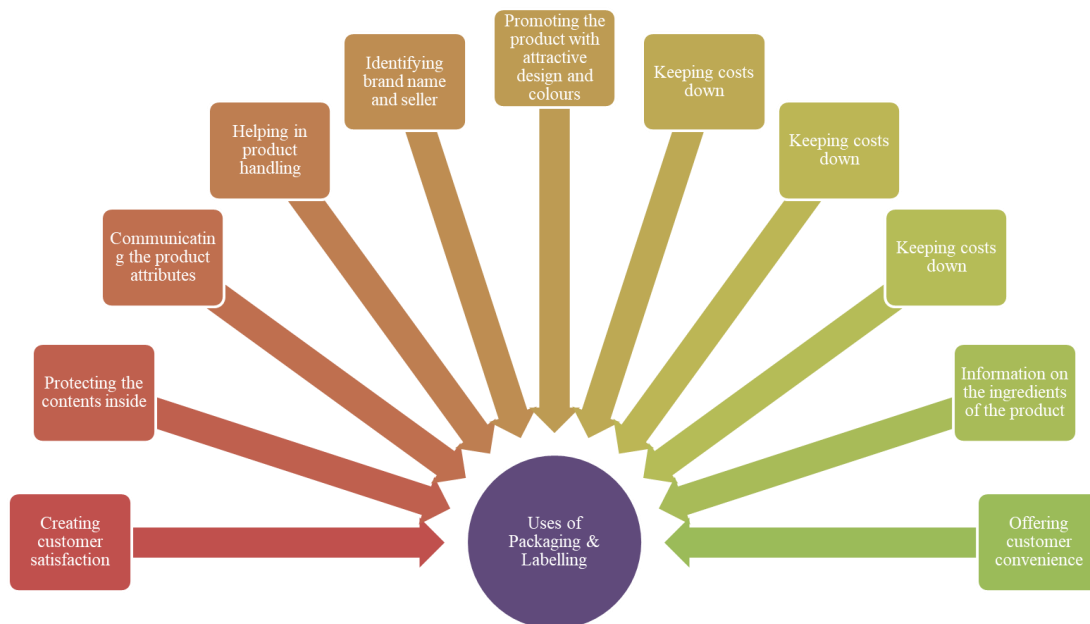


Figure 9.3: Importance of packaging and labelling

Protection

Among the five functions, this is the oldest and most fundamental. The primary function is to protect the items from the environmental and physical threats to which the product may be subjected while in transit from the manufacturer's plant to the shelves of the retailer, as well as while the product is displayed on the shelves of the retailer. Clearly, the particular forms of risks against which protection must be sought would differ by product. However, it is possible to identify the primary risks that are nearly ubiquitous. These include:

- Breakage/damage due to rough mechanical or manual handling during transportation;
- Extremes of climatic conditions that can cause melting, freezing;
- Contamination, either bacterial or non-bacterial, such as by dirt or chemical elements;
- Absorption of moisture or odours of foreign elements;
- Loss of liquid or vapour;

- f) Theft during transit or storage.

Appeal

Increasingly, packaging is utilised as a marketing tactic, particularly for certain sorts of consumer goods, such as perfumes and other gift items. Due to the altered structure of retail company, especially the introduction of self-service stores, the significance has also increased significantly.

In the case of consumer goods, the packaging acts as a silent salesperson. This holds true regardless of whether the object is a premium, semi-luxury, or everyday item. The following features have been recognised as aiding in the self-selling tasks of a package:

- The packaging must be eye-catching.
- The packaging must convey the product's narrative.
- The package must inspire trust.
- The packaging must appear clean and sanitary.
- The packaging must be easy to handle, transport, store, and utilise.
- The package must reflect a reasonable price.

However, packaging is of greater significance in the case of particular types of products. Studies conducted in a number of nations reveal that the cosmetics business has significantly higher packaging costs than other industries. This unusually high incidence is not attributable to the packaging's protective purpose, but rather to its aesthetic, status symbol, and ego-satisfying qualities. The packaging of other products, such as chocolates in gift packs, also serves a basic marketing function by making the products more desirable.

The majority of consumer packaging research has focused on two factors believed to influence customer purchasing decisions. The first is colour, and the second is the design of the packaging or container. Almost all researchers have concluded that each colour has its own unique properties and, as a result, must be used in packaging such that there is no mismatch between what is anticipated of the packaging and the colour employed.

Due to their distinct sociocultural-religious origins, individuals from different countries have different colour preferences, which presents an additional challenge in this field. Likewise, study has been conducted on the desired characteristics of a

container. As they are supposed to generate a suitable image for the product, beauty-care goods for the feminine sex are frequently packaged in slender, adorable containers. In designing and communicating the complete product image, graphics and logotypes are equally essential.

Promotion with Packaging

Product packaging frequently plays a crucial part in the execution of sales promotion efforts. A promotion is a temporary special measure designed to increase the sales of a specific product. There are various acceptable methods of promotional packaging. Among these are:

- **Money-off Pack:** A 'flash' in a distinguishing colour is overlaid on the package to announce the special price reduction. This is the most common form.
- **Coupon-pack:** A coupon of a particular value can be redeemed after the purchase of the goods, either as part of the packaging or as a separate insert.
- **Pack-in-Premium:** A premium in which the present is packaged inside the original product's packaging, such as a handkerchief in a cosmetics product's packaging.
- **Premium-package:** A specially crafted package with reusability or prestige value. The first category is exemplified by instant coffee packaged in glass tumblers with closures. The Gramophone Company of India's 1986 release of audio cassettes of Tagore songs, packaged in a specially designed wooden box, is an example of the second style.
- **Self-liquidator:** The customer must send a certain number of packages or a portion thereof to the corporation as proof of purchase. In exchange, he may buy greater quantities of the same thing at a discount or receive a different product. Several organisations in India's processed foods and drinks industry employ this method on occasion.
- **Additional Packaging Marketing Applications:** There are numerous additional inventive ways packaging can be used to increase sales. In the realm of processed goods, shelf life is an essential factor to consider.

Any company that can guarantee a longer shelf life would have an advantage over its rivals. Tasty Bite Eatables, a new Indian company specialising in frozen and precooked dishes, identifies the 18-month shelf life of its products as its greatest strength. The enhanced shelf life is mostly attributable to improved packaging. A new

bundle can also be introduced as a promotional strategy. In India, edible oils were packaged in filthy-looking tin cans up until quite recently. The majority of larger companies have begun adopting one-litre PET (polyethylene terephthalate) bottles that are clear and appear shiny and new. The corporations are utilising this modification of packaging as a beneficial complement to their promotional strategies. In India, soft packs of twenty 'Panama' cigarettes were launched for the first time approximately twenty years ago. This originality contributed significantly to the brand's immediate success.

Packaging can also be utilised ingeniously to avoid direct pricing comparisons with rival products. This is accomplished by utilising non-standard sizes, whilst rival brands adhere to normal sizes. A recent example in India is the introduction of Maggi Ketchup in a 400-gram bottle, although the normal size for the industry is a 500-gram bottle.

Performance

This is a package's third function. It must be capable of performing the function for which it was created. In certain types of packaging, this factor becomes vital. An aerosol spray, for instance, is both a package and an engineering device. If the packaging is defective, the product itself is rendered completely unusable.

Convenience

The packaging must be created in a user-friendly manner. Not only should it be convenient for end users, but also for wholesalers and merchants that are part of the distribution system. From their perspective, the convenience will relate to package handling and storage. In this context, they would seek the following characteristics in a package: a) the package must be easy to stock, b) the package must be easy to display, c) the package does not waste shelf space, d) the package maintains its appearance throughout its shelf life, and e) the master packages/cartons are simple to dispose of.

Due to growing concern with solid-waste disposal, the last component has assumed significance in developed nations, but India has not yet reached this level. This becomes significant, however, when choosing on the transport packing for export markets.

From the perspective of household or institutional end-users, convenience refers to the ease of opening and closing the packaging, as well as its value for repeated use, disposability, etc.

Cost-effectiveness

Finally, the package must be cost-effective. Packaging cost as a percentage of product cost varies significantly by industry, ranging from less than one percent in the engineering business to over ten percent in the cosmetics industry. It is essential to recognise that while analysing packaging costs, it is insufficient to analyse simply packaging expenses. This is only one, but the most significant component of the whole packing expenses. The costs in this chain include:

- When a product is purchased from a third party, the packaging charges incurred for its inbound transportation to the manufacturer.
- Storage and handling fees for the empty containers.
- Filling expenses, including quality control and package handling.
- The cost of storing the filled parcels.
- Cost associated with transporting packed packages.
- Cost of insurance throughout the transportation duration.
- Losses related to product breakage or spoiling

STRATEGIES FOR EFFECTIVE PACKAGING

Packaging is the first element that adds to the user experience. It has the potential to either set the tone for a fantastic user experience or damage the consumer's product satisfaction before they have even used your goods. Various package strategy as shown in **Figure 9.4** can be adopted to promote a product. Effective packaging can contribute to the competitive advantage of the company.

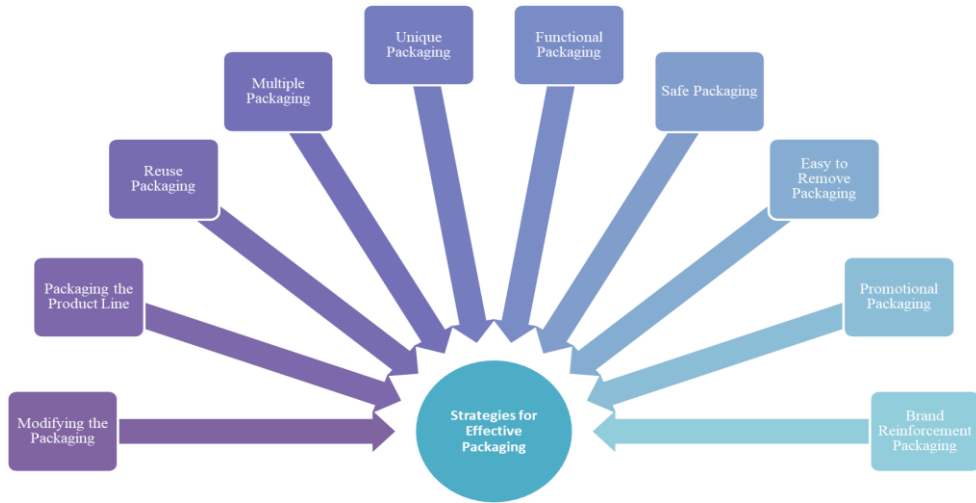


Figure 9.4: Strategies for effective packaging

- **Modifying the Packaging:** In general, management considers a package adjustment for two reasons: to combat a decline in sales and to expand a market by attracting new client groups. Specifically, a company may desire to utilise innovative materials. Some businesses alter their containers for promotional purposes. In advertising language, a new box may be used as a main selling point or because the previous container may not appear properly.
- **Packaging the Product Line:** A corporation must determine whether or not to develop similar packaging for its many items. Family packaging entails the use of identical packaging for all products or packaging with a common characteristic. Shahnaz, Herbal, for instance, employs packaging that is nearly identical to its views about family binding. When new items are added to a line, the promotional values associated with the older products are transferred to the new products. On the other hand, family packaging should only be utilised when the products have comparable uses and qualities.
- **Reuse Packaging:** Another technique to consider is package reuse. Should the corporation create and market packaging that can be used for additional uses after the original contents have been consumed? Coffee-filled glasses can later be used to serve fruit juice. Baby food jars provide excellent containers for small items such as screws and nuts. Reusable packaging should also encourage repeat purchases as consumers want to collect matching sets of containers.

- **Multiple Packaging:** There has been a tendency toward multiple packing or the practise of placing many units in one container for many years. Numerous products, including dehydrated soups' custard packets, golf balls, hardware, chocolate, and towels, are packaged in numerous units. Multiple tests have demonstrated that multiple packaging enhances a product's total sales.
- **Unique Packaging:** It is imperative that the packaging "stick out from the crowd" and be distinctive in comparison to that of your rivals. You do not want the consumers to get your goods confused with the product that your competitors sell. On the other hand, generic supermarket companies might do the opposite and develop packaging that looks very much like that of well-known brands such as cereals, ketchup, and soda. This is done in order to persuade buyers that they are purchasing a quality product that is on par with the branded version in terms of its overall value. "Copy Cat" packaging tactics could also be developed to confuse customers into unwittingly purchasing the product in the hope that they would like it and purchase it again in the future. This is done in the hope that the customer will like the product and purchase it again in the future.
- **Functional packaging:** If the packaging has more than one purpose, you should make sure that it fulfils each and every one of those purposes. For instance, the packaging for the Muller's corner variety of yoghurts is separated into two portions; one section includes the yoghurt, and the other section has the topping. Because consumers are given the option to determine how they want their yoghurt mixed, the packaging can be considered interactive.
- It is necessary for the preservation of food goods that are contained within their packaging. Although packaging for delicate products should only be used to safeguard the item while it is being stored or transported. If the product packaging has instructions for using the product, check that the instructions are easy to understand and won't get torn off when the customer is taking the product out of the packing.
- **Safe Packaging:** It is necessary to conduct tests on the packaging to ensure that it is safe for customers to use. The consumer's household members, including children and other family members, need to be protected by the package as well. For instance, the tops on pharmaceutical bottles are not meant to be easily removed by youngsters.

- Avoid using potentially hazardous materials to package your goods, and check to see that the packaging does not introduce any new hazards to the item it contains. For instance, research carried out in Germany and Switzerland in 2011 revealed that the cardboard boxes used to package certain cereals might be allowing poisonous substances to seep into the cereal itself. It's possible that the recycled newspapers that were utilised to manufacture the cardboard packaging were the cause of the toxic exposure.
- **Easy to Remove Packaging:** If the consumer cannot easily reach the product or use it due to the packaging, they will not purchase the product. The consumer must be able to remove the packaging without causing any damage to the item it contains. Some manufacturers will provide directions on how to open the packaging, such as arrows indicating which side of the product is the top or instructions on how to remove caps from prescription bottles. This is done so that customers will have an easier time removing the goods.
- **Promotional Packaging:** The packaging needs to be created in such a way that it highlights the benefits of the product. When people are considering which brand of a product to buy, they will look at the packaging to help them make their selection. Ensure that the product's packaging promotes its benefits, particularly any unique features that cannot be found in products sold by competitors.
- **Brand Reinforcement Packaging:** The product's packaging should not only reinforce the brand of the product, but it should also strengthen the brand of the company. Will it adhere to the colour scheme used by the company? Will the fonts be comparable to those seen on any of the other items in your product range? Will the packaging adhere to the family brand strategy and utilise the brand equity to its fullest potential?

REGULATORY ASPECTS OF PACKAGING

Pharmaceutical packaging materials play vital functions in the marketing of formulations pharmaceutical. Packaging materials are required to comply with various regulatory recommendations and guidance. By ensuring that each manufacturer adheres to cGMP, regulatory agencies continuously monitor the quality of these packaging materials and, ultimately, drug products. Noncompliance with such regulatory guidelines compromises the quality of the drug product that leading to its recall from the market. Therefore, constant attention must be paid to the different packaging regulations established by the government while managing the packaging function. Numerous government rules include the usage of a particular packing

material for certain items, consumer protection, the transit of hazardous cargo, etc. **Figure 9.5** depicts some critical packaging regulatory parameters for pharmaceuticals.

The most ubiquitous of these regulations pertains to the information a manufacturer is required to include on the product's packaging. This is widely known as the labelling requirement and it applies to a variety of products. These include food, cosmetics, and medications, among others. A label is a display of written, printed, or graphic information on the container or the container's packaging.

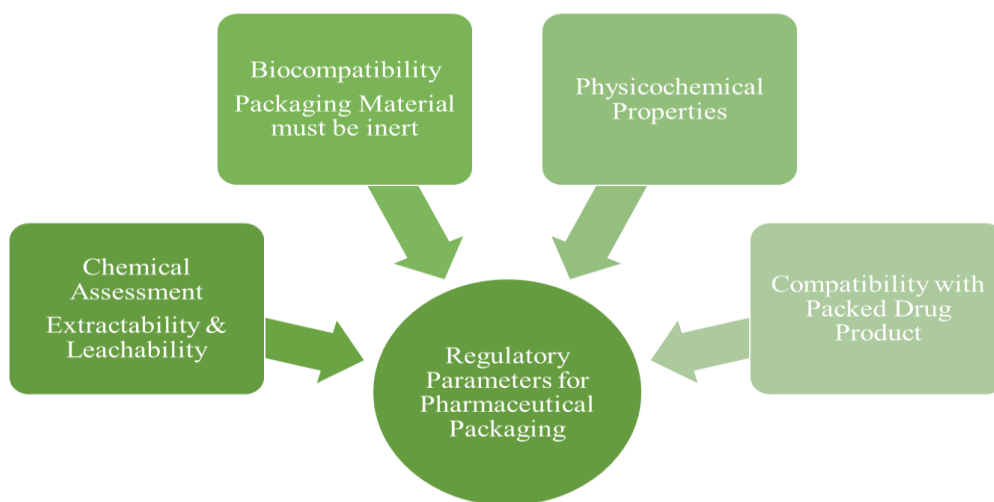


Figure 9.5: Critical packaging regulatory parameters for pharmaceuticals

A label need not merely comply with legal requirements. In fact, a well-designed label can be a highly effective sales tool. Since a label is the closest source of information on a product, a consumer who is unaware of the product or loyal to a different brand can be persuaded to read the label and may test the product even though he had no intention of doing so. This is especially true for supermarket and department shop purchases.

A good label is one that aids a potential purchaser in making a purchasing decision by offering pertinent and accurate information. In addition to the information required by law, the label should include the following:

- Accurate image of the goods in terms of size, colour, and look.
- a description of the raw materials used and their processing procedures.

- Use instructions that include cautions against usage.
- If any, possible harmful effects
- Trademark/Brand Name
- Statutory requirements generally pertain to:
- Net weight after packaging.
- Manufacture Date.
- Expiry Date
- MRP with or without local taxes.
- Detailed usage instructions, including dosage needs.
- Instructions for storing